FROM LOCAL TO GLOBAL

LAUGFS Gas PLC | Annual Report 2016

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From Local to Global

From power & energy, retail and industrial to services, shipping and hospitality. And now, from local to global.

At LAUGFS Gas we are very proud to share the news of our latest portfolio expansion with our loyal stakeholders; one that see your company take a giant step forward, moving beyond the shores of Sri Lanka and into the South Asian region. 2015 saw us once again adding value to our span of products and services with an USD 18.75 Mn investment into one of the largest Liquefied Petroleum Gas downstream companies in Bangladesh; expanding your company's footprint into the region and adding value to a business portfolio that is already outstanding in performance, diversity and value.

LAUGFS Gas PLC.
From local to global

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.

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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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SUPPLEMENTARY INFORMATION

1

Milestones

1994

Establishment of the Parent Company - Gas Auto Lanka (Pvt) Ltd

1998

Obtained World LP Gas Association Membership

2000

- Obtained BOI approval & signed agreement - LAUGFS Gas
- Incorporated LAUGFS Gas Ltd

2001

- Entering into the LP Gas Domestic industry
- Agreement signed between CPC & LG for the purchase of CPC produced LP Gas

2002

First gas ship registered under the flag of Sri Lanka - LAUGFS Wega Ship

2005

- Incorporated LAUGFS Eco Sri (Pvt) Ltd
- Incorporated LAUGFS Property Developers (Pvt) Ltd

2006

- Industrial Safety Award – Merit Award (Western Province) (LG)
- Provincial Productivity Award – 3rd Place Service Sector – Medium Scale (Western Province) (LG)

2007

- Agreement signed between Consumer Affairs Authority & LG for the Price Formula
- Agreement signed between DMT & LAUGFS Eco Sri to design implement and operate a Vehicle Emission Testing Programme.
- Obtained BOI approval & signed agreement - LAUGFS Leisure Ltd
- Obtained BOI approval & signed agreement - LAUGFS Property Developers (Pvt) Ltd

2008

- Obtained BOI approval & signed agreement – LAUGFS Eco Sri (Pvt) Ltd.
- Opening the first VET Centre at Gampaha
- Most respected business entities in Sri Lanka - 50th position
- National Safety Award – Runner-up (LG)
- Obtained Superbrands certificate (Group)

2009

- Achievers Award - Extra Large Service Sector - Merit Award (LH)
- Business & Media World - National Business Enterprises Productivity Excellence Award
- Most respected business – Nation Mindedness – 1st position
- Most respected business entities in Sri Lanka - 41st position
- National Business Excellence Award– Winner (Diversified Group Companies Sector) (LH)
- Member – The Ceylon Chamber of Commerce
- Member – The National Chamber of Commerce of Sri Lanka
- Member – Federation of Chamber of Commerce & Industry of Sri Lanka
- Member - Chamber of Young Lankan Entrepreneurs (COYLE)

2010

- Incorporated LAUGFS Hotel Management Services (Pvt) Ltd
- Listing of LAUGFS Gas PLC in the Colombo Stock Exchange

2012

- National Quality Award

2013

- National Business Excellence Award - Gold
- Annual Reports Award 2013 - Gold Winner - Power & Energy Category
- Mag Consultants and Agents (Pvt) Ltd
- Acquisition of Blue Continent (Pvt) Ltd

2014

- **Opening of the first resort under LAUGFS Leisure, "Anantaya Resort and Spa - Chilaw"**

- **LAUGFS Maritime Services (Pvt) Ltd - 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 Achievers Awards 2014 - LAUGFS Gas PLC – Silver Award & Top 10 Award
- CNCI Achievers Awards 2014 - LAUGFS Eco Sri (Pvt) Ltd - Bronze Award & Top 10 Award
- Best Corporate Citizen Award 2014 - Winner – less than Rs.15bn turnover category

- Greening Award – LAUGFS Leisure Ltd - Merit Award – Energy & Water Conservation and Waste Management
- National Business Excellence Awards (NBEA) 2014 - Gold (Other Services Category)

2015

- CNCI Achiever Awards for Industrial & Service Excellence(LAUGFS Gas) - Joint Silver Award - National Level Service Sector – Extra Large category
- CNCI Achiever Awards for Industrial & Service Excellence (LAUGFS Gas) - Top Ten Award
- SLCBCC Business Star Awards (LAUGFS Gas) - Gold Star Award (Sector - Services, Category - Large)
- National Business Excellence Awards (NBEA) (LAUGFS Gas PLC) - Gold (Other Services Category)
- Best Corporate Citizen - Sustainability Award (LAUGFS Gas PLC) - 1st Runner Up – Category B (less than 15bn turnover)

- **Best Corporate Citizen - Sustainability Award (LAUGFS Gas PLC) - Category Award Winner - Economic Contribution**
- League of American Communications Professionals – (LAUGFS Gas PLC) - Platinum Award - for Excellence within its Industry on the Development of the Annual Report
- League of American Communications Professionals - (LAUGFS Gas PLC) - Bronze - Best In-House Report Worldwide
- League of American Communications Professionals - (LAUGFS Gas PLC) - Top 50 Annual Reports Worldwide - Ranking at 28
- League of American Communications Professionals - (LAUGFS Gas PLC) - Silver Award - for Excellence within its Industry on the Development of Integrated Report
- Annual Reports Award 2015 – Gold Winner – Power & Energy
- Acquired Petredec Elpiji Limited and name changed as LAUGFS Gas (Bangladesh) Ltd
- Incorporated Slogal Energy DMCC – Dubai
- Commenced construction of LAUGFS Terminals Ltd
- Acquired Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd., Anorchi Lanka (Pvt) Ltd., Iris Eco Power Lanka (Pvt) Ltd., Pams Power (Pvt) Ltd.

1

Awards and Recognition

Building on Strength. Advancing together.

Creating milestones that make a nation proud, LAUGFS Gas PLC has yet again consolidated its position as one of the most dynamic and trusted conglomerates in the country.

Bronze
SLIM Brand Excellence Awards 2015 – Local Brand of the Year

Silver
SLIM Brand Excellence Awards 2015 – Product Brand of the Year

Gold Award
CA Sri Lanka's Annual Report Awards 2015 (Power and Energy Category) for the 3rd consecutive year

Gold Award
National Business Excellence Awards 2015 (Other Service/Other Sector – Extra Large Category) for the 3rd consecutive year

Category Award winner
Economic Contribution at the Best Corporate Citizen Sustainability Awards 2015

First Runner-up award
Best Corporate Citizen Sustainability Awards 2015 (Less than 15 Billion turnover category)

Financial Highlights

For the year ended 31 March	Group 2016 Rs.'000	Group 2015 Rs.'000	Group Change	Company 2016 Rs.'000	Company 2015 Rs.'000	Company Change
Summary of Operations						
Revenue	**13,299,979**	11,521,800	15%	**9,719,503**	10,225,917	-5%
Gross Profit	**3,663,443**	3,294,443	11%	**1,743,979**	2,268,617	-23%
Profit from Operations	**2,066,210**	1,873,699	10%	**1,419,692**	1,876,613	-24%
Other Operating Income	**339,623**	296,470	15%	**909,787**	643,122	41%
Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)	**2,860,244**	2,496,501	15%	**1,828,525**	2,248,645	-19%
Finance Cost	**(441,563)**	(125,701)	251%	**(293,858)**	(35,072)	738%
Profit Before Tax	**1,708,884**	1,840,591	-7%	**1,174,556**	1,904,072	-38%
Income Tax Expense	**(372,082)**	(392,530)	-5%	**(142,588)**	(324,949)	-56%
Profit for the Year	**1,336,802**	1,448,061	-8%	**1,031,967**	1,579,123	-35%
Total Comprehensive Income for the Year Net of Tax	**1,415,298**	1,442,334	-2%	**1,050,186**	1,575,782	-33%
Summary of Financial Position						
Property, Plant and Equipment	**15,632,654**	11,074,969	41%	**6,164,150**	5,385,728	14%
Investment Properties	**735,500**	708,500	4%	**735,500**	708,500	4%
Investments in Subsidiaries	**-**	-		**5,798,781**	2,796,302	107%
Other Non-Current Financial Assets	**119,293**	105,109	13%	**119,293**	105,109	13%
Current Assets	**7,657,504**	3,371,250	127%	**7,113,002**	3,411,838	108%
Total Assets	**27,313,265**	15,423,006	77%	**19,969,491**	12,414,688	61%
Non Current Liabilities	**11,449,762**	4,665,005	145%	**7,738,537**	2,478,352	212%
Current Liabilities	**6,257,916**	2,876,835	118%	**4,401,942**	2,384,741	85%
Total Liabilities	**17,707,678**	7,541,840	135%	**12,140,479**	4,863,093	150%
Shareholders' Interest						
Stated Capital	**3,285,000**	3,285,000	0%	**3,285,000**	3,285,000	0%
Available for Sale Reserve	**(318,968)**	(333,152)	-4%	**(318,968)**	(333,152)	-4%
Foreign Currency Translation Reserve	**48,439**	-	100%	**-**	-	-
Retained Earnings	**5,395,273**	4,929,318	9%	**4,862,981**	4,599,747	6%
Net Assets (Equity)	**9,605,588**	7,881,165	22%	**7,829,013**	7,551,595	4%
Return on Equity (%)	**14%**	18%	-24%	**13%**	21%	-37%
Net Assets Value per Share (Rs.)	**24.82**	20.36	22%	**20.23**	19.51	4%
Leverage						
Interest Cover (Times)	**4.87**	15.64	-69%	**5.00**	55.29	-91%
Financial Ratio						
Gross Profit Margin	**28%**	29%	-4%	**18%**	22%	-19%
EBITDA Margin	**22%**	22%	-1%	**19%**	22%	-14%
Net Profit Margin	**10%**	13%	-20%	**11%**	15%	-31%
Earnings per Share (Rs.)	**3.32**	3.74	-11%	**2.67**	4.08	-35%
Dividend Payout	**60%**	53%	13%	**-**	-	-
Assets Turnover (Times)	**0.49**	0.75	-35%	**0.49**	0.82	-41%
Equity to Assets (Times)	**0.35**	0.51	-31%	**0.39**	0.61	-36%
Current Ratio (Times)	**1.22**	1.17	4%	**1.62**	1.43	13%
Quick Ratio (Times)	**1.08**	0.96	12%	**1.50**	1.24	21%

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Group Chairman's Review

I feel honoured once again, to be with you at the 6th Annual General Meeting of your Company and take pride to present the Annual Report and Financial Statements of LAUGFS Gas PLC and its subsidiaries for the financial year ended 31st March 2016. I feel fortunate and contended to report the outstanding performance of your Company year after year and the results of the year under review are no exception in the backdrop of the significant investment decisions undertaken. The LAUGFS Gas PLC and its subsidiaries has recorded the highest ever revenue of Rs. 13.3 billion and had earned a net profit of Rs. 1.3 billion out of all its business operations for the financial year ended 31st March 2016. The detailed analysis of the financial performance of the Company and its subsidiaries are depicted under the sections of Financial Reports, Report of the Board of Directors, Group Managing Director's Review of Operations and in the Management Discussion and Analysis. My review, under the circumstances would focus on the macro environment of the industries, segments and on the specific locations that your Company operates in, as at present.

Besides its financial performance, your Company was able this year, to write exciting and noteworthy new chapters in its chronicle of growth and development over the last two decades. The most significant and conspicuous endeavour of your Company in the year under review was the acquisition of 69% of the equity and the total management control of the third largest LPG downstream player in Bangladesh, Petredec Elpiji Ltd, which had been in operation in that country for well over 15 years. At the time of writing this message to you, we have acquired 100% of the equity of this entity and renamed it as LAUGFS Gas (Bangladesh) Ltd. The momentous acquisition of this viable entity in Bangladesh, despite keen interests demonstrated and strong and intense

I feel fortunate and contended to report the outstanding performance of your Company year after year and the results of the year under review are no exception. The LAUGFS Gas PLC and its subsidiaries has recorded the highest ever revenue of Rs. 13.3 billion and had earned a net profit of Rs. 1.3 billion out of all its business operations for the financial year ended 31st March 2016.

Acquisition of third largest LPG downstream player in Bangladesh

GROUP REVENUE

13,300

Rs. Mn.

bids put forward by some of the corporate giants in that country, is a positive and constructive step towards making your Company a global player and a respected institution in the ring of the Oil and Gas Industry of the world. I shall elaborate further on the strides made in Bangladesh and the rationale behind the investment decision in this review later and in the meantime anxious to refer to the rest of the major initiatives undertaken during the financial year 2015/16.

Your Company shall take pride in having entered into a historic and unprecedented agreement with HQC of China to commence construction of the port base LP Gas storage Terminals at Hambantota International Port in the early part of 2016. This will be a definite game changer not only for your Company but also for the LPG downstream business operations in our country in general. The phase one of this project which is planned to be completed by April 2018 will consist of a capacity of 30,000 MT of LP Gas with a projected investment of US $ 51.5 million. The second phase of this project will consist of an additional capacity of 15,000 MT of LP Gas at a further investment to be made to the extent of US $ 28.5 million. All these investments are to be made through LAUGFS Terminals Ltd, another fully owned subsidiary of your Company. It is pertinent to keep you informed that this unparalleled project has been granted an


GROUP
NET PROFIT
1,337
Rs. Mn.

approval by the Board of Investment of Sri Lanka under the unique "Commercial Hub Status" which will accrue an array of tax exemptions to the unit and the proposed terminal is to be engaged in Entrepot Trading of LPG cargo. The project has also been granted approval to offer the products to the domestic market as well, with a cap equivalent to 20% of the export revenue to be earned per annum.

Once the port base LP Gas Terminal at Hambantota commences its commercial operations in an around May 2018, the freight cost to be incurred in ocean transportation of LP Gas cargo will be unbelievably lower, in comparison to the present rates. This is because Very Large Gas Carrier (VLGC) will be used for conveyance of cargo from the sources to the terminals under which, the cost of unit of cargo (MT) will be at the minimum, due to greater absorption fixed cost of ocean transportation by a substantial amount of cargo to be transported, frequently well beyond 30,000 MT per VLGC. Besides, the prime and key objective of the proposed terminals will be to engage with regional trading with distribution of break – bulk LPG cargo, in fulfillment of the vision of your Company to be a dominant and respectable regional player, with significant export revenues forthcoming from its operations.

It is with great pleasure that I mention here that we made momentous initiatives to launch a project to install a solar power plant to generate 20 Mw of power at Hambantota, under the purview of greater Hambantota development project. This was made possible through acquisitions of two companies, had in possession with them of relevant authority or licenses to install solar power generation projects of 10 Mw each but never seen the light of the day, due to investment constraints. These acquisitions were made by LAUGFS Power Ltd, a fully owned subsidiary of your Company at a cost of Rs. 500 million. Following this investment vast strides had been made in the process of implementation of this particular project having identified an internationally reputed EPC contractor, specializing in solar power from India. The total investment other than the acquisition of the two companies, on this solar power generation project is expected to be in the range of Rs 5 billion. The 20 Mw of solar power is likely to be connected to the National Grid by the end of the Year 2016.

I am also anxious to inform you, that LAUGFS Maritime Services (Pvt) Ltd, the fully owned subsidiary of your Company providing the ocean cargo transportation services and logistics, acquired its second LP Gas carrier "Gas Success" in November last year and added to the fleet as the second vessel after dry docking. It has a cargo capacity of 3,600 MT, marginally higher than the "Gas Challenger" first vessel of the fleet having a capacity of 3,500 MT. Both vessels were able to attain the prestigious and respected status of CAP (Condition Assessment Program) Rating No. 1 of the Lloyds Registry. Besides the "Gas Challenger" and "Gas Success" had the Ship Inspection Report (SIRE) Certification from KOCH one of the Oil majors from United States. The SIRE certificates from KOCH has enabled the two vessels to call over many major ports of the world, without restrictions or further inspections being carried out for loading and discharging operations of LPG cargo.

Your Company made yet another significant initiative to incorporate Slogal Energy DMCC in Dubai, UAE during the year to engage with the full range of maritime activities of operating ship agencies, ship brokering & chartering services, port operations, provision of logistics, support services and technical services. Apart from those services described, Slogal Energy will be engaged with LPG cargo trading, promotion of group exports of products and services and will also attend to international procurement of the requirements of the entities within the group of companies. The Slogal Energy DMCC has commenced its commercial operations and the initiative is in pursuance of the strategy to make "LAUGFS" a global player in all the sectors that it is engaged in at the moment and also in the future operations earmarked.

Global Economic Perspectives

I have been re-iterating in all my reviews in the past annual reports of the Company presented you, that the members of the Board of Directors are all times mindful and observant of the economic and business environment in which your Company and all of its subsidiaries operate. Therefore, I believe it is judicious and far-sighted to initiate the discussion on the general review of operations of the businesses we are involved in, with a succinct account or preamble of the economic environment, the group had been conducting their business operations in during the year under review. It will also discuss the prospects of the economy in the years ahead under which your Company will have to make its strategic plans and roll them out effectively to achieve much desired goals and objectives for incessant growth and development of the organization.

The economic development of an individual country cannot be attained in isolation but it is distinctly associated with and inseparable of the rest of the economies of the world, especially in the light of increasing globalization and growing trend for formation of regional economic groupings or blocs. This is to ensure economic integration among member states with visible unification of economic policies, having abolished partly or fully the tariff and non-tariff trade barriers or restrictions. In the circumstances I decided to take you through the global economic performance of the last year and the environment presented to us in the immediate future and consequently to the status and direction of the economy of our own country which is very much akin to the operations of your Company.

The global economic growth disappointed once again with a growth of only 2.5% in the year 2015 and it is expected to recover at a slower pace than previously envisioned. It fell short of the growth of 2.6% recorded in the year 2014. The substandard performance was largely due to the continued decelerations of economic activity in emerging and developing economies in the midst of the weakening commodity prices, global trade and capital flows. In the immediate future the global growth is projected to edge up but at a measured and gentler pace than foretold previously, reaching 2.9% in 2016 and 3.1% in the years 2017 and 2018. However these forecasts have been made subject to substantial downside risks, including steeper-than-predicted or precipitous slowdown in major emerging and developing economies or financial market disorders or confusions emanates from a sudden increase in borrowing costs due to persistent predispositions of some countries.

However it is most striking and a matter of comfort and a consolation that the World Bank predicts the highest rates of growth for developing South Asia and Developing East Asia and Pacific as portrayed in the following table:

Economic growth forecasts (%)

Year	2013	2014	2015	2016	2017	2018
World	2.4	2.6	2.4	2.9	3.1	3.1
Developing EA/P	7.1	6.8	6.4	6.3	6.2	6.2
Developing SA	6.2	6.8	7.0	7.3	7.5	7.5

Incorporated SLOGAL Energy DMCC in Dubai

COMPANY NET PROFIT FOR THE YEAR

1,032

Rs. Mn.

The developing East Asia/ Pacific, is expected to benefit significantly with the formation of Trans-Pacific Partnership (TPP), which is a trade agreement among 12 Pacific Rim countries, made in February 2016. It is likely that many more countries within the Rim in North East Asia, South East Asia, Oceania and North America will join the TPP. It is expected to have a positive spill over effect on Sri Lanka of the TPP arrangement. Our Government's desire to line up with the initiative of China on the 21st Century Maritime Silk Route Economic Belt and various other initiatives undertaken by the Government to integrate with developed economies in the West, shall accrue benefits to the country in the years ahead.

Domestic Economic Performance

The performance of the domestic economy and its prospects in the immediate future will have to be evaluated in the global context elaborated in the foregoing account and also in the circumstances of the changed political and policy environment in guiding and directing our economy.

The Annual Report of the Central Bank of Sri Lanka for the year 2015, indicates that the real economic growth in Sri Lanka in the year 2015 was 4.8%, compared to 4.9% in the year 2014. The main reasons behind the slowdown was the lower demand of our traditional export markets and capital outflows resulted from strengthening US economy. In the medium term however, the economy of Sri Lanka is expected to expand to 5.8% in the year 2016 and will be on a higher growth path of around 7.0% thereafter. This echoes well for the business operations of your Company and its subsidiaries.

As for official information, the Per capita GDP had been increasing regularly over significant margins since the year 2010,

The performance of the domestic economy and its prospects in the immediate future will have to be evaluated in the global context elaborated in the foregoing account and also in the circumstances of the changed political and policy environment in guiding and directing our economy.

and at the brink of achieving Per capita GDP of US$ 4,085 and to elevate into the status of an Upper Middle Income country, may be at the end of the calendar year 2016. It is also notable that the rate of inflation had been maintained at a single digit levels for a quite long period of time and these indicators augurs well for your Company and will have direct bearing on the growth of our operations since average consumer will have the capacity and access to more goods and services with enhanced purchasing power.

not operational for quite sometime, to the detriment of the entities involved with LPG downstream operations.

However, in the overall context it appears that the economy of the country is in the right direction, with professional approach undertaken and able guidance from authorities concerned. The recent measures announced with regard to both monetary and fiscal policy management portends well in the long run and should create very much business friendly environment.

Key Economic Indicators

	2010	2011	2012	2013	2014	2015
GDP growth (%)	8.0	8.4	9.1	3.4	4.9	4.8
Per capita GDP ($)	2744	3129	3351	3610	3853	3924
Inflation (%)		6.7	7.6	6.9	3.3	0.9
Exchange rate (Rs./USD)	113.06	110.57	127.60	129.11	130.56	135.94

Your Company had adverse consequences on its operations as a result of snowballing exchange rates experienced from the early 2012, from which time the CBSL withdrew its direct intervention in the foreign exchange market. The depreciation of the currency was more profound, especially during the last six months of the financial year 2015/16. This proved to be a blow to the core business activity of the Company, LP gas downstream operations which is totally import dependent. Though there is a pricing formula mechanism to take into account of the price volatilities of the cargo to be imported and the resultant or ancillary costs to be incurred, this was

Oil and Gas Industry Outlook

The World Oil Outlook (WOO) reporting initiative undertaken by the Organization of Petroleum Exporting Countries (OPEC) emphasizes that Oil will remain central to the global energy mix over the next 25 years, helping to satisfy the world's growing energy needs. Over this period, the most important source of oil demand increases will be from developing countries where population continue to grow and many are expected to move out of poverty. According to the WOO report there is a large resource base still available to meet this demand with supplies increasingly stemming from diversified sources.

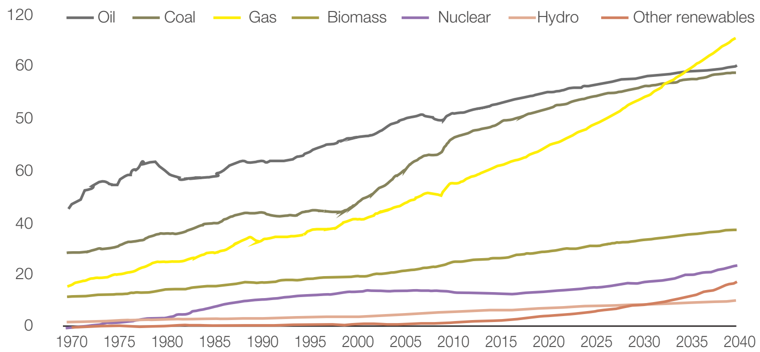
In the years ahead, the global energy demand is projected to grow by 47% reaching 399 million barrels per day by 2040. Much of this growth will continue to be concentrated in the developing world as industrialization, population growth, and the unprecedented expansion of the middle-class will propel the demand for energy.

Concurrently, the non-fossil fuel energy will also face significant changes especially in the medium to long term. As for the report of WOO, the nuclear energy will increase by 2.2% per annum on an average during 2013 – 2040. The share of hydro and bio-mass, though growing, will remain relatively stable. The other renewables, mainly wind and solar are expected to grow at the fastest rates, multiplying their contribution to total primary energy supply, by more than 7 times. Their overall share will nevertheless remain low, reaching around 4% by 2040.

The most obvious market development in the year 2015 and early 2016 was the dramatic oil price collapse attributed to multiple reasons. The average price of the OPEC Reference Basket (ORB) which is the weighted average price for petroleum blends produced by OPEC, dropped to less than $60/b in December 2014 and has averaged to $53/b in the first 9 months of 2015 and took a nosedive until towards early 2016 plunging the prices below to an unbelievably low level of $30/b. However the long term price assessment by WOO were $80/b in 2020, raising to almost $123/b by 2030 and well beyond $160/b by 2040. This account on crude oil set-up was offered to you as there is a fair correlation between World LP Gas prices and the Crude oil prices and also for you to understand the price volatility better, of the petroleum based products.

Under the circumstances described above, LPG is poised to play an increasingly important role as a "bridging fuel" alongside natural gas in the long term transition to

Global energy mix by fuel type 1970 – 2040



TOTAL TERMINAL CAPACITY

45,000

MT

a truly sustainable global energy system. The World LP Gas Association (WLPGA) emphasizes that there is no doubt that the way we produce and use energy will eventually need to change profoundly. It is because the bulk of the energy that we use today is derived from finite and non renewable fossil energy resources, even if they are still able to support the rising production for many more years to come. The environmental harm to be caused due to our energy mix appears to be far greater deleterious to us long before fossil resources run out. The challenge is to balance forces, to shift low carbon energy sources and technologies and at the same time satisfying the growing energy needs of an expanding world economy and population.

As a fossil fuel, LPG would appear to have an important role to play in the low-carbon energy system of the future. Yet the specific characteristics of the fuel and its advantages over other fuel, both fossil and non-fossil, mean that it is remarkably well placed to help reconcile the world's environmental, economic and social goals during the long period that it will take to complete that energy transition. The looming transition to low-carbon energy will need to involve an intermediate shift to the lowest carbon fossil sources of energy, if the goal is to achieve the fastest reduction in Co2. The LPG is close to natural gas as the least carbon intensive fuel.

In fulfilling its role in the energy transition process LPG consumption has been growing steadily over the years. In the year 2015, LPG consumption globally increased by 4%, far outstripping growth in primary energy demand. The greater growth of LPG demand reflect as increasing number of gas carriers, filling plants, employment opportunities and most importantly lives saved through improved air quality. As for the information available at WLPGA for the year 2014 the global production of LPG was 284 million metric tons and the top 5 producers were United States, Saudi Arabia, China, Russia, and U.A.E. The top 5 consumers were United States, China, Saudi Arabia, Japan and India.

The local LPG market especially the household segment would have grow much more and reach its potential if the consumer is appraised with state patronage and presented with the advantages in using LPG, with rigorous evidence based information and analysis.

Entry in to Bangladesh LPG Downstream Industry

I trust our shareholders should be briefed of the rationale behind the notable investment made in Bangladesh to acquire the third largest player in the LP Gas downstream industry, the Petredec Elpiji Ltd. This investment opportunity was identified and facilitated by our corporate unit established for such purposes together with our international business network developed over the years of operations.

LPG Imports and Sales (MT '000)

	2010	2011	2012	2013	2014	2015
LP Gas Imports	163	180	199	197	198	277
LP Gas Sales	187	205	211	218	232	293

Source – CBSL Annual Reports

In the years ahead, the global energy demand is projected to grow by 47% reaching 399million barrels per day by 2040. Much of this growth will continue to be concentrated in the developing world as industrialization, population growth, and the unprecedented expansion of the middle-class will propel the demand for energy.

Bangladesh is a country with a population of 160 million people and with 33 million households. The country has recorded impressive rates of GDP growth of 6.00% - 6.51% over the period from 2011 to 2015 and its projected growth for 2016 is 7.05%.The country has maintained a single digit 6.41% average rate of inflation for the last 5 years. Its rates of exchange were stable at 74-78 Bangladesh Taka for US dollar for the same period indubitably with the intervention of the Bangladesh Bank (Central Bank of Bangladesh). Bangladesh is a lower middle country at present with Per capita GNI of US $ 1,314 and its goal to be an upper middle country having achieved Per capita GNI of US $ 4,125 by 2021.

The energy resources and its growth is directly linked to well-being and prosperity across the globe. The ability of any country to meet the growing demand for energy in a safe and environmentally responsible manner is a key challenge. Accordingly the reports by the authorities in Bangladesh, its energy security is presently at stake as experts believe the major primary fuel, natural gas is exhausting fast in light of the fact that no major discoveries have been made in the recent past and there are hardly any visible signs of new discoveries in the near future.

The official declarations indicate Bangladesh has genuine concerns with its depleting 14 Tcf (Trillion Cubic Feet) Natural Gas left over recoverable recourses and RPR (Reserve to Production Ratio expressed in terms of years) at only 14 years more, making this resource to deplete fully by 2029. This reality has started letting off panic among energy users. Ideally double the volume of new reserves are to be found, for what is consumed every year, according to the standards generally accepted for energy security for a country predominantly gas dependent. There is no debate the reserves of fossil fuel like natural gas will deplete someday. But it becomes a matter of serious concern if there is a failure to take required initiatives in exploiting new gas resources. It creates vulnerability in any country. That is unfortunately what has happened in Bangladesh.

However to avert a possible set back, Bangladesh Government is making certain efforts to meet the rapidly growing future demand for energy. It’s looking at options of expediting on shore – off shore explorations, import of LNG and also projects for coal based power stations. These solutions are essentially long term, would primarily focused on meeting industry demand but the government actively encourage alternatives such as LPG and this is in the back drop of phasing out of piped natural gas to meet the demand of the massive household sector. The LPG market in Bangladesh has increased in leaps and bounds in the past several years. The total market which was around 120,000 MT two years ago now stands at 205,000 MT. The growth prospects of the LPG sector in Bangladesh is discussed at depth by the Group Managing Director in his review.

Power Sector Operations

LAUGFS Power Ltd, continued to expand its operations, as stated earlier, with the acquisitions of the two entities having Solar Power Generation Permits and Power Purchase Agreements for 20 Mw. The Company was looking forward actively to expand its core operations on Mini-Hydro Power Generation. It acquired during the year under review, in this endeavour, a company in the name of Pams Power (Pvt) Ltd had in possession with them the permit to generate 2Mw of power through Mini-Hydro at Kehelgamuwa, Ginigathhena. The Mini-Hydro Power Generation capacity of LAUGFS Power Ltd, with its latest acquisition adds up to a total of 3.75 Mw. It is also relevant to mention that LAUGFS Power Ltd continues to operate profitably from its commencement of commercial operations.

Leisure Sector Operations

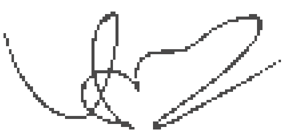
As indicated elsewhere in this review, the second iconic hotel property of the chain 'Anantaya" built at the scenic Passekudah beach is to commence its commercial operations in June/July 2016. Being, the first in the chain "Anantaya Resort and Spa" at Chilaw turned around and became a profitable entity in the later part of the financial year 2015/16. This was made possible during a remarkably shorter period of time after the commencement of commercial operations, when compared with the industry standards. We always believed that Leisure and Tourism is a post conflict growth sector and will focus persistently on this area of operations in the near future with much greater investments to be made, especially in the backdrop of the existing property at Waskaduwa, Kalutara. In which we are planning the flagship of the chain.

Conclusion

We, for almost three decades suffered the perils of meeting effectively and decisively the arms onslaught of the most brutal terrorist outfit we had in the world, in our times. This long drawn struggle choked and stifled our true potential as a nation. As a country we have endured an unprecedented economic, political and social storm – the impact of which continued to be felt, perhaps for years to come. What is most striking to me, in spite of all the turmoil, is that our Company became safer and stronger and it never stopped supporting its customers, shareholders, employees and the communities whilst contributing to economic growth of our country.

Today it is clear that our Company is an end game winner. We are also aware that future success is not guaranteed. The application of consistently prudent management practices over a long period of time can ensure success. I believe your Company currently has one of best management team with whom I have been associated with for a quite a long time. These leaders have navigated, the Company in the last several years with fortitude and a smile, driving results, making tough decisions and treating each other as equal partners. They are the reasons why both performance and morale remain strong in our corporate environment.

Finally I would like extend a warm thank you for our employees, for the jobs well executed, who are treated as the members of a family in our corporate culture, and also thank the members of the Board of Directors who were immeasurably instrumental in our success story and all the shareholders who became the source of strength to us, right from the inception.



W K H Wegapitiya
Chairman/Group CEO

1 June 2016

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Group Managing Director's Message

In the context of the group, your Company continued its momentum of increasing revenue over the years as the overall group revenue increased by 15% from Rs 11.5 billion to Rs 13.3 billion during the year under review. Overall, during the past five years, your Company was able to maintain a compounded average growth of 8% in revenue and also a growth of 10% in net profits for the group as a whole.

I consider it as a great privilege to meet you for the sixth successive occasion at the Annual General Meeting of your Company, LAUGFS Gas PLC. I am particularly pleased to be associated with the Chairman and the members of the Board of Directors in the presentation of the Annual Report and the Audited Financial Statements of the Company for the year ended 31st March 2016.

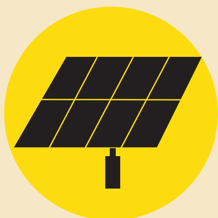
As underscored by the Chairman in his review, the financial year 2015/16 was remarkable and momentous in many ways but mainly because it was the year, your Company made the highest ever commitments on several key investment proposals for growth and development, both local and overseas. The foremost of all was the agreement entered into with one of the largest and reputed Engineering, Procurement and Construction (EPC) contractor from China, to construct a port base LP Gas Terminal with a total capacity of 45,000 MT to be completed in two phases at Hambantota International Port. The next was the historic acquisition of the third largest entity engaged in LP Gas downstream industry in Bangladesh. Also embarked during the year was, to launch the project to generate 20 MW of solar power to be connected to the national grid. Fourthly LAUGFS Maritime Services (Pvt) Ltd, the fully owned subsidiary of the LAUGFS Gas PLC bought it second vessel "Gas Success" during the financial year under review. The Slogal Energy DMCC Dubai, an entity fully owned by your Company, was incorporated to be engaged with diversified operations in one of the free zones in the United Arab Emirates.

Despite these unprecedented moves, the Company and all its fully owned subsidiaries never lost sight and focus,

INVESTMENT IN SOLAR POWER

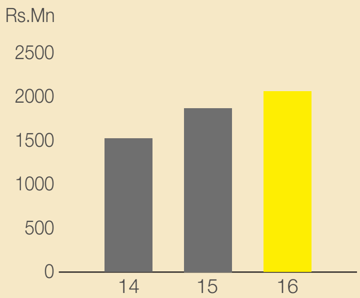
5,000

Rs. Mn.



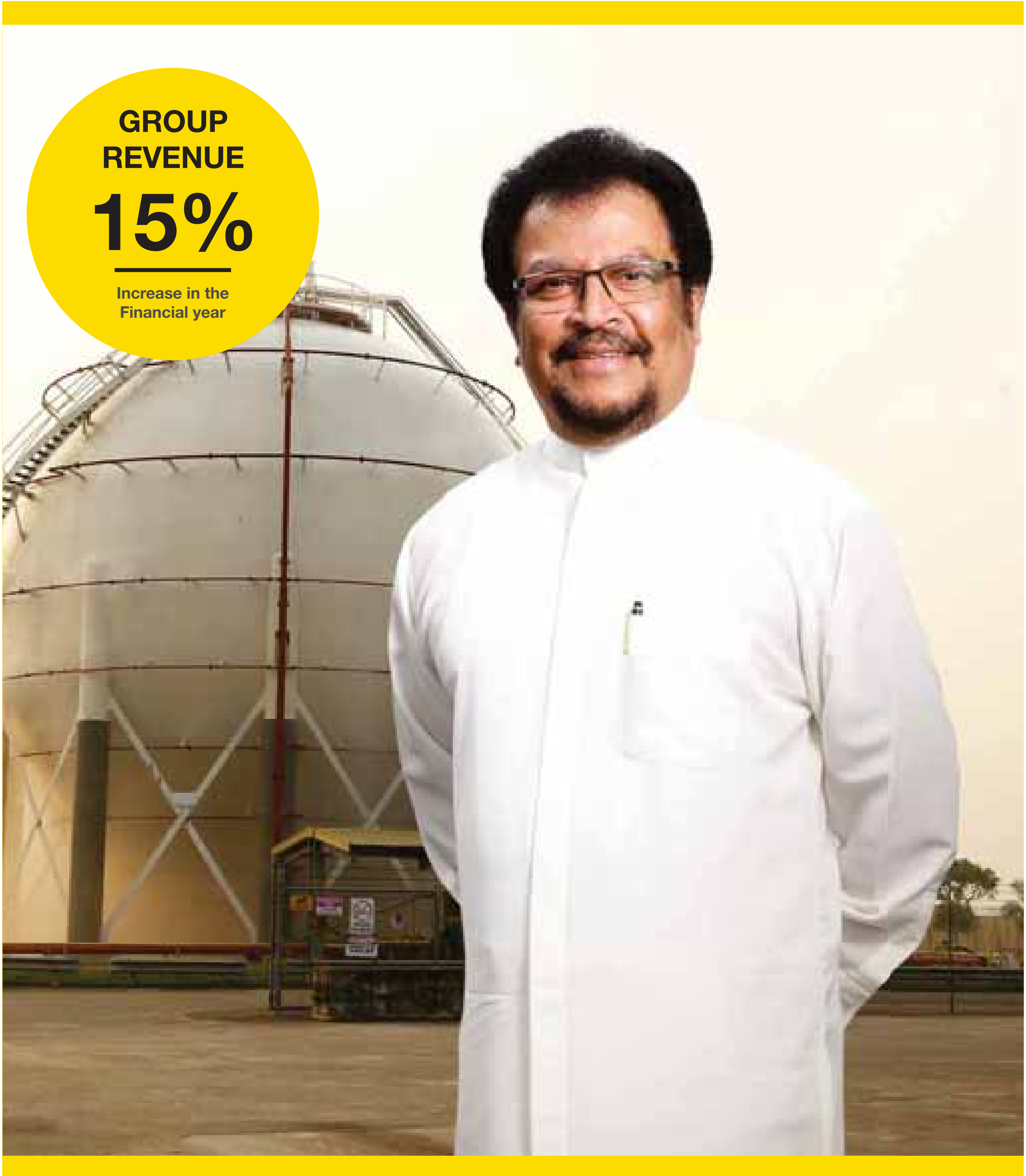
Situated in Hambantota in a 90 acre site, the projects are due to be commissioned during 2016

Group Operating Profit



on its core business activities during the financial year under review, the LP Gas downstream operations, ownership and management of hotels, hydro power generation, maritime services to provide ocean transportation of LP Gas, vehicle emission testing and property development.

In the context of the group, your Company continued its momentum of increasing revenue over the years as the overall group revenue increased by 15% from Rs 11.5 billion to Rs 13.3 billion during the year under review. Overall, during the past five years, your Company was able to maintain a compounded average growth of 8% in revenue and also a growth of 10% in net profits for the group as a whole. However, although the bottom line had declined marginally from Rs 1.4 billion to Rs 1.3 billion during the year under review, these were fundamentally the result of the escalation in finance costs incurred on account of the substantial strategic investments undertaken during the year under review. As this can be depicted from the chart below, the profit before finance cost recorded at Rs 2.15 billion compared to Rs 1.96 billion in the previous year, recording a 9% increase in the financial year under scrutiny. The returns of these investments are yet to manifest to its true


GROUP
REVENUE
15%
Increase in the
Financial year

2

Group Managing Director's Message

The foremost of all was the agreement entered in to with one of the largest and reputed Engineering, Procurement and Construction (EPC) contractor from China, to construct a port base LP Gas Terminal with a total capacity of 45,000 MT, to be completed in two phases at Hambantota International Port.

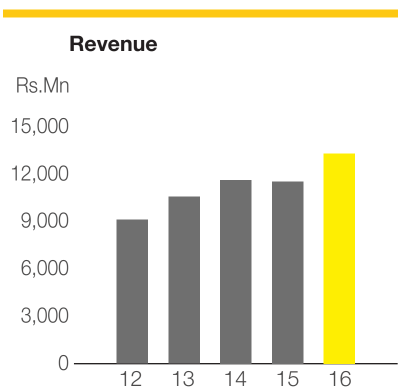
potential to be reflected in the current financial performance; nevertheless, I am confident that within the next 2 years to come, they will yield its anticipated harvest and you will be able to reap the benefits out of these investments.

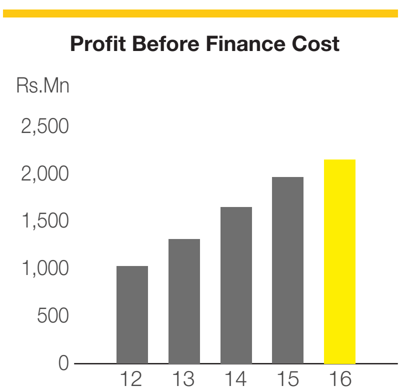
Simultaneously, your Company recorded a noteworthy increase in the total asset base from Rs 15.4 billion to Rs 27.3 billion in the year ended 31st March 2016. That is, a staggering surge of 77% compared to the previous year, owing to the key, judiciously planned investments made as mentioned above. It is noteworthy to reminisce that since being listed, your Company was capable of incessantly increasing its total assets base and achieved a compounded average growth momentum of 21.5%.

Moreover, the results of the, prudent yet dynamic decisions undertaken over the years towards the success of your Company can be said to be reflected in the significant growth in the Net Asset base of the group, recording a steady increase of 10% year on year for the past 5 years. It stood at Rs 9.6 billion in the year under review which is a 21.8% growth compared to the previous year. Furthermore, the group retained earnings improved to Rs. 5.4 billion from Rs 4.9 billion in the previous year depicting the continuous strengthening the financial position of your Company.

When considering the core flagship business of the group, it is notable to remind you that domestic LPG business is highly regulated by the government. Hence, LAUGFS Gas PLC was adversely affected when the government unanimously took a decision to reduce the retail prices of LP Gas during the year under review. As a result, the Company saw a slight decline in revenues from Rs 10.2 billion to Rs 9.7 billion in the financial year ended 31st March 2016. The Company was further affected by the turbulent conditions that prevailed due to continuous devaluation of the currency, where the cost of imports increased, further hampering the performance of the core business as it is totally import dependent. Both the reduction in retail prices and the external market volatilities proved to be detrimental, resulting in the reduction of gross profit margin from 22% to 18%. Moreover, the commendable strategic investments undertaken in the LPG industry, in terms of the acquisition of the entity in Bangladesh, purchase of the second vessel and the remarkable investments made in the power sector, were principally funded through its flagship Company, LAUGFS Gas PLC, due to its resilient financial muscle power, and therefore resulted in the notable increase of the finance costs. Nonetheless, you are assured of the plethora of benefits, from these investments together with the returns expected from the port base terminal in the ensuing years. As I mentioned earlier this transformational period, anticipated ahead, will be the "Golden Era of LAUGFS" .

I would also wish to mention the strategic investments made by your Company in the power sector. Realizing the promising potential and the significance of the role of power generation to the nation and being a key player of this sector, LAUGFS ventured into it with a vision of providing renewable sources of power to fuel the economy. This initiative is made, since we acknowledged and anticipated that renewable energy will play a vital role and ostensibly be at the forefront of the future of this sector. Therefore, during the year under review, we embarked in investing further, in order





to be the early adapter and the trend setter of the power sector, setting an exemplary role, caving perhaps the path for others may also to follow. As such, it is with great enthusiasm that I wish to announce you that Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd and Pams Power (Pvt) Ltd, the owners of hydro power generation plants were acquired by LAUGFS on 01st April 2015 and 10th February 2016 respectively. Moreover, expanding into the solar power segments, your Company further acquired Anorchi Lanka (Pvt) Ltd and Iris Eco Power Lanka (Pvt) Ltd on 05th August 2015 both of whom were to be engaged in solar power generation. These newly made premeditated acquisitions of four companies will operate under the umbrella of LAUGFS Power Ltd as its subsidiaries.

One of the hydro power plants acquired, Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd has already commenced its commercial operations and the other hydro power plant which is Pams Power (Pvt) Ltd will commence its commercial operations by April 2017. The two solar power plant licenses acquired will commence their commercial operations by December 2016 with the installation of fully fledged solar panels, machinery and equipment.

Due to the aforementioned reasons, the non-current assets of the LAUGFS Power Ltd increased from Rs. 175.4 million in the previous year to Rs. 1,670 million in the current year, and the revenue of the LAUGFS Power Ltd increased from Rs. 24.7 million in the previous year to Rs.35.3 million in current year recording a substantial growth of 43% revenue. The net profit of the Company has been increased by Rs.2.7 million from the previous year, recording 25% growth compared with previous year. The Company was be able to maintain a 73% of GP margin and 39% of NP margin during the year under review.

I also wish to state that significant revenue growth has been recorded at the LAUGFS Maritime services (Pvt) Ltd, which engages in the provision of the cargo transportation and logistics services. The reason behind the remarkable achievement is, another LP Gas carrier named “Gas Success” being added with a capacity of 3,600 MT, to the fleet as the second vessel, to compliment the operations of its sister vessel “Gas Challenger” which was acquired in the previous year. The result of the acquisition amounted to a combined revenue of Rs.879.7 million for 12 month in the current financial year compared with Rs. 233.9 million for 07 months in the previous financial year. Moreover, the Gross Profit Margin of the Company improved from 17.88% in the preceding financial year to 30.25% in the current financial year as the Company was able to manage the vessel’s bunkering cost at a lower rate. It is noteworthy to mention that the strategic decision to venture into the maritime services sector has proved to be one of the most prudent and fruitful decision the Company has made, as this entity proved to be profitable since the inception of its operations.

Being in the forefront of identifying business opportunities and to realize the strategic vision of being a reputed player not only in the domestic market but also across the region, your Company strategically stepped its footprints in Bangladesh by means of acquiring 69% stake in the first instance and 100% later, of the 3rd largest player of downstream LP Gas industry with a consideration of USD 18.75 million. The sheer size of the market of 160 million population & 33 million households, depletion of their natural gas resources, continuous growth in the LPG sector recording a CAGR of 12% between 2002 and 2013, persistent advancement of the GDP growth of over 6% were few of the fundamental drivers that steered the strategic decision to step into Bangladesh, as reiterated in the Chairman’s detailed review as well.

SLOGAL Energy DMCC Dubai act as the trading arm of the Group

GROUP PPE

15,633

RS. Mn.

Net Asset base of the group, recorded a steady increase of 10% year on year for the past 5 years. It stood at Rs 9.6 billion in the year under review which is a 21.8% growth compared to the previous year.

It is pertinent to mention that the LPG market in Bangladesh has increased astoundingly in the recent past in light of the reasons mentioned above, and, as a result, the total market has nearly doubled within a mere 2 years - from approximately 120,000 MT two years ago stands at 205,000 MT as at present. The total LPG consumption of Bangladesh is anticipated to further heighten its momentum in the upcoming years, and is undoubtedly expected to exceed our local consumption levels over here, in the near future.

Your Company acquired the controlling stake of Petredec Elpiji Ltd (PEL) Bangladesh, in October 2015, and since then had been able to turnaround the entity within a short span of time. As you are aware, LAUGFS always stand out for its radical and dynamic, yet contemporary way of doing business in the local and global corporate landscape. The exceptionally agile and experienced managerial prowess, backed by visionary and entrepreneurial leadership were replicated in the management of the newly acquired entity. As a result, the throughput volumes of the plant increased from an average of 2,200 MT since acquisition to 2,800 MT per month as at present – nearly a 27% increase. Whilst it is too precipitous to commend its financial performance, its true potential will be reflected in the financials in the upcoming years.

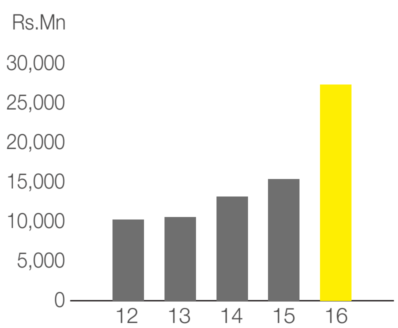
If we turn our attention to the leisure sector, in which LAUGFS Leisure Ltd is engaged with, the Company demonstrated an overall reasonable operational performance. A net revenue growth of 45%, amounting to Rs. 110 million - from Rs. 246 million in the preceding financial year to Rs. 356 million was recorded in the year under review. Moreover, the occupancy levels of the Anantaya Resort and Spa at Chilaw, increased from the 34% to 47% compared to the previous year. These were partially as a result of the overall tourism sector outlook of the country, as the Sri Lanka Tourism Development Authority (SLTDA) recorded landmark arrivals of tourists of 1.8 million from 1.5 million in 2014. This represents a remarkable 17.8% year on year growth and also establishes the prudency of the decision to diversify into the leisure sector. It appears that the country is well poised towards achieving its anticipated tourism growth targets of reaching 2.5 million tourists by the year 2016 which should augurs well for LAUGFS Leisure Ltd as well.

It is also with great pleasure that I announce that Anantaya Resort and Spa - Passekudah, the second luxury hotel under LAUGFS Leisure Ltd, will soon be launched along the pristine eastern coast featuring 55 luxury rooms, suites and villas. A third luxury property is also scheduled to be constructed on the beautiful southern coastline in Waskaduwa in the short to medium term.

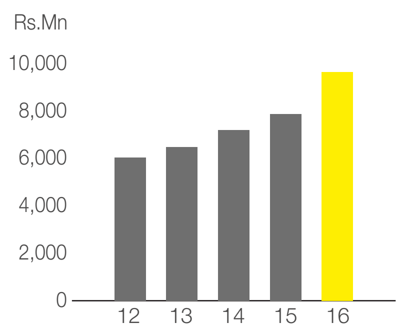
I am confident and also honoured to declare that in the overall context we have conducted our business operations with efficiency and finesse as abundantly reflected in the numbers in the Financial Statements presented for the year ended 31st March 2016. We understand definitely and positively the importance of operational excellence, effective risk management across of all risk categories, building a fortress of infrastructure and a culture of one family that is rooted with integrity, fairness and responsibility, all of which were instrumental in bringing exceptional results.

Going forward “LAUGFS” will be built on businesses that are dependent on our core strengthens and purpose. We all have

Total Assets



Net Assets



witnessed business cycles in operation but in each cycle "LAUGFS" improved its share despite strong headwinds. Your Company is always technologically savvy and embraced its latest developments. We believe the key element of our efficiency is the possession of common and flexible IT backbone. It was in this spirit the Company acquired and implemented the Enterprise Resource Planning (ERP) software offered by SAP, two years ago. We have our plans underway at the moment to expand our ERP platform, under which some of our critical and key processes will be moved on to a "Shared Services" division to be formed, towards the middle of the financial year 2016/17.

As stated above, we always believe that corporate culture is one of the most central element of success of our organization. It is the heart of the organization and will be a significant contributor to long term performance and stability. The culture and performance go hand on hand and our prime competitive advantage is our family culture. The 4,000 members are resources to be invested in and not at all an expense to be managed. This is precisely why I like to state our culture is about plural pronouns – We, us and ours instead of I, me and mine.

It is pertinent to recall that we were exposed to an exciting business expedition over two decades, most others wouldn't have even dreamt of. We have learnt decisive lessons in this mission and some of them were so profound to linger still in our memories. Those are also treasured since the very lessons learnt, fashioned our momentous path to success. We proved to be an exemplification of a statement made by Alvin Toffler, an American writer, futurist, who is well known for his works on the digital and communication revolution, internet explosion and technological singularity.

Toffler pointed out that the illiterate of the 20th century will not be those who cannot read and write but who cannot learn, unlearn and relearn. We at LAUGFS always struck back with skill, timing and courage at every turn when pushed back to the walls or an edge of a cliff. This was made possible because we always learned, unlearned and relearned. This tough and painful process in learning, enable us to navigate the riskiest business operations to success as "Colombia River Bar Captains" do, in manoeuvring their ships into safety over the most treacherous stretches of water in the world.

At the conclusion of this review to you, let me offer my sincere and grateful thanks to all our stakeholders including the members of our family of LAUGFS and I am more confident than ever that our best days are ahead.

U K Thilak De Silva
Group Managing Director

1 June 2016

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Board of Directors

1 W K H Wegapitiya
(Chairman/Group CEO)

2 U K Thilak De Silva
(Group Managing Director)

3 H A Ariyaratne

4 C L De Alwis

5 P M Kumarasinghe PC

6 T K Bandaranayake

7 N M Prakash

Mr. W K H Wegapitiya

Chairman / Group CEO

Mr. W K H Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC., one of the highly diversified business group in Sri Lanka, having its presence in a wide business spectrum, such as LPG distribution, Petroleum, Lubricants, power generation, property developments, shipping, heavy Engineering, automobile services, leisure and restaurants, consumer retailing, property development, manufacturing of Salt, manufacturing of Industrial solidtires, and higher education. He was appointed as the Executive Chairman and the Group CEO of LAUGFS Gas PLC at the time it was listed in the Colombo Stock Exchange in 2011.

He holds a basic degree in (B.Sc) Business Administration from the University of Sri Jayawardhanapura, and obtained his MBA from the Post Graduate Institute of Management (PIM). Currently, he is reading for his PhD at the Post Graduate Institute of Management (PIM)

His entrepreneurial journey begun in 1990, starting a small freight forwarding company subsequent to a brief employment at Ceylon Shipping Corporation. Later, in 1995 he was instrumental in creating Gas Auto Lanka (Pvt) Limited, the initial enterprise of now diversified

LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extra-ordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavors to create the business conglomerate "LAUGFS", during a comparatively short period of time. A popular figure in the local entrepreneurial community in Sri Lanka as a success story, he was recognized as the best entrepreneur of the country many times. He is a frequent speaker, presenter and a panelist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organized by a variety of organizations. He is a well-known personality in the global LP Gas and energy circles and also a regular participant and a speaker at international forums on LP Gas and Energy Management

Presently he serves as a Board member of Sri Lanka Telecom PLC. He served on many public and private sector institutes as a honorary member of the management. He was a Board member of Mobitel (Pvt) Limited, past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), former Senior Vice President of FCCISL, Executive council member of FCCISL, executive committee member of Ceylon Chamber of Commerce, member of National Pay Commission, and council member of University of Sri Jayawardhanpura.

Mr. U K Thilak De Silva

Group Managing Director

Mr. Thilak De Silva has been the Group Managing Director of LAUGFS Holdings Ltd and all its subsidiaries from the inception in the year 1995, of this highly diversified business conglomerate.
The Group in which Mr. De Silva is the Executive Managing Director, is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicular emission testing, property development, leisure and hospitality with ownership

and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tires, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation and also higher education.

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

Mr. Thilak De Silva hails from a widely known, well respected family business interest from southern Sri Lanka having had its lucrative operations in the south and in the central highlands. He had is primary and secondary education in the country and moved into the United Kingdom for his undergraduate studies in the sphere of engineering technology in the first instance, followed by a study in operations management. Having qualified from the prestigious institutions in the United Kingdom in both disciplines returned back to Sri-Lanka to take up the mantle of the family business as its Executive Director.

In the year 1995, however he was compelled to leave the business in the able hands of the rest of the family to join with his erstwhile colleague to commence the ground breaking initiative of "LAUGFS" to concert the vehicles driven by traditional fuels into LPG driven automobiles. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate and the rest is history. Mr. De Silva was instrumental in developing the entities concerned to an empire worth of over Rs 35 billion at the moment.

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

Mr. H A Ariyaratne

*Director**

Mr. Ariyaratne 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 other companies representing Lanka Ventures PLC and DFCC Bank. He has also served for many years as the chairman of the Banking, Finance and Insurance committee of the National Chamber of Sri Lanka.

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 on the Boards of several subsidiaries in the LAUGFS Group of Companies and Finagle Lanka (Private) Limited.

Mr. 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) also served as its President for 4 years. Moreover 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.

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 is 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. Palitha M. Kumarasinghe PC

*Director***

Mr Kumarasinghe is a very senior legal practitioner and a President's Counsel with over 33 years of experience in Civil, Commercial and Corporate Law, represents the Board of LAUGFS Gas PLC from September 2010 and he is the Chairman of the Related Party Transactions Review Committee, and is a member of the Audit Committee as well.

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 previously served as a Vice President, Executive Committee Member and Chairman of various Committees of the Bar Association of Sri Lanka. He has served as the President of the Colombo Law Society.

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 a 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 Act and a Member of the Advisory Commission on Intellectual Property established under the Code of Intellectual Property Act.

He is an Independent Non-Executive Director of Nawaloka Hospital PLC.

Mr. Tissa Kumara Bandaranayake

*Director***

Mr. Bandaranayake, a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Bachelor of Science from the University of Ceylon, is represented on the Board of LAUGFS Gas PLC from September 2010 and serves as the Chairman of the Audit Committee.

Mr. Bandaranayake possesses over 45 years' experience in the fields of accounting, auditing& finance and 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 sectors as well as regulatory bodies. He 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 , Brown & Co. PLC 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 also 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 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 also served as the Chairman of Galoya Holdings (Private) Limited and Sales Director of Singer (Sri Lanka) PLC. Mr. Prakash has also 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 and several other subsidiaries of the LAUGFS Group.

He currently serves in several other public quoted and private organisations including Taprobane Holdings PLC, Lanka Century Investments PLC, Colombo City Holdings PLC, Dankotuwa Porcelain PLC, Ceylong Leather Products PLC and South Asia Textiles Industries Lanka (Pvt) Ltd.

* Non-Executive Director
** Independent Non-Executive Director

2

Management Team

Ashan De Silva
Chief Executive Officer, LAUGFS Gas PLC

Buddhika Mathew
Head of Legal

Chamath Indrapala
Chief Finance Officer, LAUGFS Gas PLC

Dulani Nissanka
Chief Human Resource Officer

Duminda Gayani
Deputy General Manager

Indika Gunawardena
Chief Information Officer

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

Manjula Ediriweera
General Manager - Accounting & Finance

Mohammed Saidul Islam
Director/CEO - LAUGFS Gas (Bangladesh) Ltd

Murad Rahimdeen
Chief Operating Officer, LAUGFS Gas PLC

Nishan Liyanapathirana
Head of Group Risk & Control

Roshan Perera
Chief Executive Officer - LAUGFS Leisure Ltd

S A Halangoda
Deputy General Manager - Treasury & Finance

Sheranga Senanayake
Head of Corporate Communications

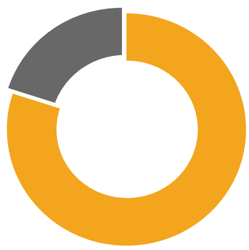
Sudath Jayawardhane
Country Manager - Slogal Energy DMCC

ENERGY

LAUGFS GAS PLC

Has a very strong dealer network presence in every part of the Country for LPG distribution and also sales of accessories. At present the Company enjoys more than 30% of market share. The acquisition of 69% stake of the 3rd largest LPG plant in Bangladesh during the year under review and with immediate plans to acquire the balance 31% stake in the immediate near future, LAUGFS Gas (Bangladesh) Ltd will become a fully owned subsidiary of LAUGFS Gas PLC

Contribution to the Group Revenue



The energy sector continued its expansion program both locally and regionally by recording an increase of 27% growth over last year in Liquid Petroleum Gas (LPG) sales. Through the acquisition of 69% stake of the 3rd largest LPG player in Bangladesh during the year under review and with plans to acquire the balance 31% stake in the near future, LAUGFS Gas (Bangladesh) Ltd, becoming a fully owned subsidiary of LAUGFS Gas PLC will be a reality very soon. As natural gas reserves are expected to deplete and exhaust in Bangladesh within the next decade as per recent studies, the demand for LPG in that country is expected rise steeply which makes the decision to invest in the new LPG plant a prudent business decision.

LAUGFS Gas PLC expanded its international presence with its opening of the Dubai office in the year under review to provide a gateway for trading operations in Africa, Latin America and in the European countries. This investment is a forward integration for the coordination of the trading operations in the region resulting in reduced freight costs. LAUGFS Maritime Services (Pvt) Ltd in also seeking to expand its fleet of two gas tanker ships in order to facilitate the logistical operations of the Group.

We are in the business of providing energy through LPG for households, commercial establishments and industries

COMPANY OPERATING PROFIT

1,420

RS. Mn.

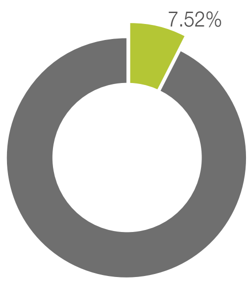
The proposed storage terminal in Hambanthota under phase one with a capacity in excess of 30,000 MT under LAUGFS Terminals Ltd is expected to be completed in 2018 and expected to add further 15,000 MT under stage two of the project. This Company will engage in storing LPG for regional distribution as well by utilizing the additional capacities available and with the increased fleet of the maritime operations.

SERVICES

LAUGFS ECO SRI (PVT) LTD

LAUGFS Eco Sri (Pvt) Ltd, being a wholly owned subsidiary of LAUGFS Gas PLC, operates as a Board of Investment (BOI) approved establishment for the issuance of Vehicle Emission Testing (VET) certificates to motor vehicles through the 212 fixed and mobile locations situated throughout the country.

Contribution to the Group Revenue



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With the introduction of the National Air Policy in year 2000, the Company has been immensely contributing towards the curbing of air pollution through its VET program and other environmental friendly business ventures and Corporate Social Responsibility (CSR) activities.

LAUGFS Eco Sri first in South Asia to be ISO 14001 Certified in Emission Services

ESTABLISHED

212

Locations Islandwide

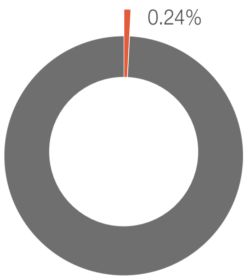
The Company at present operates in a duopoly market and has more than 700 trained personnel in technical and customer satisfaction areas, employed at the island wide VET centres.

POWER

LAUGFS POWER LTD

LAUGFS Power Ltd is a fully owned subsidiary of LAUGFS Gas PLC and has four subsidiaries namely Ginigathhena Thiniyagala MHP (Pvt) Ltd, Anorchi Lanka (Pvt) Ltd, Iris Eco Power Lanka (Pvt) Ltd and Pams Power (Pvt) Ltd. The Company is already engaged in the generation of renewable energy through two mini-hydro power plants.

Contribution to the Group Revenue



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The mini hydro projects of Ginigathhena Thiniyagala MHP (Pvt) and Pams Power Ltd are in progress with an combined installed capacity of 2.8 MW and the solar power projects are in progress at an estimated cost of Rs.5 billion situated at Hambanthota namely Anochi Lanka (Pvt) Ltd and IRIS Eco Power Lanka (Pvt) Ltd and have a combined installed capacity of 20MW and are expected to give an output of 40GWh annually.

The Company has plans to extend its wings into the other areas of renewable energy namely wind and bio-mass in the near future.

LAUGFS investment in solar power aims to further strengthen its expansion plans in the power and energy sector with renewable and sustainable energy solutions

SOLAR POWER

20

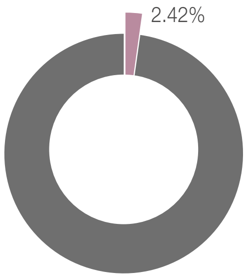
MW

LEISURE

LAUGFS LEISURE LTD

The second, star class resort hotel in the chain, Anantaya Resort and Spa - Passekudah, situated at Passekudah in the Eastern coast will commence operations by mid-year and consists of 55 luxury rooms including 5 villas and plunge pools under stage one of the project.

Contribution to the Group Revenue



LAUGFS Leisure Ltd expanded their presence in the hospitality industry and opened its first owned hotel namely Anantaya Resort and Spa, situated at Chilaw, in the North Western Province. This 87 roomed star class hotel which is 110 kilometers from the capital city of Colombo, has a unique dual view of both the ocean and the lagoon and consists of four separate spa units for complete privacy and tranquility and offers many facilities to the discerning tourists.

The second, star class resort hotel in the chain, Anantaya Resort and Spa - Passekudah, situated at Passekudah in the Eastern Coast will commence operations by mid-year and consists of 55 luxury rooms including 5 villas and plunge pools under stage one of the project. This hotel depicts Thai architecture and will be one of a kind unparalleled in Sri Lanka. The next hotel project will be situated at Waskaduwa (Wadduwa) in the Kalutara district and is situated in the main tourism belt and will be built on a 15 acre beach frontage land. This hotel is expected to cater to the MICE (Meeting, Incentives, Conferences, and Exhibitions) market which is believed to be in high demand in the future.

Completion of the Rs. 2.6 Bn Anantaya Resort and Spa - Passekudah will be a part of the concerted push by LAUGFS into Sri Lankan's tourism industry

ROOM NIGHTS

15,081

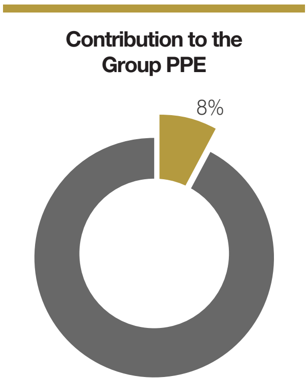
During the year 2015/16

The Company is also considering expanding into the management of small and medium luxury hotels in order to have a stronger network of hotels which will complement each other with the increased tourist traffic. As a measure of forward integration, the Company is contemplating in forming a destination management company to undertake travel and tour operations, inbound and outbound travel including ticketing operations. The Company is also studying the investment opportunities available outside Sri Lanka especially in Maldives, Bangladesh and Myanmar.

PROPERTY

LAUGFS PROPERTY DEVELOPERS (PVT) LTD

LAUGFS Property Developers (Pvt) Ltd which is in the real estate business and has recently completed the construction of the unique state-of-the-art luxury office building which is located at a prime commercial area in Havelock Town, Colombo 5 which is earmarked as the new Head Office Complex of the LAUGFS Group Companies and is available for immediate occupation.



LAUGFS Property Developers (Pvt) Ltd which is in the real estate business and has recently completed the construction of the unique state-of-the-art luxury office building located at a prime commercial area in Havelock Town, Colombo 5 which is earmarked as the new Head Office Complex of the LAUGFS Group Companies and is available for immediate occupation.

The building complied with all the Urban Development Authority (UDA) and Municipal regulations and consists of 13 floors including the Mezzanine Floor and the roof-top. The building comprises more than 85,000 square feet of usable office space and is situated at a strategic location The building has adequate parking space and caters to more than 50 vehicles occupants to obtain required connections. Mechanical, Electrical and Plumbing (MEP) was designed taking into consideration the operational cost and efficiency of the facility.

The building comprises more than 85,000 square feet of usable office space and is situated at a strategic location

TOTAL INVESTMENT

1.2

Rs. Bn.

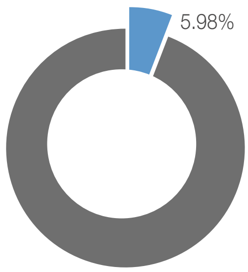
With the demand for commercial office space and residential properties expected to rise in line with the growth in the economic activities of the country, the real estate business is poised for an early take-off mainly due to the modernization programs of the cities and the anticipated expansions of the banking, financial services and information technology sectors in the country.

TRANSPORTATION AND LOGISTICS

LAUGFS MARITIME SERVICES (PVT) LTD

The Company commenced operations in November 2014 with the acquisition of the gas tanker ‘MT Gas Challenger’ with a capacity of 3,300 MT and in 2015, acquired another gas tanker “MT Gas Success’ with a capacity of 3,600 MT to facilitate continuous supply of LPG.

Contribution to the Group Revenue



LAUGFS Maritime Services (Pvt) Ltd being a wholly owned subsidiary of LAUGFS Gas PLC engages in shipping and port services covering ocean freight and other logistical activities.

The Company commenced operations in November 2014 with the acquisition of the gas tanker ‘MT Gas Challenger’ with a capacity of 3,300 MT and in 2015, acquired another gas tanker “MT Gas Success’ with a capacity of 3,600 MT to facilitate continuous supply of LPG.

The Company is committed to ethical, legal and sustainable policies both ashore and onboard the vessels and high standards will be maintained in health, safety and environmental policies. The Company will also engage in energy saving, minimum waste and emissions and a zero tolerance policy in oil spills and accidents in high seas.

As a Company that embodies a truly Sri Lankan identity, we have always focused on extending our horizons beyond national borders

TOTAL CAPACITY OF VESSELS

6,900

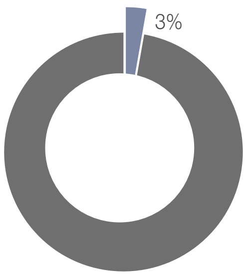
MT

TRADING

SLOGAL ENERGY DMCC

The company has recognized a revenue of AED 13 Mn during the period of two months of operations. It's gross profit for the period was AED 0.5 Mn and it had earned a net profit AED 0.3 Mn. The total assets of the company as at 31st March 2016 stood at AED 8 Mn.

Contribution to the Group Revenue



Operations Review

The Slogal Energy DMCC, was incorporated in Dubai, UAE on 15th November 2015. However its commercial operations were commenced only in the month of February 2016, thus it had only two months of business engagements by the end of the financial year 31st March 2016.

The company has recognized a revenue of AED 13 Mn during the period of two months of operations. It's gross profit for the period was AED 0.5 Mn and it had earned a net profit AED 0.3 Mn. The total assets of the company as at 31st March 2016 stood at AED 8 Mn. During the period under review for two months ended 31st March 2016, it was only engaged with international trading in LP Gas and did not embark on the full range of activities for which it was incorporated. Most of the activities proposed to be engaged at the time of incorporation of Slogal Energy DMCC is scheduled to be commenced in the financial year 2016/17.

The new venture is expected to assist with LAUGFS international operations, while also catering to requirements of international clients

REVENUE

AED 13

Mn.

Slogal Energy DMCC is expected to charter at least two Gas Carriers in the financial year 2016/17 having a total cargo capacity of around 6,900 MT. As per its budget for the next year, it envisages to trade at least 150,000 MT of LP Gas and also to provide ocean transportation to its customers. It has planned to complete at least 45 voyages during the year ahead, utilizing the two Gas Carriers expected to be chartered from its owners.

The strategic plan prepared for Slogal Energy DMCC is expected to recognize a revenue of AED 191.2 Mn and to record a Gross Profit of AED 15.6 Mn during the next financial year. The Net Profit expected to be earned is AED 15.0 Mn. It is also expected the total assets to be increased to AED 31.49 Mn at the end of the financial year 2016/17. At the end of the financial year 2016/17 the Net Asset value of the company is projected to be AED 18.49 million

3

Management Discussion and Analysis

Review of Economic Environment

The economy of Sri Lanka grew at the rate of 4.8%, in the year 2015, when compared with the rate of growth achieved of 4.9% in the year 2014. It was a marginal reduction as a result of slowdown in the growth of demand for domestic products, in the traditional exports markets of our country, coupled with capital outflows due to strengthening of the US economy. It was also revealed in the annual report of the Central Bank of Sri Lanka for the year 2015 that the sectors of agriculture, services and industry grew at the rates of 5.5%, 5.3% and 3.0% respectively. It was considered as a positive sign that the services sector, at present account for 56.6% of the GDP and it was keep on increasing annually its contribution to the economy which is a healthy indication and expected to reach the levels achieved by the advanced economies in the medium term. The robust growth of 15.8%, in the financial services segment contributed largely to the growth of overall services sector of the economy. The relaxed monetary policy environment was instrumental substantially for the improvement of the services sector in general.

The authorities have identified the proportion of low government revenue to GDP, excessive recurrent expenditure and deficiency in the Foreign Direct Investment as constraints faced by the Sri Lankan economy. Also the year- on- year headline inflation recorded as 2.8% in the year 2015 as against 2.4% in the year 2014. If the core inflation is considered, in which the cost of energy and certain selected food items were excluded from the CCPI basket of commodities, it increased to 4.5% in the year 2015 compared to 3.7% in the year 2014.

In spite of the constraints identified, the forecasted rates of growth of GDP are to be in the range of 6.3% to 7.0% for the period from 2017 to 2019. The increase in the rates of growth are due to the adoption of advanced technology and subsequent digitalization of the economy together with the improved investor sentiments. It is also expected the rate core inflation will be stable at the rate of 4.0%.

Despite certain constraints as discussed above, it was a comfort that the Per Capita GDP were improving annually and it has reached USD 3,924 in 2015 and could easily observe that it is closing in to the levels of a middle income country within the next couple of years.

Despite certain constraints as discussed above, it was a comfort that the Per capita GDP were improving annually and it has reached USD 3,924 in 2015 and could easily observe that it is closing in to the levels of a middle income country within the next couple of years. However the GDP Per capita increased by 6.0% only,, in the year 2015, whereas the increase was 7.5% in the previous year. One of the disturbing aspects of the economy is the increase of the budget deficit to 7.4% of the GDP despite the target set of 4.4%. Although there were reasonable successes recorded in improving tax and non-tax revenues, the still lower than the expected government revenues, high level of recurrent expenditure and the interest payments, resulted an increase in the budget deficit. An overall deficit of Balance of Payments was generated due to lower expatriate remittances and reduction of net capital inflows despite significant gains achieved in the tourism sector and lower import costs incurred as a result of lower crude oil prices fetched during the year 2015.

The domestic savings made, is a key factor in investment and development of the economy and in the year 2015, it was recorded as 24.0% of the GDP as against the indication of 22.6 % in the previous year. But this was grown at the rate of 6.1% in the year 2014 and the rate of growth has been reduced to 1.1% in the year 2015. The reasons for the reduction in rate of growth were the slowing down of the private savings and the government dis-savings made due to increase in recurrent expenditure.

There were some impressive growth recorded in the sectors of Oil & Gas and Port Services in which the group of companies are involved with at present or to be involved with in the near term and it augur well for its future operations. The crude oil and refined products imports were reduced in the year 2015 by 3.4% and 1.9% respectively. The import of LP Gas in contrast has increased from 198,000 MT in the year 2014 to 277,000 MT in the year 2015, which is 39.9% increase recorded within an year. Also in terms of sales volume of LP Gas, it was 232,000 MT in the year 2014 whereas it has improved to 293,000 MT in 2015 which is an increase of 26.3% over a year. As far as the port services are concerned, the country had total vessel arrivals recorded from all ports as 4,728, an increase of 10.9% in the year 2015. In terms of total cargo the ports of the country had moved 77,579,000 MT in the year 2015 which is an increase of 4.3 % over the previous year. The TEO in the year was 5,185 and that was also an increase of 5.7 over the last year.

It was a matter of interest to note the movement of the Business Sentiment Index (BSI) during the first quarter of the year 2016. One of the important elements under the BSI, the Business Conditions shows a figure of 121 which is very positive since anything over 100 considered to be attractive. However the element of Skilled Labor Availability indicates a disturbing 86, reflecting dire need of skills for all sectors of the economy which we also felt when operating the respective businesses involved.

In the overall context, it is expected that with appropriate policies being implemented in the future, the economy will return to a high growth path in the medium term.

The import of LP Gas in contrast has increased from 198,000 MT in the year 2014 to 277,000 MT in the year 2015, which is 39.9% increase recorded within an year. Also in terms of sales volume of LP Gas, it was 232,000 MT in the year 2014 whereas it has improved to 293,000 MT in 2015 which is an increase of 26.3% over a year.

Organizational Profile

Brands, Products and Services

LAUGFS Gas

LPG DISTRIBUTION

Market
Domestic, Commercial, Industrial Markets

Products
37.5Kg, 12.5Kg, 5Kg, 2Kg, Bulk Operations, LPG accessories

Services
LPG Plumbing and Installation, Consultation, Training, Periodical Audits, R&D, After Sales Services

DEALERS
+4,000

DISTRIBUTORS
29

LAUGFS Eco Sri

VEHICLE EMISSION TESTING

Market
Local Vehicle Owners

Value-added Services
Call Centre Services

FIXED EMISSION TEST CENTRES
86

MOBILE LOCATIONS
126

MOBILE UNITS
27

LAUGFS Gas Bangladesh

LPG DISTRIBUTION (BANGLADESH)

Market
Domestic, Commercial, Industrial Markets

Products
12Kg and 45kg cylinders, Bulk, LPG for Autogas Stations

DISTRIBUTORS
158

LAUGFS Maritime

MARITIME SERVICE & LOGISTICS PROVIDER

Owns, Operates & Manages Own Fleet of Vessels:

Gas Challenger
Gas Success

LAUGFS Leisure

HOSPITALITY/LEISURE

Market
Local & International Travellers

Anantaya Resort & Spa - Chilaw

Anantaya Resort & Spa - Passekudah (Under construction)

LAUGFS Power

RENEWABLE ENERGY

Market
Supplies to Ceylon Electricity Board

Products
Hydro Power

Solar Power – (Plant under construction)

LAUGFS Property Developers

CONSTRUCTION & PROPERTY DEVELOPMENT

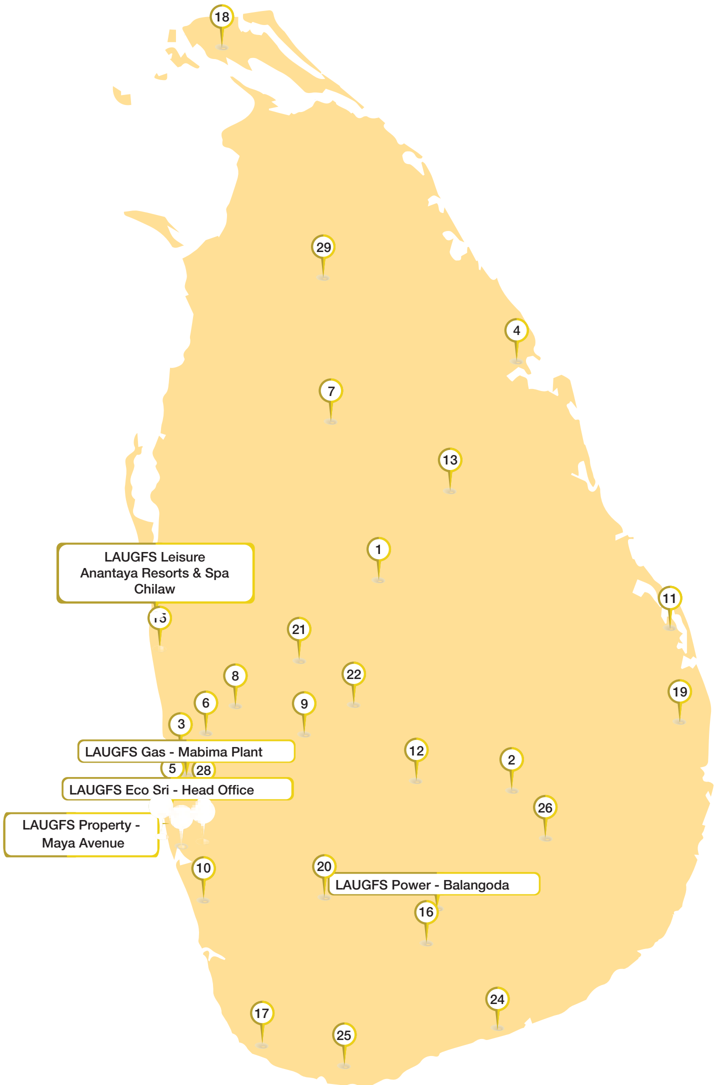
Tower 101

Maya Avenue

Geographic Locations

Our businesses in Sri Lanka include LAUGFS Gas, Eco Sri, LAUGFS Leisure, LAUGFS Power and LAUGFS Property Developers. LAUGFS Terminals, which is yet to commence operations, is also based in Sri Lanka, while LAUGFS Maritime Services operates in international waters. LAUGFS Gas Bangladesh, which was acquired during the latter part of the financial year operates in Bangladesh, while SLOGAL Energy DMCC, which commenced operations in March this year is headquartered in Dubai.

A more detailed geographical spread of our key operations are listed below.



LAUGFS Gas

Head office : Colombo 04
Plant : Mabima

Distributor Network

1. Dambulla
2. Badulla
3. Siyambalape
4. Trincomalee
5. Colombo
6. Gampaha
7. Anuradhapura
8. Kotadeniyawa
9. Mawanella
10. Kalutara
11. Batticaloa
12. Nuwara Eliya
13. Polonnaruwa
14. Dehiwala
15. Bangadeniya
16. Embilipitiya
17. Galle
18. Jaffna
19. Ampara
20. Rathnapura
21. Kurunegala
22. Kandy
23. Boralesgamuwa
24. Ambalanthota
25. Matara
26. Monaragala
27. Watareka
28. Nawagamuwa
29. Vavuniya

LAUGFS Gas Bangladesh

Corporate Office:
Dhaka-1212, Bangladesh

Head Office & Terminal:
Mongla, Bagerhat, Bangladesh

LAUGFS Leisure

Head Office: Colombo 04

Anantaya Resort & Spa

Resort: Karukupone, Bangadeniya, Chilaw

LAUGFS Power

Head Office: Colombo 04

Power Plants: Balangoda, Ginigathhena, Hambanthota

LAUGFS Property Developers

Head Office: Colombo 4

Site/Property locations: Maya Avenue

LAUGFS Maritime Services

Head Office: Colombo 04

Gas Challenger & Gas Success: Operates in international waters

Geographic Locations

LAUGFS Eco Sri

Head Office

Colombo 04

Fixed Centres

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

Mobile Locations

1 Ambanpola
2 Rambukkana
3 Dambadeniya
4 Dankotuwa
5 Pellandeniya
6 Hiripitiya
7 Ridigama
8 Paduwasnuwara
9 Natthandiya
10 Polpithigama
11 Ibbagamuwa
12 Bowatta
13 Giriulla
14 Polgahawela
15 Galgamuwa
16 Paluwawa
17 Dummalasuriya
18 Adigma
19 Buttala
20 Medagama
21 Thanamalwila
22 Badalkubura
23 Athimale
24 Siyambalanduwa
25 Anamaduwa
26 Nawagattegama
27 Saliyawewa
28 Norochchole
29 Mundalama
30 Galneewa
31 Madawachchiya
32 Horowpathana
33 Galenbindunuwewa
34 Kahatagasdigiliya
35 Palagala
36 Kebithigollewa
37 Meegalawe
38 Padaviya
39 Kadugannawa
40 Nawalapitiya
41 Hanguranketha
42 Ampitiya
43 Deltota
44 Galagedara
45 Ankumbura
46 Ukuwela
47 Watthegama
48 Baduraliya
49 Bulathsinhala
50 Ingiriya
51 Pelawatte
52 Urubokka
53 Kotapola
54 Deniyaya
55 Walasmulla
56 Weligama
57 Dikwella
58 Uva Paranagama
59 Haputhale
60 Ragala
61 Passara
62 Kandaketiya
63 Hingurakgoda
64 Sewanapitiya
65 Thambaala
66 Madirigiriya
67 Aralaganwila
68 Padiyathalawa
69 Bibila
70 Giradurukotte
71 Dehiatthakandiya
72 Siripura
73 Niwithigala
74 Angunukolapalassa
75 Akuressa
76 Middeniya
77 Hakmana
78 Udugama
79 Yakkalamulla
80 Mapalagama
81 Aluthgama
82 Wanduramba
83 Ratthota
84 Na-ula
85 Bakamuna
86 Galewela

87 Wilgamuwa
88 Mihinthalaya
89 Thirappane
90 Ipologama
91 Ganegoda
92 Pemaduwa
93 Rakwana
94 Rajanganaya
95 Maradankadawala
96 Samanthure
97 Ninthavur
98 Mahaoya
99 Pothuwil
100 Higurana
101 Walachchiyana
102 Kattanakudy
103 Chenkalady
104 Kalawanchikudi
105 Kokaddicholai
106 Kinniya
107 Kantale
108 Muthur
109 Pulmudei
110 Adampan
111 Kilinochchci
112 Mulathiv
113 Pudukuduirrippu
114 Kodikkamam
115 Nelliyadi
116 Chawakachcheri
117 Sithankerny
118 Kopay
119 Paragahadeniya
120 Kobeigane
121 Katupotha
122 Mallawapitiya
123 Sevanagala
124 Suriyawewa
125 Pallebedda
126 Kolonna

Our Values

The core of our culture revolves around Customer Centricity, Innovativeness, Integrity, Teamwork and Commitment to being a Responsible Corporate Citizen.

Our value system guides our business decisions and the way we engage with our stakeholders as well as the environment.

The core of our culture revolves around Customer Centricity, Innovativeness, Integrity, Teamwork and Commitment to being a Responsible Corporate Citizen.

This value system shapes our approach to sustainable, 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 for 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.

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.

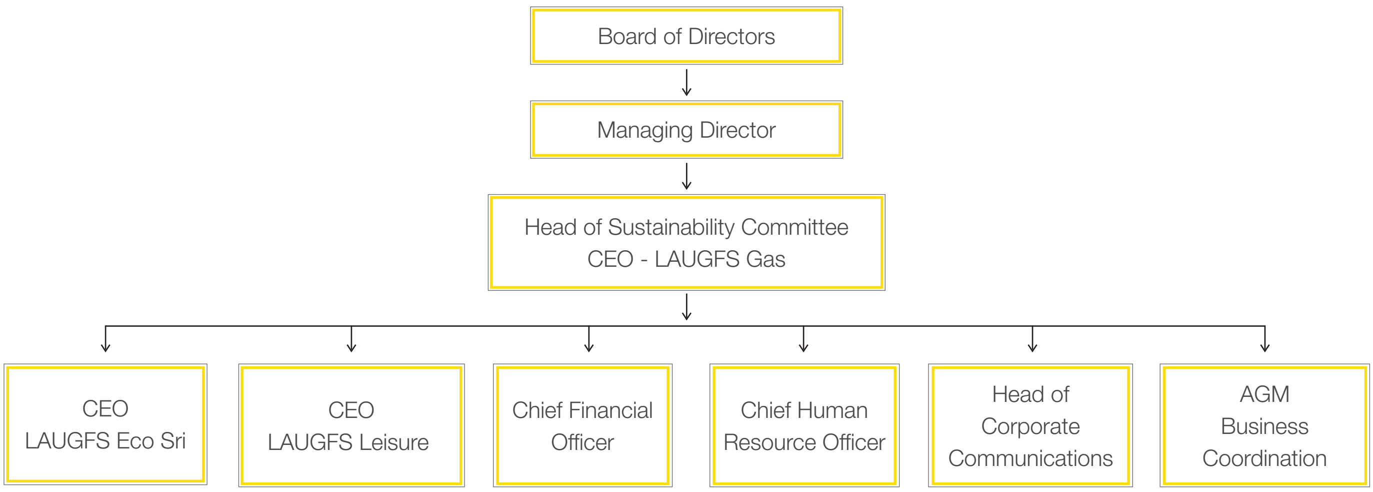
These values are constantly reinforced through a number of varied initiatives throughout the year, which include senior management communications, engagement activities to strengthen teamwork and camaraderie, CSR activities, as well as trainings on customer services. These are further communicated externally through various means including the corporate websites and annual reports.

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

Under the guidance and counsel of the Board of Directors, our sustainability committee takes charge of the long-term sustainability strategy of the group.



Significant Changes during the Year

LAUGFS Gas PLC expanded its wings extending to the regional countries as well with the acquisition of Petredec Elpiji Ltd, being the 3rd largest LPG player in Bangladesh with an investment of USD 18.75 Mn and re-named it as LAUGFS Gas (Bangladesh) Ltd.

The parent company also invested Rs. 4.6 million in SLOGAL Energy DMCC in Dubai thus becoming a fully- fledged global energy conglomerate.

LAUGFS Maritime Services (Pvt) Ltd acquired its second gas tanker at Rs. 949 million namely "Gas Success" during the year under review with a capacity of 3,600 MT in order to facilitate the logistics more efficiently and effectively.

LAUGFS Terminals commenced the construction of the storage terminal in Hambanthota during the year and is expected to be complete by 2018. With a capacity 30,000 MT under phase one, LAUGFS Gas expects to become a regional distributor of LPG in the near future.

LAUGFS Leisure completed its second iconic star class luxury hotel situated at Passekudah built at a cost of Rs. 2.6 billion under Thai architecture with 55 rooms under stage one of the project.

LAUGFS Power expanded its hydro-power projects in Ginigathhena with two plants totling to 2.8 MW in progress in the year under review. The two solar power projects situated at Hambanthota with a total installed capacity of 20 MW is expected to cost around Rs. 5 billion and will be available to connect to the national grid by end 2016.

The office complex at Maya Avenue under LAUGFS Property Developers (Pvt) Ltd finalized its construction and is ready for immediate occupation. It has been added with state of the art technologies and classed as a smart office complex. The LAUGFS group of companies are expected to move into their own property by July 2016.

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Business and Financial Review
ENERGY

Global Outlook

At the end of 2014, it became clear that the US production market was changing dramatically. With lower crude oil prices came a reduction in drilling rigs and other production related activity. From January 2015 to December 2015, production grew by an estimated 1%. In 2014, production from the start of the year to the end of the year increased by 9%. The slower production growth is expected to continue with a weak outlook for both domestic crude oil and natural gas production growth.

Production from gas plants is forecasted to grow slightly in 2016 and 2017, going up by roughly 4 percent each year. These increases are consistent with small increases in natural gas production due to growing demand for LNG exports.

The US Energy Information Agency (EIA) recently released propane production data for October 2020. According to this data, propane production from gas plants increased by 6% over the previous month, reaching the highest level on record at 2.92 million tons, 0.1 million tons higher than the previous high of 2.82 million tons set in August 2015. This exceptionally high production number goes against all fundamental indicators for the US energy industry, including but not limited to US October natural gas production, US October crude oil production, and number of rigs in operation for the previous months.

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Following OPEC's early December decision to maintain production targets for 2016, crude oil prices have continued to fall. Since the announcement, Brent prices have gone down by another 10% and the spread between Brent and WTI prices has all but disappeared. In addition, the start-up of new LNG terminals around the world combined with weaker than expected demand may affect global LPG production. Combined, these two factors are important to watch during 2016 since LPG production is a by-product of both natural gas and natural gas associated from crude oil production.

The Iranian energy market has come under the spotlight since the end of November when 70 oil and gas projects were offered to international companies. The anticipated lifting of international economic sanctions by Q1-2016 has resulted in a flurry of business development activity in the country with oil and gas at the forefront of talks. Iranian authorities are hoping to see roughly $30 billion of investment. According to public sources, a number of European oil and gas companies, have already shown interest. Although future NGL production levels in Iran will ultimately be defined by the investment activity attracted to the country, the next three to five years of production will still heavily depend on South Pars developments and how quickly the forthcoming phases of this project will be commissioned. As of Q4-2015, there are ten phases in operation in South Pars (SP), with six of them producing LPG. Twelve further phases are currently in the development stage (with varying degrees of progress) and are expected to start up production between 2016 and 2021.

Due to the international economic sanctions, the actual annual volume of LPG exports has varied significantly. The most extreme year was 2013 when total estimated exports totaled roughly 1 million metric tons down from the level of about

China is poised to overtake Japan as the largest LPG importer in the world, according to the latest import data. Year to date through November, Japan has imported only 9.7 million tons of LPG while China has imported 10.8 million tons. This change is more than a trivial ranking for the best in the business as it indicates the start of a shift in global LPG dynamics.

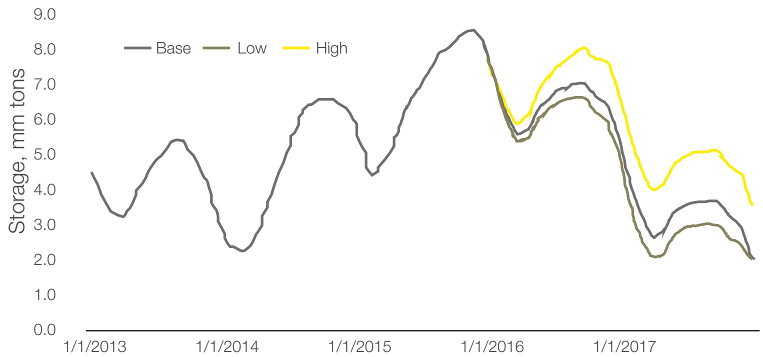
REVENUE

9,720

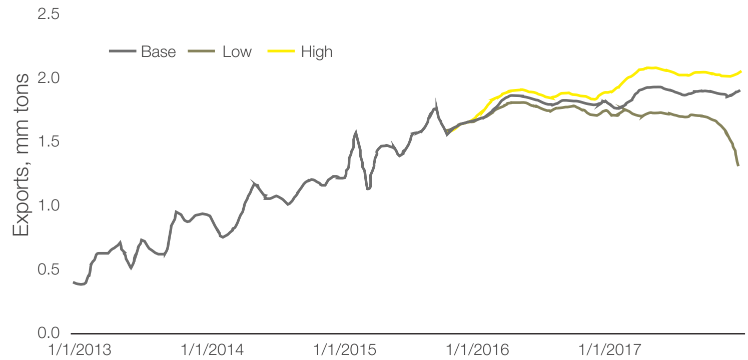
Rs.Mn

ENERGY

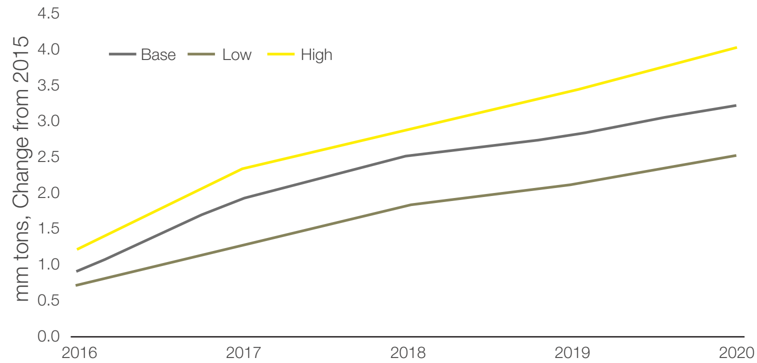
US Propane Storage Level Forecasts



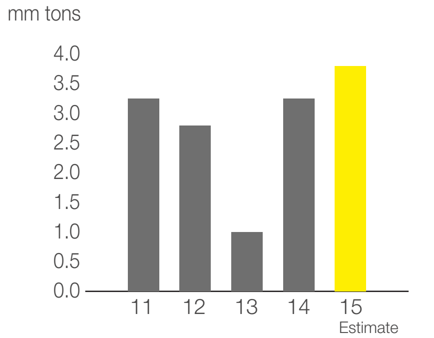
US Propane Export Forecasts



South Pars Incremental LPG Production Forecast Scenarios 2016 - 2020



Iranian LPG Exports 2011 - 2015



3 million metric tons the preceding years. In 2015, actual export volumes of Iranian derived cargo have been challenging to assess.

Based on shipping data and examination of cargo originating from Iran, the total volume of Iranian seaborne exports between January and December was between 3.8-3.9 million tons. This volume is already significantly higher than 2014, which was estimated at 3.2 million tons, and does not include any potential additional cargoes towards the second half of December. This hike already highlights the current activity of the South Pars developments and its potential as seen in the adjacent chart.

China is poised to overtake Japan as the largest LPG importer in the world, according to the latest import data. Year to date through November, Japan has imported only 9.7 million tons of LPG while China has imported 10.8 million tons. This change is more than a trivial ranking for the best in the business as it indicates the start of a shift in global LPG dynamics.

The majority of Chinese growth in 2015 has been from a jump in large bulk demand for both butane and propane in chemical applications, particularly petrochemical demand from new PDH unit start-ups in 2015. LPG imports reached 7.1 million tons in 2014 while in 2015, Chinese LPG

China could add another three PDH units in 2016; however, these units are expected to run at below operating capacity due to weaker propane to propylene production margins. China's Oriental Energy's 660,000t/y Ningbo PDH unit, China's Soft Packaging 660,000t/y PDH unit in Fuzhou, and Hebei Haiwei's 500,000t/y PDH unit are all slated for startup in 2016.

imports are on track to reach 11.5 million tons. East China, home to a concentration of PDH units, saw two new PDH units that start-up in 2015. Massive storage capacity also meant that China could afford to absorb more propane when prices were attractive during the first quarter of last year.

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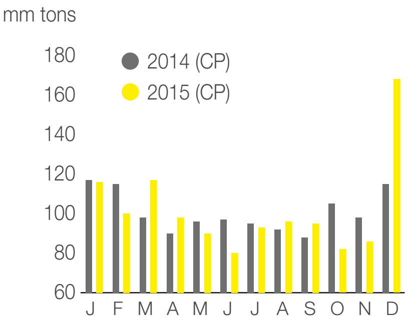
Rising natural gas consumption in China's major cities has also displaced LPG from the energy market, until 2013. Although Chinese refineries produce LPG, the quality is inferior to that produced in the Middle East and the US. Lack of quality inspection results in the inability to separate propane from butane in domestic LPG, while PDH plants require top-grade LPG.

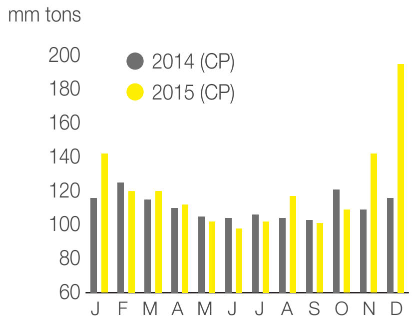
Some of the drivers behind the growing demand of global LPG market include increasing consumption of auto-gas, and large semi-urban and rural populations in Africa, Latin America and Asia-Pacific, using cheap and easily available LPG as a cooking fuel. However, volatility in crude oil prices leading to LPG price uncertainty is expected to hamper the growth of global LPG market.

The global LPG market can be segmented into refineries, associated gas, and non-associated gas. LPG prepared through crude oil refining accounted for around 40% of the global LPG production in 2014. The non-associated gas segment is expected to contribute to the maximum LPG production, during the forecast period. In 2014, Middle East is the largest

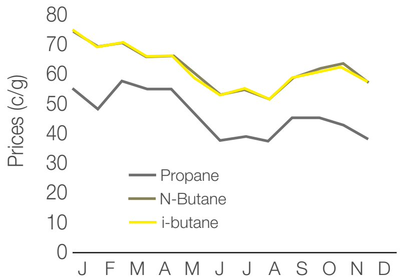
Middle East: Propane vs Arab Light



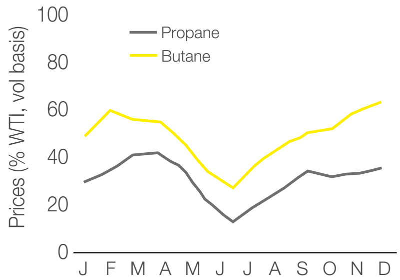
Middle East: Butane vs Arab Light



US Gulf: LPG Prices



US Gulf: Prices vs Crude



Business and Financial Review

ENERGY

284Mn.

Total global production of 284 million tonnes

+4.1%

Production rose 4.1 as compared to 2013

50%

On average, global LPG prices have halved in 12 months

TOP 5 PRODUCERS

1. United States
2. Saudi Arabia
3. China
4. Russia
5. United Arab Emirates

TOP 5

TOP 5 CONSUMERS

1. United States
2. China
3. Saudi Arabia
4. Japan
5. India

WHERE IT IS USED ?

- Chemical Industry
- Refineries
- Transport
- Industry
- Agriculture
- Domistic

WHERE DOES IT COME FROM ?

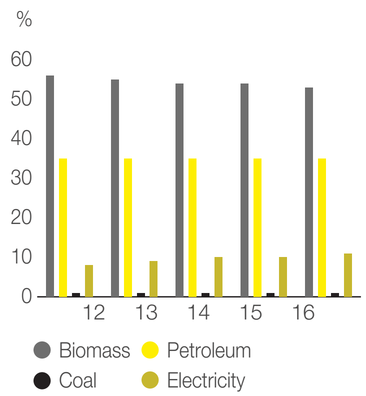
- Natural gas wells
- Refineries

producer of LPG globally, and is expected to contribute high LPG production volume. Though, a large volume of LPG produced is expected to be actively consumed by large petrochemical complexes coming up in the region. In the last three years, the U.S. is witnessing a shale gas boom in the country, and has emerged as a net exporter of LPG. A majority of the surplus LPG production from the U.S. is likely to be routed to Latin American countries, where there is an increasing demand for LPG from the domestic and commercial sector.

Geographically, Asia-Pacific was the largest market for LPG in 2014. Countries, such as India and China, accounted for a significant portion of the LPG consumption in Asia-Pacific. The major factor behind the growth in demand for LPG consumption is the large rural population in Asia-Pacific. In addition, the same scenario can be observed in Africa and Latin American Countries.

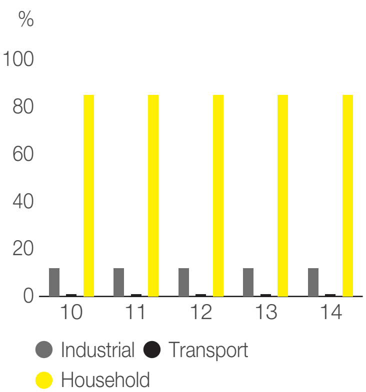
Middle East is the largest producer of LPG globally, and is expected to contribute high LPG production volume. Though, a large volume of LPG produced is expected to be actively consumed by large petrochemical complexes coming up in the region.

Energy Consumption



Source: Sri Lanka Energy Balance 2014

LPG Consumption



Source: Sri Lanka Energy Balance 2014

Over the period of 2009 to 2014, the Household, Commercial and Other sector accounts for the largest proportion from the total composition. Over the same period the aforementioned sector accounted for 85.3% of the total consumption.

AT HOME

- Domestic use accounted for 44% of global consumption
- In Africa 84% of all LPG consumption is domestic
- The Asia Pacific Region accounted for 48% of global domestic consumption

ON THE MOVE

- Autogas is the most used alternative fuel powering over 25 million vehicles
- The bulk of consumption is concentrated in key markets
- The top 5 countries, South Korea, Turkey, Russia, Thailand and Poland account for 50% of global

ON THE FARM

- LPG is increasingly being used in agriculture all over the world
- The US, where 4/5 of farmers use LPG, used 56.3% of all LPG used in Agriculture globally

LPG PRODUCTION IN THE US INCREASED

13.4% MAINLY THANKS TO UNCONVENTIONAL OIL AND GAS

LPG CONSUMPTION ROSE IN NIGERIA 100%

YEAR ON YEAR INCREASE WHILST DEMAND ROSE STEADILY IN ALL REGIONS

PER CAPITA CONSUMPTION IS HIGHEST IN QUTAR QATAR

FOLLOWED BY JAPAN, ECUADOR, MOROCCO, EGYPT AND CHILE

Sri Lanka Outlook

The primary sources of energy in Sri Lanka are biomass, hydro power and petroleum. Notably, biomass is the main energy source, accounting for about 43% of the country's total energy supply. Although the country lacks proven reserves of fossil fuel and is entirely import dependent, petroleum is the leading commercial energy source and accounts for 36.9% of the aggregate energy supply in the country. Over the recent years, prospective oil and gas reserves were identified in the coastal waters surrounding Sri Lanka and an oil and gas exploration program in the Mannar basin will commenced with international firms.

LPG Demand

Over the period of 2009 to 2014, the household, commercial and other sector accounts for the largest proportion from the total composition. Over the same period the aforementioned sector accounted for 85.3% of the total consumption.

Whereas, industries accounted for 14.3% and transport accounted for 0.4% from the total composition. It should be noted that last 3 years of the same period the industrial sector LPG consumption has been increasing. A major portion of industry consumption is by the ceramic industry.

According to the Household income expenditure survey 2012/13, national penetration represented 38% of total households whereas firewood and kerosene represented 77.5% and 3.5% respectively.

Over the period of 2010 to 2014, household, commercial and other sector accounted for 85 % of the total composition. We anticipate this composition to continue in the future owing to potential in the rural household markets as well as improved macro-economic conditions which in turn would improve the LPG penetration in the commercial sector. However, if industrial penetration rate increases owing to industrial users converting from diesel usage to LPG, the market composition may change marginally.

A report published by the World Bank in 2011, "The Role of Liquefied Petroleum Gas in Reducing Energy Poverty"; identifies household income and fuel prices as the two principal determinants of a household's decision to use LPG and its consumption. The report further states that LPG is used predominantly by the upper half of the income groups in low- and lower-middle-income countries. The report outlines that the survey of data on household fuel use for cooking from 63 developing countries

ENERGY

showed that LPG use increases with wealth quintile in 51 of them. The same report also recognizes the impact of level of education among the members of the household on the decision to select LPG. Higher education's levels amongst the household members contributed better adaptation of LPG and whilst it was also observed that this effect was greater for women than men.

Considering the projected healthy growth of the Sri Lankan economy, the relative downward trend of LPG prices and the comparatively higher social standing of the Sri Lankan consumer, it could be deemed that the macro environment of the country is conducive for growth of LPG consumption in the medium term.

LPG Supply

The current capacity to produce LPG at the refinery stands at 50 MT per day, which accounts for less than 6% of national demand of Sri Lanka. The remainder is imported by the two licensees operating in the LPG market. Presently, the feasibility study of the Sapugaskanda Refinery Expansion and Modernization (SOREM) is complete and the estimated time for the project completion is five years. If Ceylon Petroleum Corporation implements SOREM, supply composition will be change significantly.

The proposed Terminal at Hambantota which is currently under construction, is expected to bring significant freight cost reductions and support the growth for LPG in Sri Lanka. Not only will the terminal facilitate and expand the storage capacity for LAUGFS Gas, it will be able to capitalize on the potential for vast regional growth opportunities, which will bring in supply chain efficiencies. The terminal poses immense transshipment opportunities, especially to major international LPG importers such as South Korea, Japan, Bangladesh, India, Thailand, Vietnam and other Southeast Asian nations.

Additionally, the domestic, industrial and auto segment demand are determined as the most influential drivers of LPG demand in the majority of the countries analyzed, where the segments mainly consume LPG as a propane and butane mixture.

Market Analysis and Review

Sri Lanka has forecasted an economic growth of 7.8 % for 2014, expected to achieve 8% growth rate for this year and maintain it for the next five years. GDP per capita was estimated at Rs. 473,261 for

PAT

1,032

Rs.Mn

2014, compared to Rs. 423,484 in 2013. Meanwhile, per capita GDP in US dollar terms also increased to US dollars 3,625 in 2014, from US dollars 3,280 in 2013 moving forward the country within the middle income per capita trajectory.

The electricity, gas and water sub sector expanded by 4.5 % in 2014, compared to 10.3 % growth in 2013. Meanwhile, the gas sub sector expanded by 9.3 % over the 1.6 % growth in 2013. This was reflected by 6.4 % growth in total gas sales in volume terms compared to 3.2 % growth in 2013.

LAUGFS has taken into account market dynamics, industry conditions and all ranges of risk factors, moreover considering due diligence in its operations in local and international conditions.

An investment of Rs.2, 598 million has been made to acquire Petredec Elpiji Ltd which is currently known as LAUGFS Gas (Bangladesh) Ltd, as well as Rs.4.6 million into SLOGAL Energy DMCC in Dubai. The two grand projects mark LAUGFS' leap towards becoming a fully-fledged global energy conglomerate.

Petredec Elpiji Ltd was the first LPG downstream player in Bangladesh and consists of a modern LPG plant at Mongla Port. The significance of LAUGFS' presence in the South Asian region is amplified and the company can use the business affiliations formed through this into future investments.

Over the last decade, the Bangladesh economy secured an average of 6.2 percent growth rate well above the global economic growth. In FY 15, Bangladesh graduated to the status of a lower middle income country from the low income country. The country's economy is expected to show robust growth with a 7 percent GDP growth forecasted by the IMF, signaling rising disposable income in the domestic market. With over 160 million population, Bangladesh has been identified as one of the most lucrative emerging markets in South East Asia.

Bangladesh is amongst a handful of countries in the world that provide natural gas connections to its residential areas. In the midst of this situation, country is running out of its natural gas reserves. In 2013, Platts Energy estimated that Bangladesh's reserves would be exhausted within the next decade, given that no new gas fields are discovered. The government has understood this reality, thus promoting the use of LPG as an alternative to natural gas for residential users. Going forward, policy decisions may even mandate to switch off natural gas connections to residential areas.

The steady depletion of natural gas and the double-digit growth of LPG, the potential for domestic and industrial LPG is estimated to be significantly large in Bangladesh which provides ample opportunities for the LAUGFS Gas (Bangladesh) Limited to grow its business.

SLOGAL Energy, on the other hand, will prove to be a valuable gateway to profitable trading opportunities in the African, Latin American and European Continents. Not only will Dubai operations be advantageous in linking the company with potential international consumers, it will achieve multiple business affiliations.

Since many of the new ventures were funded by LAUGFS Gas, the finance cost and borrowings also has increased during the year under review. Accordingly, LAUGFS Gas' shift from a domestic LPG company to an integrated energy company that is expanding globally will present better economies of scales, especially in the supply-chain. Furthermore, the opportunity for LAUGFS Gas to develop its maritime and other subsidiaries in demand-specific regions is complimented through the investments made.

In the year under review, company has recorded a substantial volume growth of 36% Y.O.Y which was much higher than the industry growth which is estimated at 19%. What is more encouraging is that all categories including, domestic, commercial and industrial saw more than a double digit growth. The investments made in marketing, channel development and logistics is clearly visible in the enhancement of our market share. 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 5% to Rs.9.7 billion (2015: Rs.10.2 billion).

The selling and distribution expenses and administration expenses were Rs.649 million and Rs.588 million compared to Rs.563 million and Rs.477 million respectively compared to 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.

3

Management Discussion and Analysis

Business and Financial Review

POWER

Review

LAUGFS Power Ltd has since its incorporation and after being a fully owned subsidiary of LAUGFS Gas PLC in 2011, made several inroads within Sri Lanka, namely in Central and Sabaragamuwa Provinces. The Company has four subsidiaries namely Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd, Anorchi Lanka (Pvt) Ltd, Iris Eco Power Lanka (Pvt) Ltd and Pams Power (Pvt) Ltd. The Parent Company is already engaged in the generation of renewable energy through two mini-hydro power plants. The operating mini-hydro projects which are connected to the national grid at present are Ranmuduoya, phase 1 and phase 3 totalling to an installed capacity of 1.05MW in Balangoda in the Ratnapura district. The expected output is 3,800MWh per annum and has generated a net profit of Rs.173 million as at the financial year end.

The mini-hydro power projects in progress with their installed capacities are Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd (800KW) and PAMS Power (Pvt) Ltd (2MW), both at Ginigathhena, in the Nuwara Eliya district. The solar power projects in progress at an estimated cost of Rs.5 billion situated at Hambanthota namely Anochi Lanka (Pvt) Ltd and

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IRIS Eco Power Lanka (Pvt) Ltd have a combined installed capacity of 20MW and are expected to give an output of 40GWh annually.

As an environmental friendly company, LAUGFS Power has taken steps to minimize the impact on environment through its carefully planned structures and natural flow of water. The Company complies with all the environmental guidelines issued by Central Environmental Authority (CEA). The Company also 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), and Public Utilities Commission of Sri Lanka for resource allocation, provisional approvals, energy permits, grid connections, Standard Power Purchase Agreements (SPPA's) and power generating license.

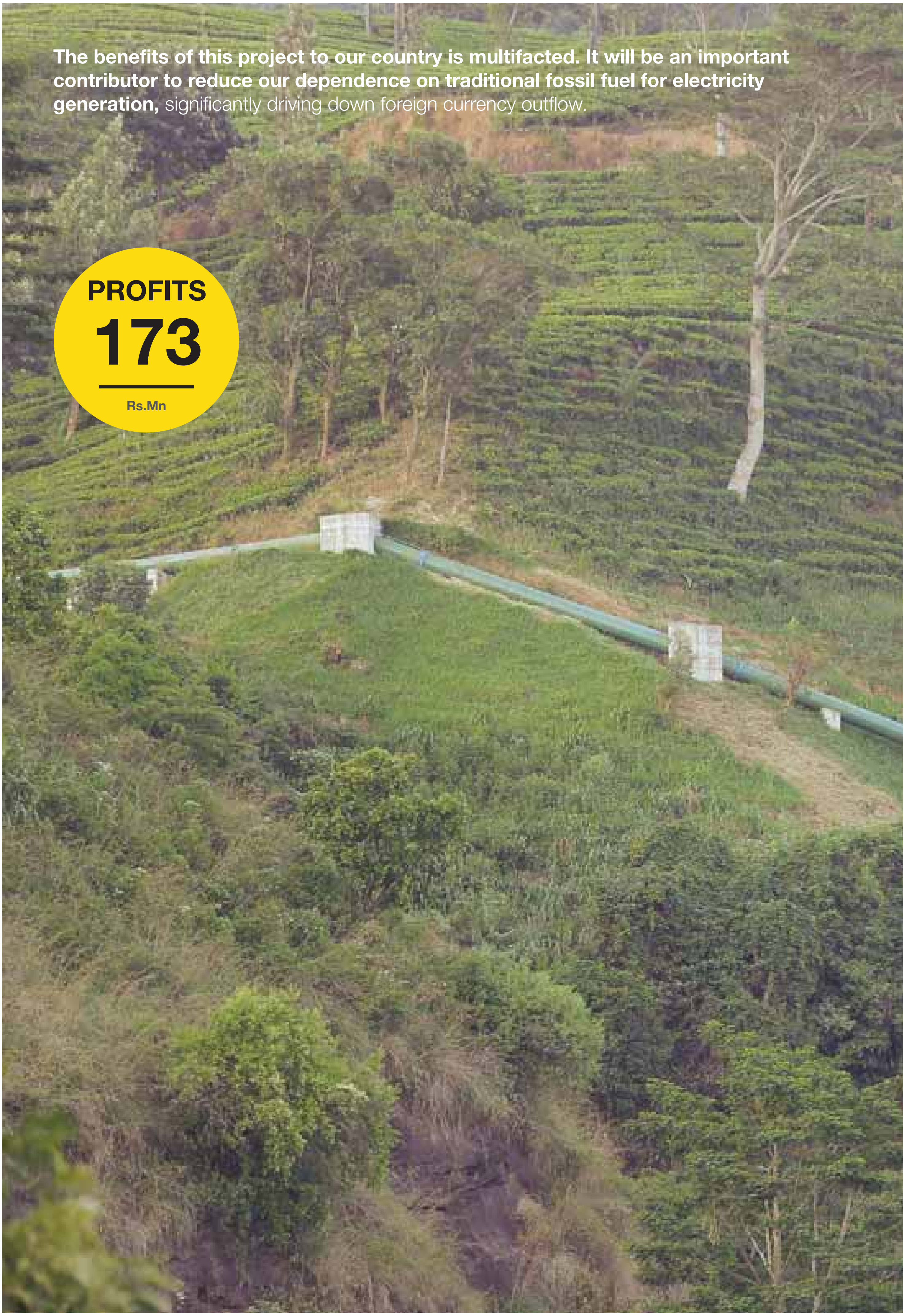
The Company has plans to extend its wings into the other areas of renewable energy namely wind and bio-mass in the near future.

The benefits of this project to our country is multifacted. It will be an important contributor to reduce our dependence on traditional fossil fuel for electricity generation, significantly driving down foreign currency outflow.

PROFITS

173

Rs.Mn



POWER

The mini-hydro power projects in progress with their installed capacities are Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd (800KW) and PAMS Power (Pvt) Ltd (2MW), both at Ginigathhena, in the Nuwara Eliya district. The solar power projects in progress at an estimated cost of Rs.5 billion situated at Hambanthota namely Anochi Lanka (Pvt) Ltd and IRIS Eco Power Lanka (Pvt) Ltd have a combined installed capacity of 20MW and are expected to give an output of 40GWh annually.

Out Look

The four main energy supply forms in Sri Lanka are Bio-mass, Petroleum, Coal and Electricity. Renewable energy resources are mainly Bio-Mass, Hydro, Solar and Wind. The actual use of these sources is limited by technological, socio-economic and political reasons. In addition to the above indigenous renewable energy resources, the availability of petroleum deposits within Sri Lanka territory are being actively pursued. The energy market in the country facilitates the exchange of the two main energy commodities, electricity and petroleum.

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. While hydro power has already been extensively developed and is near saturation levels, indication are that there is a large potential for wind and solar power deployment. The solar net-metering scheme has contributed towards the meeting of Sri Lanka policy target of generating 10% of electricity from the New Renewable Energy (NRE) sources by 2015. The NRE industry added more capacity in 2014 adding 24.1 MW of hydro, 7.0 MW of biomass and 50 MW of wind respectively. Mini Hydro generated 902.2 GWh which secured a 74.2% of the total NRE generation (source: Energy Balance 2014-SEA).

Since the outcome of The Renewable Energy Master Plan Study was to effect the future of the industry, the renewable energy development, except for mini-hydro and biomass remained static in 2014. Many mini-hydro power plants operating under the SPPA's and others are expected to be add to the capacity in the next few years under the streamlined approval process. By end 2014, there were 140 hydro plants and 3 solar plants having a total installed capacity of 287.5 MW and 1.4 MW respectively in the NRE Power Plant sector.

Compilation of the Solar Atlas of Sri Lanka was concluded in 2013 through mapping of solar resources using data from ground and satellite sources. The high resolution maps show close affinity to ground data, which would improve the energy yield estimates in the future projects.

In a study undertaken under the technical assistance program by the Asian Development Bank's project titled 'Capacity Building for Clean Power Development' on the limits of adding more renewable energy to the national grid, it was reported that the likely exploitable potential of mini-hydro, solar and wind resources would be 873 MW, 3,000 MW and 5,600 Mw respectively during the period 2013 to 2032. As the above indicators show a promising future in the NRE power generation, the Company is at present addressing these areas aggressively.

The four main energy supply forms in Sri Lanka are Bio-mass, Petroleum, Coal and Electricity. Renewable energy resources are mainly Bio-Mass, Hydro, Solar and Wind. The actual use of these sources is limited by technological, socio-economic and political reasons. In addition to the above indigenous renewable energy resources, the availability of petroleum deposits within Sri Lanka territory are being actively pursued. The energy market in the country facilitates the exchange of the two main energy commodities, electricity and petroleum.

Business and Financial Review

SERVICES

Outlook

Amidst stable global oil prices and availability of ample credit facilities due to the fact of severe competition in the leasing industry, the inflow of vehicles in to the usage is continued at rapid pace over the period. As per statistics published by Department of Motor Traffic(DMT) the total number of vehicles in the population has surged up to 6,302,141 by Year 2015, from 3,390,993 existed in year 2008. Even though environment friendly Hybrid and electric concepts were emerged during the period, those were almost out numbered by growth in smaller vehicles classes those emit smoke continuously.

This phenomenon put constant pressure on maintaining air quality in the atmosphere. Anticipating the issue, Sri Lanka had prudently introduced the National Air Quality Policy in the year 2000 and subsequently introduced Vehicle Emission Testing Programme (VET) under the provisions of National Environmental Act No. 47 of 1980. Subsequent amendment to the Motor Traffic Act No. 21 of 1981 made VET certificate mandatory in obtaining revenue license. All these measure were directed to curb the air pollution factor.

This vehicle emission testing program has immensely contributed in controlling urban air pollution. As per statistics, the pm-10 value of Colombo fort air quality monitoring station has come down to 62-64/ppm from 72-74/ppm that was reported in 2008 prior to the implementation of the VET program.

The total number of vehicles in the population has surged up to 6,302,141 by Year 2015, from 3,390,993 existed in year 2008. Even though environment friendly Hybrid end electric concepts were emerged during the period ,those were almost out numbered by growth in smaller vehicles classes those emit smoke continuously .

LAUGFS Eco Sri proudly stands as one of the main stakeholders in this mega environment protection event which maintains highest number of emission test centers in the country covering all provinces since 2013. As at 31st March 2016 the company has it presence in 212 locations around the island serving all major townships.

The company has provided employment opportunities for more than 700 personnel, while offering ideal ground training for technically qualified members to sharpen their practical skills.

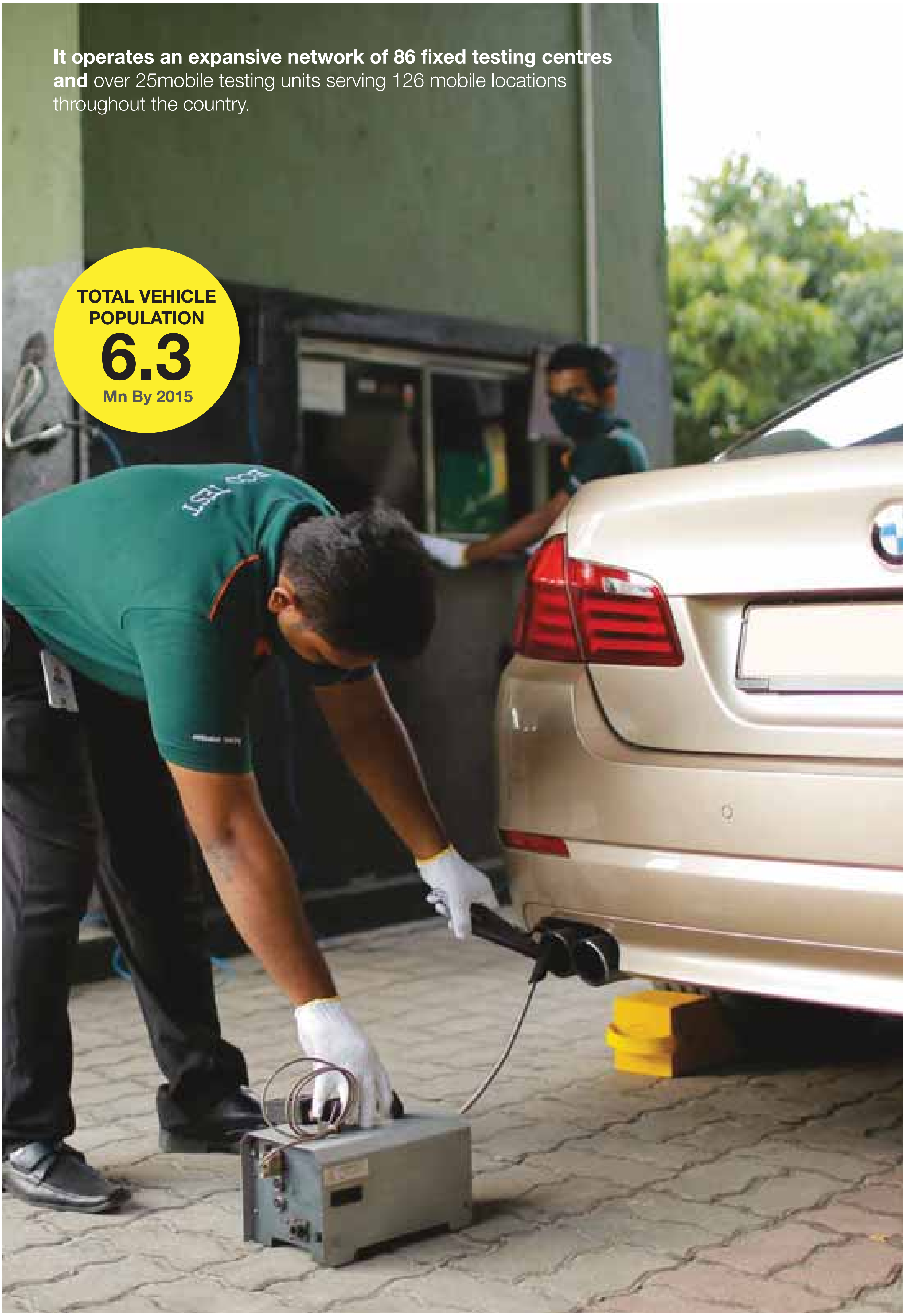
In order to reach the customers in far remote areas, fleet of mobile locations are deployed in operation. All these mobiles have online link with the main system, enabling online technical help desk assistance to motorists who needs technical advice.

As a responsible corporate citizen, the company is geared to venture into business activities that help to preserve Mother Nature while enhancing value for all stakeholders.

Review

During the year the company posted a revenue of Rs. 1,106 Mn with a growth of 7% over the previous year, whilst the total assets stood at Rs. 840 Mn.

Our confinement to the stringent standards set by authorities has served the entire project to achieve national level goals in maintaining air quality. Amidst these conditions the company is expected to gain positively with increasing number of vehicles in the usage and availability of its emission test centers in strategic locations to serve the demand.



It operates an expansive network of 86 fixed testing centres and over 25mobile testing units serving 126 mobile locations throughout the country.

Business and Financial Review

LEISURE AND TOURISM

Global Outlook

The global economy has slowed slightly this year but should pick up again in 2016. After growth of 3.4% in 2014, global GDP is currently expected to increase by 3.3% in 2015 and then by 3.8% in 2016. Economic trends are positive in the USA and most European countries, worldwide economic factors, violent conflicts and terrorist attacks as well as the refugee crisis in Europe are impacting very differently on the global tourism industry this year. The overall trend remains satisfying, however, the year of 2015 has been another good year for world tourism with a 4.5% rise in outbound trips in the first eight months of this year. The outlook for 2016 remains healthy and further growth of 4.3% is expected.

In 2015, violence and political unrest continued to affect some destinations around the world, impacting significantly on their tourism sectors. Terrorist attacks directly targeted tourists in some countries while incidents in other countries also impacted on tourism demand. In addition, the dramatic surge in refugees arriving in Europe affected destinations and resulted in border controls that also slowed down cross-border travel. “All these factors have affected various destinations in different ways as tourists choose safer destinations. Yet there is no overall negative impact on global outbound travel and people are continuing to travel abroad more and more. The number of outbound trips worldwide increased by 4.5% in the first eight months of 2015. This figure is expected to be maintained for 2015 as a whole, giving a total of 1,024 million outbound trips and resulting in more than 1.2 billion international tourist arrivals worldwide (on average international travellers visit 1.2 countries per trip). There was a healthy 4% rise in average spending per night, which was double the increase seen last year. The number of overnight stays increased by 3% from January to August, taking the global total to 7.5 billion nights. The average length of stay was 7.3 nights, which continued the long-term trend of shorter average trips due to the above-average growth of short trips (1-3 nights) compared to longer trips. Indeed, short trips now make up 33% of all outbound trips compared to 37% for trips of 4–7 nights and 30% for 8 nights or longer. Luxury class hotels continued to increase their market shares, while other hotel categories lost worldwide market shares.

The second property of LAUGFS Leisure will open its doors to commercial operation in July 2016. This property is Anantaya Resort and Spa - Passekudah which consists in 55 rooms on stage one including 5 villas with plunge pools.

Global outbound travel growth this year was once again driven by Asia Pacific (+5%) and North America (+5%) while South America (+4%) performed surprisingly well. European outbound travel grew by a good 4.5% driven by improving economic conditions. The Middle East grew by a strong 9% but Africa dropped by 6%. In terms of individual countries, Germany remains the ‘world travel champion’ as the worldwide number one outbound market for international tourism, followed by the USA and the UK. Excluding all trips to Hong Kong and Macau, China lies in fourth place in the ranking. The USA, China and Germany are the top three in spending terms.

The main trends in world outbound travel are the strong growth of city trips, cruise holidays and long-haul travel. More and more people are travelling abroad on holiday, with 34% growth between 2007 and 2014. Cruise holidays have boomed with a dynamic 248% increase over the seven years while city trips have soared by 82% to reach a 22% share of all holidays. In comparison, sun & beach holidays grew

Tourism is the world's largest and fastest growing industry today. After 2008, we have seen strong year on year double digit growth in arrivals.

LEISURE AND TOURISM

by 39% between 2007 and 2014 and make up 29% of all holidays. Tours have grown more slowly by 21%, and make up 20% of all holiday trips. In contrast, countryside holidays have stagnated in volume terms and now only represent 7% of all holidays. One result of the strong growth in city travel is a trend towards more off-season travel. The number of trips taken between January and April increased by 60% from 2007 to 2014 and now accounts for 27% of all trips.

Domestic Outlook

The tourism industry of Sri Lanka is poised for growth to achieve sustainable development phase within the next few years, based on the strategic direction determined by the new government. Sri Lanka Tourism has formulated a broad Strategic Marketing Plan for year 2016, with the participation of private and public sector stakeholders addressing long standing needs of the industry and the future expectations of the country as a tourism destination. The new strategy was refined for its contents to maximise the benefits to the tourism industry and to position Sri Lanka as the most sought after travel destination in Asia.

In 2015, the tourism industry performed well by exceeding tourist arrival targets set for the year, which was 1,798,380 visitors as per the Sri Lanka Tourist Development Authority, which is 17.8% increase last year and 19.8% in increase in 2014.

Annual Tourist Arrivals

The largest proportion of tourist were from Western Europe (31%), followed by South Asia (26%), and East Asia (20%). India as the major tourist source market, produced over three hundred thousand tourists to Sri Lanka in 2015 which is comparatively different from that of all other markets that constituted 30% per cent increase compared to 2014.

The Overall annual room occupancy rate of tourist hotels increased to 74.3 per cent in 2014 from 71.7 per cent in the previous year. During the year, all the regions have recorded significant increase in room occupancy rates when compared with the corresponding figures for 2013. East Coast has recorded an increase of 4.0 percentage points compared to the previous year. Greater Colombo has recorded an increase of 3.9 percentage points compared to the previous year. South Coast, Northern region, Hill Country, Ancient Cities and Colombo City showed their increases by 3.4, 2.5, 1.7, 1.5 and 0.7 percentage points respectively. It is important to highlight that the highest overall monthly occupancy rate of 82.6 per cent was recorded in December due to the highest tourist traffic to the country while the lowest monthly occupancy rate of 61.3 per cent recorded in May.

ANNUAL TOURIST ARRIVALS 1.8 Mn.

The strategic choice for country promotions has been constantly challenged by the global trend towards internet/online based destination marketing in the recent years. Most of the traditional marketing tools have been outdated with the introduction of web based booking engines, tour planning, e-marketing and other real time services available to frequent travellers online. Considering these developments, Sri Lanka Tourism has opted to implement a fully-fledged online and digital marketing campaign for year 2016. The campaign will create language specific web sites for all main markets and will promote the destination on focused online and social media platforms identified in each country. Special prominence has been given to

attract travel bloggers with high reputation who will act as brand ambassadors generating credibility providing first-hand publicity for Sri Lanka based on experience gathered by visiting the country.

Review

With two hotels in operation in the current year, LAUGFS Leisure Limited will move in to the third property in Waskaduwa (Wadduwa) and all properties will be 5 star following a concept of small and medium luxury hotels.

The first venture of LAUGFS Leisure, Anantaya Resort & Spa – Chilaw which has been in operation since February 2014, is located in the vast and quiet beach of Chilaw. The resort consists of 87 luxurious rooms ranging from Superior rooms to Suites.

Designed by a Thai architect, Anantaya Resort & Spa – Passekudah is deemed to be a one of kind luxury resort set in the East coast of Sri Lanka. The first stage of the resort consists of 55 luxury rooms including 5 villas with plunge pools.

The company is confident that the resorts will bring in much expected profitability due to the demand Sri Lanka has for tourism as a country and also the peaceful environment that prevails which is primary for tourism development.

The next step in the leisure sector investment and expansion is to have a destination management company for travel and tour operation in, inbound and outbound including airline ticketing. At present the arrangements are underway to register the said business. Additionally the company is looking at possible financially viable acquisitions.

LAUGFS Leisure is also looking in to further expansion and consolidation with managing properties under the hotel and resorts management sector and in this are looking at small and medium scale luxury properties around Sri Lanka in order to have a stronger network of hotel which will complement each other and will be of immense help to face the competition in positioning and marketing. At present discussions are underway in this area with owners of similar properties.

In the next three years whilst the above areas are in development, the company will also look at in investing on suitable leisure business outside Sri Lankan shores especially in Maldives, Bangladesh and Myanmar.

The company's leisure business managed by Sri Lankan professionals with international exposure and the proposed investments will bring in employment to about 1000 people directly and to about 6000 indirect. Helping the Sri Lankan economy to grow further as expected by all industry stakeholders and the government.

Business and Financial Review

PROPERTY

Review

LAUGFS Property Developers (Pvt) Ltd which is in the real estate business and has recently completed the construction of the unique state-of-the-art luxury office building which is located at a prime commercial area in Havelock Town, Colombo 5 which is earmarked as the new Head Office Complex of the LAUGFS Group Companies and is available for immediate occupation.

The building complied with all the Urban Development Authority (UDA) and Municipal regulations and consists of 13 floors including the Mezzanine Floor and the roof-top and has been designed in full compliance of construction standards. It has also taken into consideration the functionality and the ambience of the building. The office interiors have been designed with the end user requirements in mind and the external facades exhibit a unique appearance coupled with energy efficiency in usage. The building comprises more than 85,000 square feet of usable office space and is situated at a strategic location which further enhances its value with easy access to many main roadways and fast connectivity to existing and proposed highways and expressways.

The building has adequate parking space and caters to more than 50 vehicles and has been designed by reputed architects and professionals and caters even to the differently abled persons. It consists of separate meters for electricity and water combined with various energy saving methods and devices together with CCTV, 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 (MEP) was designed taking into consideration the operational cost and efficiency of the facility.

The Company recorded a total Property, Plant and Equipment of Rs. 1.2 Bn for the year under review. The total Non-Current Liabilities were Rs. 233 Mn and Current Liabilities were at Rs. 313 Mn.

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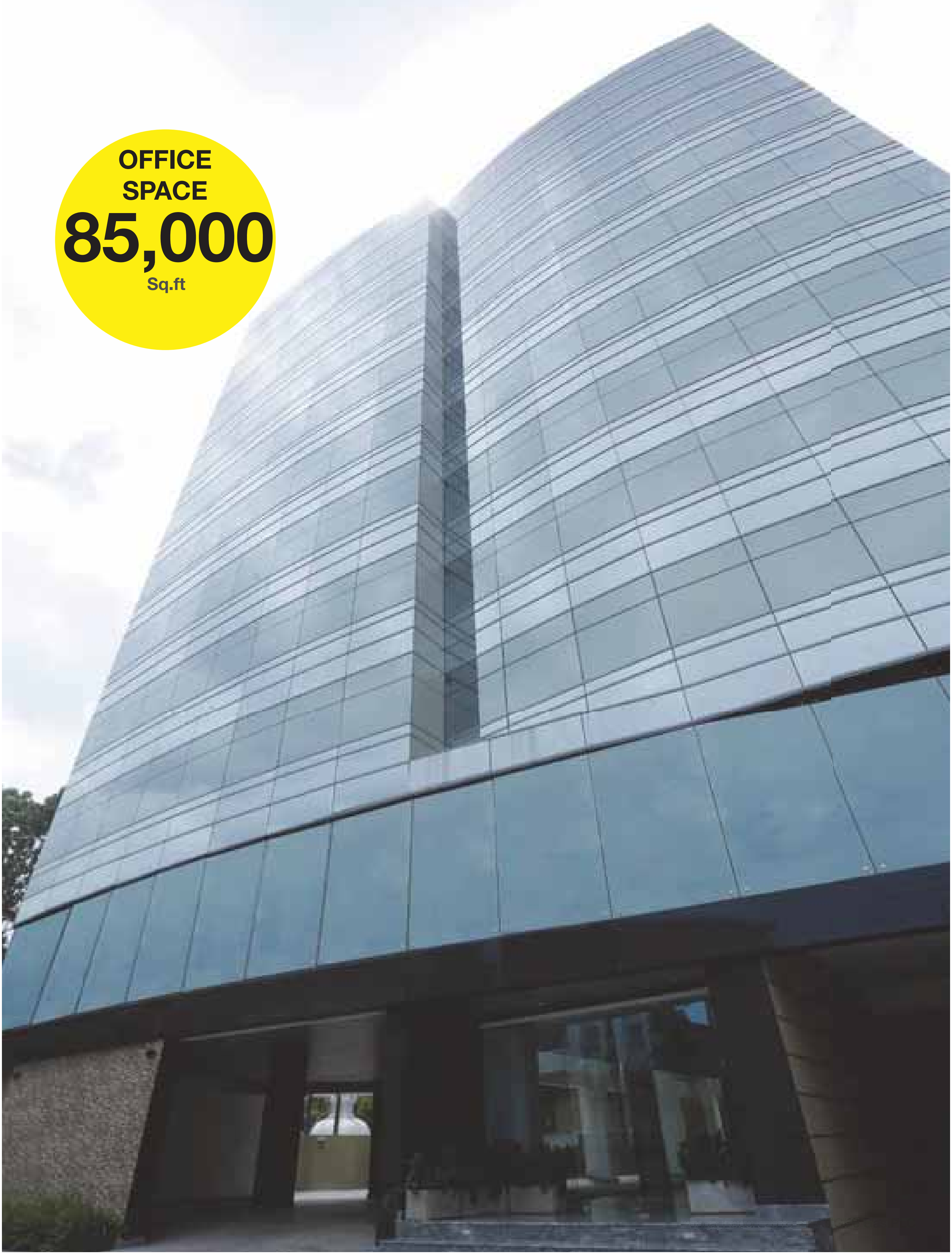
Outlook

With the demand for commercial office space and residential properties expected to rise in line with the growth in the economic activities of the country, the real estate business is poised for an early take-off mainly due to the modernization programs of the cities and the anticipated expansions of the banking, financial services and information technology sectors in the country.

The real estate market generally consists of several sub segments namely, Commercial, Residential and Hospitality. The Commercial sub-segment may be further sub divided into Office, Retail and Warehousing whereas the residential sub segment consists of individual housing units and condominium complexes.

Though the real economic growth in 2015 stood at 4.8%, the projected growth in 2016 is around 5.8%. The Broad Conceptual Framework of the Western Region Megapolis Master Plan aiming to develop a Colombo Centered New World Class City inclusive of all modern amenities was unveiled in January 2016 which undoubtedly will boost up the real estate market. The Company is aggressively focusing its attention in the development of real estate business in order to exploit the current business landscape.

LAUGFS Property Developers engages in luxury commercial and residential real estate development projects with the construction of its first commercial property at Maya Avenue, Colombo 05.



TRANSPORTATION AND LOGISTICS

Mission of LAUGFS Maritime Services (Private) Limited is to deliver clean energy in an environmentally challenged world. We can fulfill the full requirement of LAUGFS Gas after acquisition of the second vessel Gas Success.

LAUGFS Maritime Services (Private) Limited is committed to ethical, safe and sustainable value-creation for our shareholders, lenders, customers, employees and other stakeholders.

Realising Vision through Leadership

Excellence is achieved not by accident. Our leadership sets the strategic vision for the Company and we have a capable and empowered organisation. We encourage every single employee to demand excellence in their daily encounters and decisions

Our Commitment

Safety activities are given the highest priority within our Company and we strive for Zero Harm. As individuals and as teams, we commit to take personal responsibility for safety, communicate safety concerns, and actively share best practices and learn from near-miss incidents.

We have processes and tools in place to help ensure that every employee, both on-shore and at sea, can operate in the safest work environment possible. Our Health, Safety and Environment Policy is a directive that we embody in all our work activities. These are all part of the safety culture at LAUGFS.

We aim to be and to remain as a recognized industry leader in safety. We believe and promote that the sanctity of life takes precedence over all other considerations. With organizational and individual commitment to safety, we can better ensure Zero Harm to people, environment, cargo and vessel.

We always:

- Comply with all legal requirements
- Commit to a goal of zero accidents and zero spills to sea
- Continuously improve on our HSE processes
- Save energy
- Minimise waste and emissions
- Engage with customers and partners to build trust
- Emphasise safety to all employees and contractors
- Promote a culture that avoids intimidation and aggression

Let Us:

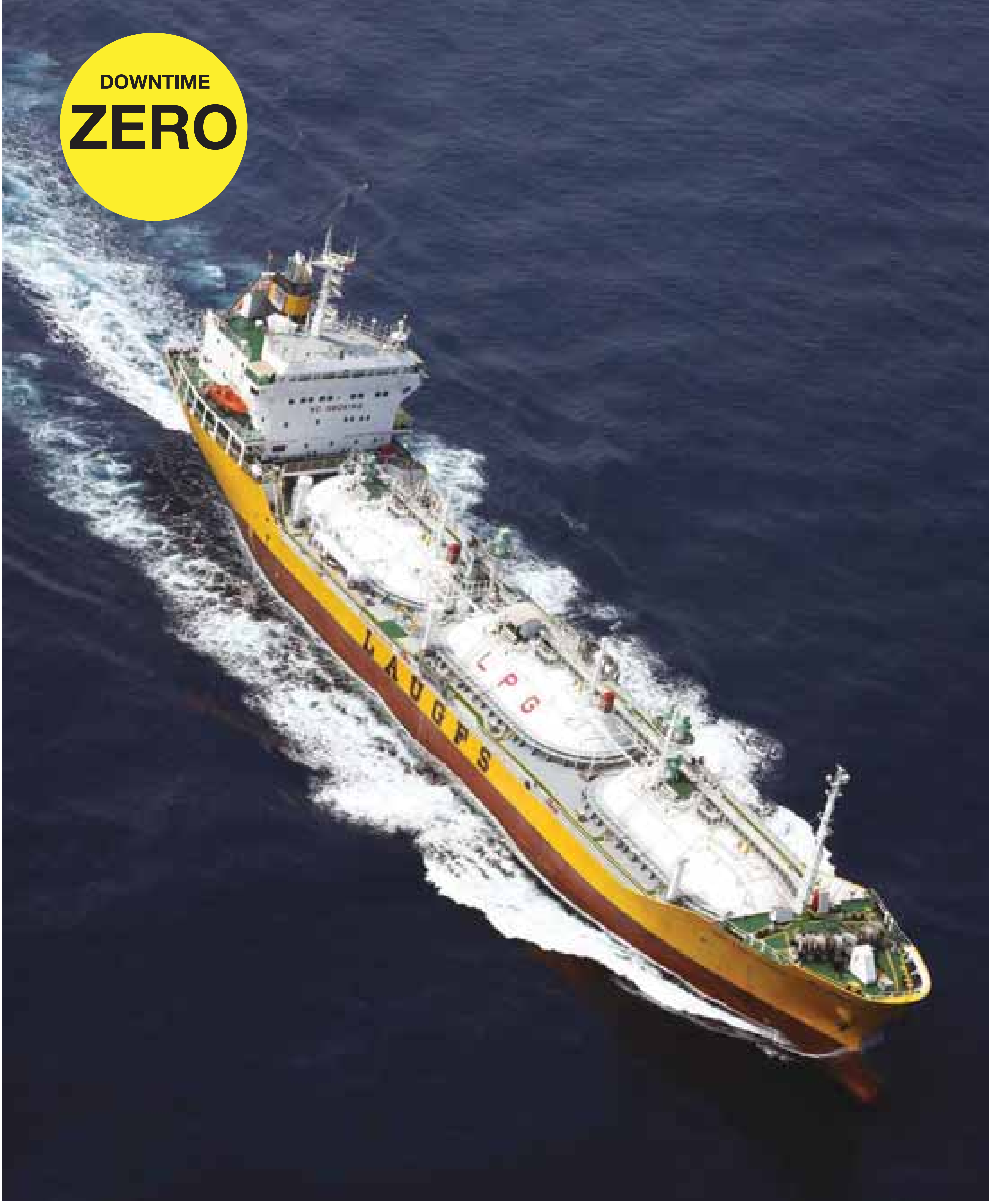
- Exceed our customers' expectations, and be their business partner of choice
- Achieve consistently good health, safety and environmental performance

Corporate Social Responsibility

LAUGFS Maritime Services (Private) Limited is committed to ethical, safe and sustainable value-creation for our shareholders, lenders, customers, employees and other stakeholders, and applies this philosophy in considering our impact on the local communities in which we operate. We conduct and grow our business while continually assessing and managing the risk and impact of our operations in this context.

Corporate Social Responsibility is integral to all that we do and as such, elements of our commitments in this regard are captured in our Corporate Mission, Objectives and Values, our Code of Conduct and our Key Operating Policies

Both vessels were able to attain the prestigious and respected status of CAP (Condition Assessment Program) Rating No. 1 of the Lloyds Registry. Besides the "Gas Challenger" and "Gas Success" had the Ship Inspection Report (SIRE) Certification from KOCH one of the Oil majors from United States. The SIRE certificates from KOCH has enabled the two vessels to call over many major ports of the world, without restrictions or further inspections being carried out for loading and discharging operations of LPG cargo.



TRANSPORTATION AND LOGISTICS

such as our policies on health and safety, security, energy management, and anti-bribery.

Employee Rights and Diversity

LAUGFS Maritime Services (Private) Limited does not discriminate on the basis of gender, religious belief or practice, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age or political inclination. As a business with global operations, we value diversity and work to actively stimulate an environment where differences are both respected and appreciated. Just as we respect the rights of our employees, LAUGFS Maritime Services (Private) Limited respects human rights in all aspects of our business, and avoids impinging upon the human rights of those impacted by our operations.

Review

Reduce down time and accident & incident free operation is a success of a shipping Company. The Company is proud to say that it maintained ZERO down time due to any break down and Gas Challenger was available for operation 365 days during the financial year. Budgeted cargo volume for the financial year was to transport 65,000 MT of LPG and final amount transported for the year was 66,000 MT. Similarly, the Company operated the vessel without any accident or incident. The Company made a substantial profit during the financial year 2015/2016.

The second vessel Gas Success was added to the company on 2nd October 2015 after successful operation of the Company for one year which is a huge achievement for the Company. The vessel was dry docked and upgraded to international level and to operate without any interruptions. Rating 1 for the vessels hull machinery and cargo system was obtained from the Lloyds Register of Shipping during the upgrading process. This is the highest rating any ship could obtain under the Condition Assessment Programme (CAP).

Outlook

LAUGFS Terminal is expected to complete her construction at Hambanthota and planning to commence it's operation in 2018. LAUGFS Maritime Services (Private) Limited is expected to expand its fleet to cater to the requirement of the terminal. Expansion will include few small size LPG carriers together with a midsize Large LPG carrier. Similarly, The Company is planning to cater for the demand of the Bangladesh operation of LAUGFS by purchasing a small vessel which could transport about 2,000 MT of LPG.

TRADING

LAUGFS, in its quest to be a global player, embarked on, yet another step to incorporate an entity named Slogal Energy DMCC in Dubai, UAE in early 2016, as one of the fully owned subsidiaries of LAUGFS Gas PLC. Its central or core engagement will be on business operations relating to international commodity trading but largely focused on the petroleum based products. Also, this new entity will be involved vigorously with acquiring, chartering, operating and management of LP Gas vessels with a view of deploying them for ocean transportation LP Gas Cargo to identified destinations of its prospective clientele. Besides, the broader vision of Slogal Energy DMCC, in addition to being a reliable and credible commodity trader, most cost effective ocean freight services provider, especially for LP Gas sector, it anticipates spreading its wings into a range of operations from ship agency, ship management services, port operations, ship bunkering, technical services, marine surveying, maritime legal services to maritime education, in the middle eastern region in the long term in collaboration with its sister entity LAUGFS Maritime Services (Pvt) Ltd.

Slogal Energy DMCC, will also be the gateway to promoting exports to various destinations of the products manufactured and services offered by some of the key subsidiaries of LAUGFS Holdings Ltd. It will also be involved with export of all other products and services from Sri Lanka having distinct competitive advantage in global markets. This entity is expected to play a vital role in import of raw materials and finished products that are required by the LAUGFS group of companies for its business operations.

The Slogal Energy DMCC, will charter two Gas Carriers, the "Gas Challenger" and "Gas Success" shortly from its owners, LAUGFS Maritime Services (Pvt) Ltd. These two vessels will be used for ocean transportation of LP Gas, most likely from Arabian Gulf sources to prospective customers in South Asia, South East Asia and Far East. It may procure cargo as a trader from terminals and arrange ocean transportation to ports as directed by their customers and service their requirements on CFR basis. Apart from acting purely as a LPG trader, it may use its chartered vessels to service buyers who operate on the basis of procurement of FOB cargo, in which event Slogal Energy will arrange the ocean transportation for them from the sources of supply to the ultimate destinations.

A closer look at the global demand and supply scenario of LP Gas, indicates that besides Middle East, all other regions are mostly in supply deficit conditions. It also reveals that Asia has the largest deficit of LP Gas. Therefore the product is expected to flow from Middle East to Asian markets, which is even the reality today and expected to continue this trend medium to long term.

It has also been assessed that even with the rise in production and exports from United States with their Shale revolution coupled with the possibility of the opening of the Panama Canal, the best route to Asian markets still remains from Arabian Gulf. The table depicted below indicate an analysis and evaluation of different sea routes and it amply demonstrates that in terms of voyage time and cost per metric ton of cargo, the most economical sea route to Asian markets is from the Arabian Gulf.

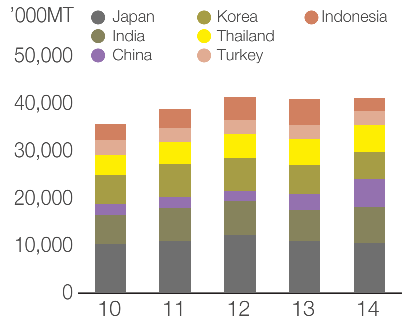
Analysis of different sea routes to Asia with LP Gas Cargo

Maritime route	One-way voyage time	Freight rate
Arab Gulf to Far East	18 days	$50/Mt market rate)
US Gulf Coast to Far East	45 days	$156/Mt market rate

Maritime route	One-way voyage time	Freight rate
US Gulf Coast to Far East (via Panama)	22 days	$ 83/Mt (estimated)

(Source: Pwc)

Top LPG Net Demand Centers in Asia



Source: Pwc

The table and the figure above amply indicate the most economical sea route for LP Gas transportation is from the Arabian Gulf and also the growth of demand for LP Gas is expected to be from the Asian region. This context augurs well for Slogal Energy DMCC in Dubai, UAE. The growing demand in the Asian markets and also the development expertise in house, in trading and shipping activities, will necessitate the purchase of several more Gas Carriers in the short to medium term to be deployed to operate from the Arabian Gulf.

Apart from trading and engaged with ocean transportation of LP Gas cargo, Slogal Energy is actively looking forward for export of Solid Tires and Lubricant products manufactured by respective entities of LAUGFS. We are confident that in the next couple of years this entity incorporated in Dubai, UAE will be one of the most profitable entities within the group of companies and also will be a force to reckon with internationally.

Reporting Parameters

As the third integrated Annual Report of LAUGFS Gas PLC, this presents the economic, social and environmental performance of all entities discussed in the consolidated financial reports of LAUGFS Gas PLC for the year ended 31st March 2016.

This report has adopted Global Reporting Initiative (GRI) G4 guidelines, with General and Specific Standards for disclosure of information followed "in accordance" with the 'Core' option of the GRI G4 Guidelines.

In reporting both financial and non-financial data, we place great importance on integrity and transparency in our reporting processes, and have thus retained the services of Ernst & Young Auditors for external assurance. Page 115 provides this Independent Assurance Report.

Defining Report Content and the Aspect Boundaries

The sustainable growth of our businesses should be closely aligned with our social, economic and environmental performance and our engagement with our stakeholders.

In developing this report following the GRI G4 Guidelines, we have identified Material Aspects that are significant to the Economic, Social and Environmental activities of LAUGFS Gas PLC.

We have also identified their Aspect Boundaries, while applying the principles of Sustainability Context, Materiality and Stakeholder Inclusiveness to determine the level of significance and priority of each Material Aspect to the organization.

The relevance of each Aspect has been defined as 'highly relevant' or 'moderately relevant' as identified by the organization and the stakeholders, as well as taking into account the economic, social and environmental impacts of each of these Material Aspects. The Principles of Completeness and Stakeholder Inclusiveness have been applied to validate these Material Aspects.

The Material Aspect identified, their Aspect Boundaries and Relevance are outlined on page 76 and 77 of this report.

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
Emission		*	High	High
Effluents and Waste		*	High	Moderate
Products and Services		*	Moderate	High
Compliance	*		High	High
Transport	*		Moderate	High
Overall			Moderate	High
Supplier Environment Analysis		*	Moderate	Moderate
Environment Grievance Mechanism		*	Moderate	High

Aspect	Aspect Boundary		Materiality	
	Internal	External	To the Group	To the Stakeholder
SOCIAL: LABOUR PRACTICE AND DECENT WORK				
Employment	*		High	High
Labour / Management Relations	*		High	High
Occupational Health and Safety	*		High	Moderate
Training and Education	*		High	High
Diversity and Equal Opportunity	*		Moderate	Moderate
Equal Remuneration for Women and Men	*		High	High
Supplier Assessment for Labour Practices		*	Moderate	Moderate
Labour Practices Grievance Mechanism	*		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 Mechanism	*		High	High
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

While there were changes to scope and aspect boundaries due to the addition of LAUGFS Gas (Bangladesh), there were no changes in the significance and relevance of materiality from the previous year. There were also no restatements of information provided during the previous reporting period.

External Economic, Environmental and Social Charters

Since 2014 LAUGFS Gas PLC follows the Global Reporting Initiative (GRI) G4 guidelines, with an integrated reporting framework, adhering to which our environmental, social and financial performances are integrated and reported.

Stakeholder Engagement

As we touch the lives of millions every day through our diverse businesses, we have identified five primary groups of stakeholders based on the significant impact we make on them through our operations as well the substantial interest they may have in our businesses.

The table below presents each of these five identified stakeholder groups, together with how we 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	Frequently
	Employee engagement events	Annual Calendar
	Internal newsletter	Quarterly
	Employee updates	Continuous
	Suggestion box	Continuous
	Employee satisfaction surveys	Once a year
Key Topics Discussed	**Our Responses**	
Corporate culture and values, engagement, welfare measures, remuneration and benefits, rewards and recognition, personal development, health & safety, grievances (if any), future plans.	Engagement activities (e.g. celebrations, sports), imparting Company Values, platforms for employee feedback, performance driven reward systems, training and development, safety procedures and trainings at areas of high risk, open door policy.	

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 additions on products and services, loyalty programs and other discounts.	After sales service, 24 hour customer care service, customer satisfaction surveys, product information literature.	

Stakeholder Group : Shareholders	Engagement Approach & Frequency	
Aim: Create sustainable wealth for shareholders by building a sustainable and diverse business entity that contributes to national economic growth.	Annual Report	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**	
Financial performance, dividend per share, sustainable growth, good governance, future outlook.	Maintaining responsible and ethical practices, addressing issues raised by current and potential stakeholders, accountability and transparency, regular communication.	

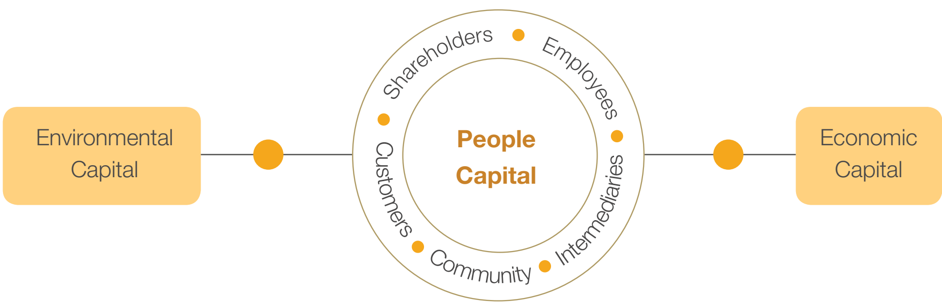
Stakeholder Group: Intermediaries	Engagement Approach & Frequency	
Aim: Maintain cohesive partnerships in delivering sustainable value.	Relationship management On site visits and meetings Workshops and awareness programs Dealer conventions Sponsorships	As required As required As required Monthly As required
Key Topics Discussed Improved working relationship, sustainable and responsible practices	**Our Responses** Awareness creation on expected standards to dealers and distributors, supplier training on quality and best practices, ethical practices.	

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 Health issues related to air pollution, company's involvement in development of local areas.	**Our Responses** 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

Our economic, social and environmental conduct plays a crucial role in the sustainability of our business. Positive engagement with our stakeholders is vital to how we operate as a responsible business.

The model below outlines our primary stakeholders.



Stakeholder Analysis

EMPLOYEES

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

Our HR Philosophy …

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.

During the year under review, we committed extensive work on the Reward Management Process. It paved way for the introduction of Performance Management System. Both these implementations were well received, mainly due to benefits that linked to performance.

Overview

Last year we promised our staff a great journey; a journey to make LAUGFS a great company. As the proponents of the promise we sensed that great change was about to take place. We prepared ourselves well to be ready and willing to welcome others onboard.

An immense responsibility was ahead of us. It warranted a total inventive look at the scope of HR. The need to realign HR to the challenges that stood ahead was a prerequisite. First priority was to restructure the HR function itself. This exercise resulted in clarity of goals, responsibilities at all levels of the function. Centralized Group HR and the HR units within each SBU were synchronized to work in-phase.

During the year under review, we committed extensive work on the Reward Management Process. It paved way for the introduction of Performance Management System. Both these implementations were well received, mainly due to benefits that linked to performance. The opportunity was right, to introduce and nurture the Performance Driven Culture. This was an ambitious initiative of Group HR, meticulously planned and delivered across the entire group. Performance Driven Culture now became the impetus that generated sustainable, rapid results in line with the expansive goals of the corporate.

The success of the trial implementation saw staff embracing the developments and benefits positively. This made us prepare for the months that followed.

Unprecedented expansion awaited us. Our paradigms were redefined, and horizons expanded.

The increase of workforce to 4000 employees posted unique challenges on the HR function. Purely on numbers and resources, this meant that every process and initiative, opportunity and issue was testing our capacity to its limit.

The group's diversifications into previously uncharted sectors, as in hospitality sector, pharmaceutical manufacturing, meant that learning occurred at the speed of expansion. Surging beyond the conventional, HR as a function was experiencing change that required a complete overhaul. The way we knew our business had a new paradigm.

Each new sector of the conglomerate, sourced in talent that was very diverse. Managing the expectation of talent so diverse within the scope of HR became a critical focus area. Our ability to reach talent within and out in the market rested on congruent, integrated communications. The need to build and sustain the image of LAUGFS as a most preferred employer brand precedence during this year.

With more than 20 work facilities and 200 service locations scattered across the country and beyond its shores, connecting with staff, sharing their goals and ambitions and guiding them towards the goals of the company took dedicated effort. We stood up to the challenge with greater reliance on technology that helped us overcome time

-space limitations. Employee Engagement became ever more important and beneficial. The inspiring approach to staff reciprocated with greater engagement at all levels.

The journey continues, and an adventure unfolds. We see in each new challenge, the true spirit of endurance of a great company in the making.

Talent Acquisition

Employee competencies build the core of organizational capabilities.

To obtain optimal results, in infrastructure-heavy, investment-rich industries such as ours, we seek the best talent available locally. All of the company's operation within Sri Lanka is driven by home grown talent. We are proud of our achievement to be a Sri Lankan multinational with all Sri Lankan, multicultural staff from non-executive level to senior management team.

Recruitment & Selection Policy

Our Recruitment & Selection Policy (Talent Acquisition Policy) was redesigned to entice the best talent of our soil, and to place them among competent, progressive pool of individuals working towards higher goals of the organization. A comprehensive study was carried out to ascertain the structural fitness of the organization to achieve its goals. This significant step provided invaluable inputs to the Talent Acquisition Policy. The policy, is linked to the on -going Manpower Planning Process of the company. The candidate profiles could be evaluated for optimal fit with the requirements of the role. Specific knowledge, skills and experience, probability of retention, attitude and aptitude are some key areas that are checked to find the best-fit talent.

The dynamics of the industries that we operate in, present us the challenge of searching for complex combinations of skills sets. As in the energy sector, very specific, specialized and rare skills have to be sourced. Only few businesses in our country operate in the scale and combinations of the industries as we do. Therefore, talent pool is limited and deficient in proficiency of the skills to be deployed immediately.

To acquire, develop and to retain such specialized talent, certain unique attributes

Stakeholder Analysis

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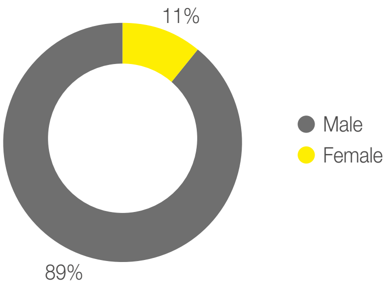
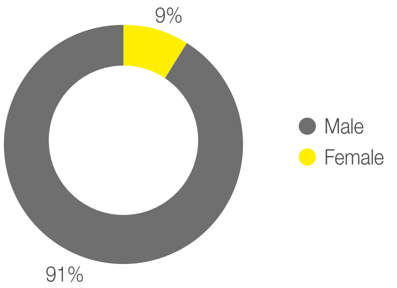
Graphical Review

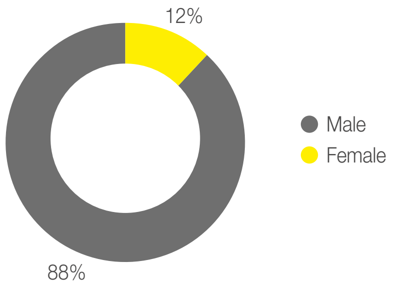
Total Staff - Gender wise



Management - Male Female Ratio



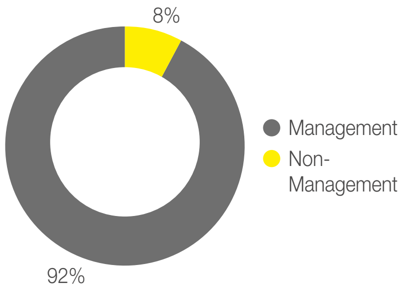
Non-Management - Male Female Ratio



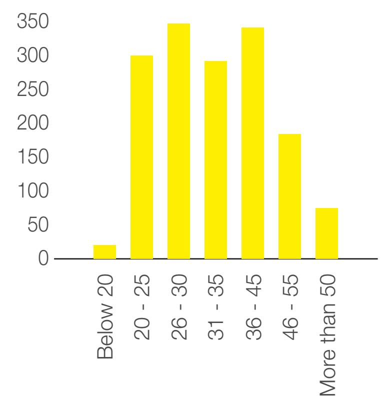
Employee competencies build the core of organizational capabilities.

To obtain optimal results, in infrastructure-heavy, investment-rich industries such as ours, we seek the best talent available locally.

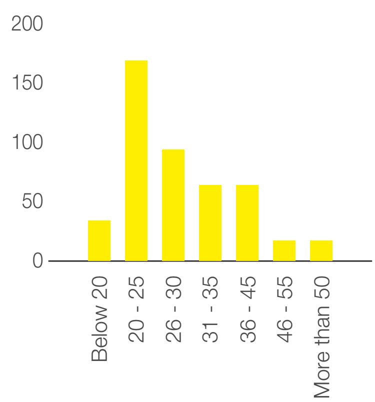
Management - Non-Management Ratio



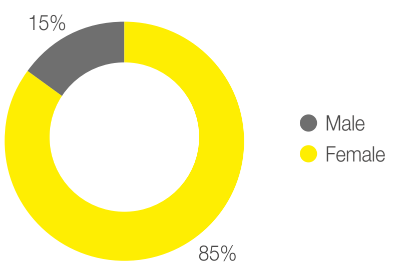
Age Analysis



Employees Recruited During the Period



Employee Recruited During the Period



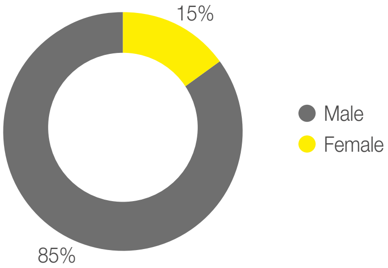
need to be created within the organization. These act as special enticements within the scope of Talent Acquisition Process to help LAUGFS rein as a first choice employer. The group HR and the SBU HR units out perform this challenge creating and communicating effective messages at all stages of Talent Acquisition.

The response received for our Management Trainee Program, now in its first year, is proof of our ability to draw such talent.

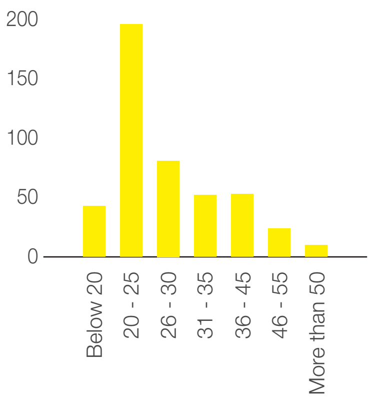
Our standing in the industry, proven with unprecedented growth, innovative business models and commitment to operational excellence have contributed considerably have great appeal. Above all, excellent HR policies and practices have helped steer top talent to take up positions and to be top performers of the group. This encouraged us to communicate the superior ability of our company to draw, retain and grow top-notch talent to their fullest potential- a message that we have adopted vigorously in our talent acquisition endeavours.

As a strong proponent of the Equal Opportunity Policy, we avoid any form of discrimination based on gender, faith or race. Further complying to the laws of the country the company does not employ persons below the age of 18 years. Letter of Appointment states that a minimum notice period of one month to be given in the event of an employee resigning. Any operational change is notified to the employee 2 weeks prior.

Employee Resigned During the Period



Employee Resigned During the Period



Onboarding process

This process covers all aspects which make the successful transition of new employees into their new roles. The process constitutes of three focus areas; a familiarization program, a buddy program and an orientation training.

Central to the onboarding process is the creation of an engaging and lasting first impressions of the company towards a successful career. Code of Practices educates what each employee must abide by within the overall activities of the company. Work Instructions provide more detailed, specific knowledge within the scope of one's job. Employees are encouraged to seek any clarifications on the terms of Letter of Appointment, privately and confidentially.

Prior to taking on work proper, every employee is explained their job role, its scope, with emphasis on responsibilities activities and performance expectations.

Support in terms of guidance, supervision, infrastructure is attuned to the new recruit enabling fast deployment in the job role. Open communications with superiors and immediate work teams is encouraged at all

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times to help the new comer understand the collective responsibilities.

At the completion of the 4 week long Onboarding Process, new recruits naturally align themselves with the higher goals of the organization, and believe themselves to be active contributors. With this view comes the responsibility towards the performance of job, within the scope and influence of Performance Driven Culture.

Talent Acquisition Online

The wide expansion of IT technology, and the use of smart communication devices, presented to us an opportunity to take Talent Acquisition Online. Our increased presence in social media networks reached out one -on -one to the tech savvy youth. Online ad placements, fill-in forms and data capture and real-time responses, enabled processing large volumes of information at a fraction of the time and cost committed previously. With its successful implementation, LAUGFS now benefits, from a fully online recruitment system.

We regularly feature our employees and their personal triumphs, as proof of reassurance and referrals; even the career stories of the senior management have been featured. This idea was effectively formulated into our communications strategy at the EDEX Expo Education Exhibition and Job Fair 2016.

EDEX Exhibition and Job Fair

We participated at this event in September 2015 and subsequently in January 2016. Held annually EDEX job Fair is the largest education exhibition & job fair in the country.

The decision to participate stemmed from initiatives supporting LAUGFS's HR vision to- 'Build a Great Team to Make LAUGFS a Great Company.'

Objectives were three fold. Firstly, the company needed to establish its brand presence among the prospective candidates and other employers on par. Secondly, it needed to create a lasting, positive impression of its competitive edge over others using strong communicative elements. Thirdly, it needed to facilitate a dialog with youth in sharing opportunities that are unique to LAUGFS.

All of the above were addressed with our concept stall at EDEX Exhibition and Job Fair held January 2016. With the theme 'LAUGFS Makes your career dreams real' It build upon two clear communicative elements; 'Career Dreams' of the potential candidate and 'Making those dreams Real' from employer's (LAUGFS) part. Corporate brand promise of Trust; as in the trust placed by the candidates in assuring a great career was highlighted, by featuring members of staff as well as senior management of the company for their commitment towards the prospective candidates.

Employee Preference Survey

An online survey was conducted using a reputed global service provider. The aim of this survey was to find the strength of brand attributes that were considered important when choosing a particular employer. The research population and sample was carefully selected to match the target profile of prospective candidates. Adequate sample size was decided upon for results to be representative of the talent market. Multitude of disciplines within various operative industries were chosen. This ensured that the results were relevant, accurate and useful for management decisions.

The results have provided the management with insights and rationale for effective Employer Brand positioning in the talent market. As an extended outcome, aspects that could be used to benchmark LAUGFS with other local conglomerates have been identified.

Talent Development

Training Needs Assessment (TNA) - A New Approach

The period under review saw the competency framework for employees being redrafted to reflect the current requirements of the industries. This was designed to fully complement the new HR vision discussed previously.

To assess the available competencies against the required, a comprehensive training needs analysis was carried out as a part of the annual appraisal process. The result was the understanding of the competency gaps that existed within each SBU. This allowed necessary interventions such as training to be implemented with the close supervision by the Group HR.

Few aspects which are not related to skills yet having direct influence on the overall performance, such as motivation and team dynamics, were addressed separately. With the aim of rectifying any deficiency in these identified areas, a number of macro level initiatives have been introduced.

Training Evaluation Process - A Complete Reinvention

This was one of major initiative implemented by Group HR during last year . To complement the new competency framework and the TNA process discussed earlier, the Group identified the need for a more extensive training evaluation process. The need for such a process surfaced due to the limited information that could be obtained with the previous methods used. These included the vital relationship between expectation vs. actual delivery of training. Hence training process fell short of being fully tested for its impact and ROI.

To resolve this issue, a novel Training Evaluation Process was introduced. Existing evaluation tools were re-aligned to the new evaluation process; few new methods were also introduced.

With this implementation, the Group HR is now able to conduct training evaluation, selectively, at all 4 different levels as described below.

Level 1- A Pre-Evaluation- Serves as a preparatory step. This provides rational and validate the requirement of the training. This step draws much from the TNA that has been conducted on the employee. Current skills and development requirements are assessed and confirmed.

At this level the immediate supervisor and the employee work together in ascertaining best fit training content, training method and timing.

Level 2- Post-Evaluation - Immediately upon completion of the training, assessment is made to verify if the requirement/ training objectives have been met. These would be in the form of written tests, supervisor-lead discussions or an on-site demonstration of skills learnt.

Level 3- Training effectiveness is monitored on-the job. Training is assessed for its relevance to the effective performance of the job.

Level 4- Behavioural Evaluation- This level of evaluation requires high degree of involvement of team members and resources. Therefore, only the programs having high level of strategic importance are subject to level 4 evaluation. A period of 3 months is allowed to pass before conducting evaluation at this level. Due to its specialized nature the evaluators are briefed on how to make accurate observations on behavioural changes of the trainees. Results are analyzed and decisions on the effectiveness of the training is discussed in consultation with experts.

The Group HR launched two new initiatives under talent development.

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"Focus" - Supervisory Skills Development Program

Supervisors are the primary link between management and the front-line. They play the vital role of translating strategic goals into actionable, operational goals for subordinate staff. In the context of our operations, their role is pivotal in ensuring quality and volume of output. The goals they set for their respective teams and the supervision they provide, have direct impact on the overall results of the team.

In the supervisor - subordinate work relationship, how a supervisor perceives the role of subordinate and the approach in carrying out job duties is vital. This program was introduced to have positive improvement in aspects such as commitment, drive, motivation, innovation of ideas, etc.

Supervisory grade staff from across the group have been guided and assisted with to developing the right frame of mind and the collaborative approach to subordinate staff. Supervisors were further trained on skills required to get the best team output. As a result, effective communications, coaching, best-in class leadership practices now feature as standard training areas for all supervisors.

Technical training was conducted on a number of specialized areas. In all instances of technical training, the scope, training method as well as the evaluation procedure was chosen selectively to match the degree of skill and expertise required by the employee.

Soft skills training was the most in-demand category across the group, while certain business units identified the need to have OBT conducted. The new training needs assessment and the evaluation process contributed to the positive results of these programs. All security personnel are given training specific to their operations, such as human rights and customer care.

The period under review saw the competency framework for employees being redrafted to reflect the current requirements of the industries. This was designed to fully complement the new HR vision discussed previously.

"Jeewithayata Perawadanak" A Work - Life Balance Initiative

"Jeewithayata Perawadanak" was launched as payback. This initiated a company- wide dialogue on the topic of work-life balance. For the first time, staff volunteered to share their views and shortcomings in this regard. This was a great learning experience all-round.

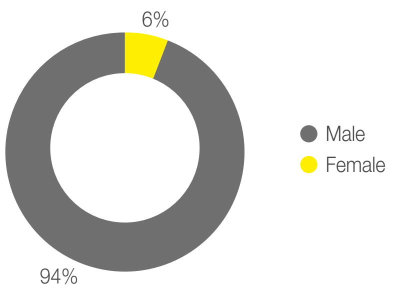
The multiple sessions conducted across SBUs had high attendance. The feedback came in the form of deep insightful reviews, ambitions, goals and milestones people set for themselves, and how each person defines the purpose and the joy of living one's life.

Performance Driven Culture

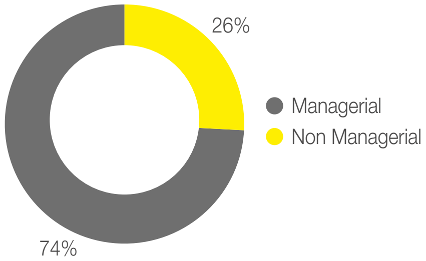
The Group HR vision of "Building a great team to make LAUGFS a great company" has performance written all over it. In the context of our diverse business interests, great teams are performing teams, performing their roles optimally to achieve results. This is the single most important driver that ensures reaching of the set goals and permits raising the performance bar even higher the next time around.

Based on this idea we actively foster a performance driven culture. The culture communicates the duty and responsibility of the employee towards performance and achievement of goals and whilst supporting the values of the company.

Average Training Hours - Gender wise



Average Training Hours Employee Category wise



This is achieved by acquisition of highly competent talent, as the first step. Having acquired such talent, the company considers it most critical to deploy them effectively.

As we operate in a number of diverse industries, the talent we recruit is essentially diverse, and multi-disciplinary. Many come totally unaccustomed to the fast-paced, performance driven culture that we nurture at LAUGFS. Group HR develops and continuously refines programs and activities to make the new recruits accept the performance culture, and to bond with it strongly for the rest of their careers.

This is made possible through a very effective Performance Management System (PMS). The PMS covers aspects from interactive, collaborative goal setting, communication and employee ownership of goals. Performance evaluation stage completes the full cycle.

Two significant initiatives have been introduced over the last year.

Performance Plus

Performance Plus aims to further inculcate the performance driven culture. This carefully developed program brings together the two vital aspects; performance management and rewards.

Performance Management System

Implementation of a Performance Management System has been a key development objective set during last year. The newly developed system eliminates many of the shortcomings presented by the previous system. Employees will now be evaluated on KRA/KPIS and competencies against a framework of enterprise drivers and initiatives. All employees are reviewed annually on performance and career development. Views of the employees are encouraged at all levels. How each employee perceives the job role within the broader goals of the company is discussed. Concerns and issues are addressed. The opportunity for employees to participate in the process at this fundamental level is facilitated for the first time. This cancelled out another limitation of the previous system.

Clearly defined KPIs, derived from the respective business plans, are then assigned to employees in the form of JDs.

This system provides better goal clarity to employees. It further aligns the employees towards the business goals. Behavioural aspects form the foundation of the competency framework. Existing behavioural tendencies are evaluated against the desired and the gaps are highlighted. Identification of training needs and professional development opportunities could be worked on collaboratively. Sophisticated Online analytics provide accurate, real-time information to decision makers.

This competency framework is used for performance evaluation, career and succession planning processes. It further assists in employee training and development, new selection decisions.

LAUGFS Performance Excellence Awards

LAUGFS Performance Excellence Awards recognizes and rewards the achievements of staff against performance goals. Based on the outcomes of the PMS and predetermined evaluation criteria, individuals are rewarded for achieving superior business results. In addition to growth, profitability aspects such as process improvements, quality, innovation that set new vistas are recognized and rewarded.

37 employees from across the group were felicitated for their contributions during 2015- first half of 2016.

Career Development

We commit ourselves to build dream careers for our employees. Based on the merit of performance, employees are given ample opportunities to pursue their career dreams.

Stakeholder Analysis

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Due to the significant expansions of our businesses in a very short span of time, there exists vast career development opportunities within the group. As a policy, internal candidates are considered for promotions in filling existing vacancies and preference is always given to natives. External candidates are selected when suitable candidates cannot be sourced within.

The Senior Management Leadership Development Program was designed with aim of providing enhanced set of skills to middle/senior manager category. The program covers the knowledge, skills and special aptitudes that are found in successful business leaders. Full implementation of this program is scheduled for mid 2016.

Employee Engagement

We identify communication, relationships and work-life balance as the most vital aspects of employee engagement.

New initiatives are organized every year with the aim of creating positive impact on the employee. While initiatives that have group level impact are organized by Group HR, HR units of individual SBU's are supported to conduct initiatives which are more specific and relevant to their own context.

Group HR driven employee engagement activities are preferred where assessment of objectives and desired impact is at Group level. These result in a wider scope of engagement and commitment of significant resources, to reflect the stature of the corporate brand. It further facilitates consistent, congruent, intensified communications for a desired period of time.

Open door policy is practiced across the company. This further strengthens the communications within the company as it provides employees an opportunity to represent their ideas, share views from lowest level up. This is an established channel to resolve any grievances from the part of employees. No grievances have been reported on human resource/human rights or any related to corruption and no incidents of discrimination reported.

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

Initiatives that are conducted for all employees help to establish and strengthen the relationships within the LAUGFS family. They provide the opportunity for employees to engage and experience LAUGFS in its imposing presence.

These initiatives come under few major categories. Celebratory events, cultural and religious events, campaigns and special cause-related programs are the most common. In addition sports events and events related to entertainment/performing arts are also organized. The most eagerly anticipated are the family events, where employees and their families come together under the big LAUGFS banner.

During last year four new initiatives were launched by Group HR .

"LAUGFS On Stage"

This is the Group's staff talent competition. Organized for the very first time, this drew overwhelming number of competitors from across all companies. Intensely competing under many categories of performing arts the participants, impressed upon the audience their talent, commitment to winning, and their appreciation for the opportunity provided.

To achieve high standards, the company obtained the services of reputed artistes to train all the participants. The multi-round elimination process was preceded by weeks of practicing. The finalists were selected by a panel of veteran judges who raised the bar higher on every consecutive round.

In appreciation of the facilities provided by the company, the contestants reciprocated absolute commitment to sharpen and improve their final performances. In front of 750 strong cheering audience, with all the elements of a professional stage set-up the grand finale left no doubts that the LAUGFS on Stage was here to stay.

Great Place To Work Survey

The global HR consultancy Great Place To Work was consulted with the objective of understanding the applicability of the key drivers that create a great workplace at LAUGFS.

When considering this acclaimed survey to be conducted on the Group, the strengths and merits of the survey as a comprehensive diagnostic tool was highlighted. Detailed study of the scope of the survey, methods applied and its emphasis on employees experience to pinpoint necessary improvements further justified the decision.

The initial survey was aimed at 80% confidence level from across the group. At the time of this report the company is in preparation for next stage of the survey which covers work place culture assessment.

Work-Life Balance

We believe that our business success should be enjoyed and shared by the extended LAUGFS family. This essentially includes the immediate family members of our staff. Parents, spouses and children sacrifice a great deal in an employee's commitment toward a job and career. The extended hours committed at work at the loss of family time and spiritual/ personal interests may have implications in the long run. With the aim of minimizing any negative impact many initiatives were launched.

HR PULSE Corporate HR Magazine

Group HR launched this novel initiative with the aim of encouraging information sharing, new idea generation and bringing into focus new HR concepts.

With its first issue released in August 2015, the magazine had positive appeal to its readership due to attractive layout, featured articles and highly readable style of writing- in both Sinhala and English. The initial issue highlighted the concept of work-life balance, supporting the recent HR initiatives and reiterated its relevance to all staff.

Developed entirely with in-house voluntary effort, this created new networking opportunities for like-minded individuals spread across the group. For the aspirant creative writers, and journalists in the making, this will continue to provide a unique opportunity to reach a captive audience and to develop the life -skills of their choice.

Events organized by individual companies

Common to all the companies were the Sinhala & Tamil new year celebrations, annual sports events and get-togethers. Activities to celebrate the Vesak festival was also keenly supported by the company.

Volunteerism and Charitable work

The group encourages employees to actively volunteer in chosen fields. Staff voluntarily participate in supporting various causes such as health, productivity and education. Success of health camps, popularity of process standardization, and mentoring the new comers have much to do with the spirit of volunteerism shown by our staff.

Charitable work on the low income communities residing near the Mabima plant, was carried out with the full sponsorship of the company.

Employee Compensation and Benefits

To ensure employee welfare we remunerate our people right. This helps us attract and retain the best-fit talent. Hence LAUGFS makes every endeavor to be competitive on industry accepted levels of compensation and benefits. One such endeavor is the ongoing process of reestablishing the employee compensation and benefits structure.

We firmly believe that employees should be compensated based on skills and performance. With this affirmation, we do not discriminate any employee on the basis of gender, race or demographics.

As a responsible corporate citizen we comply with all statutory requirements and provide terminal benefits in accordance with relevant Acts. Reporting requirements of the regulatory authorities are adhered to.

Employee health and wellbeing is our utmost priority.

Health habits and practices play a pivotal role in the overall health of employees. Awareness of good health habits and hygiene practices are introduced and implemented through many initiatives.

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Fundamental aspects such as personal hygiene and cleanliness is encouraged across all staff levels. To minimize any environmental health impact sanitation, solid waste and waste water disposal methods adhere to approved standards. These have been closely monitored due to the outbreak and the threat of dengue fever and other related health issues.

The vital aspects of ergonomics dictate the concepts for premises and work space design. Work desks and seating are of quality and comfortable designs. Pleasing colour schemes have been chosen for interiors to restrict strain on the eyes and to create positive aesthetic appeal. Combination of natural and artificial light has been used to achieve required illumination levels for critical work areas. Ventilation and air quality is monitored by a central air conditioning systems at most facilities. Necessary measures have been implemented to keep noise levels within stipulated standards.

All of these measures have helped towards creating a healthier and safer workplace for our employees.

Arogya

To drive the health concept even further the company organized Arogya; a free medical camp providing health check-ups and medical advice. Nearly 850 employees participated at the camp and benefited with health information, nutritional advice and discussions with the medical professionals.

Life insurance

Life insurance is provided by Personal Accident Benefit Insurance Policy available to all staff. On average approximately 80% of the total staff subscribe to this policy. Company assists the employees by paying up to 50 % of the annual insurance premium.

Disability and Invalidity Coverage

Personal Accident Benefit Insurance Policy and the Workman's Compensation Insurance Policy cover these types of situations, providing much needed assistance in the form of financial benefits and other conveniences and support.

Healthcare

Employees are covered by a comprehensive Surgical and Hospitalization Insurance Policy. Preferential benefits such as medical cost reimbursement, in-patient/out-patient benefits are provided by this policy.

Maternity Care Policy and Benefits provide mothers, up to 84 working days of paid leave. It has been reported that 5 employees have obtained maternity leave during review period , while 1 has left employment to commit full-time to their motherly roles 3 are still on leave. 5 employees are still employed since 12 months after their return to work. The group is considering the introduction of Paternity Leave Period of two days, for the farther, to be utilized immediately after the birth of a child.

Terminal Benefits

Employees who have retired after completion of 5 years continuous service are entitled for Gratuity according to the Gratuity Act.

Safety

Safety is never compromised at LAUGFS. Safety of employees in their respective functions, safety of the work teams within the work environment and safety of the products and services delivered to customers demand our utmost attention.

We look at safety holistically. It encompasses elements beyond the boundaries of our company. The entire Supply Delivery Chain is designed keeping safety at its core. Inputs for production, transformation and value addition processes, product application and use are analyzed for safety compliance.

In practice we encourage a group- wide open dialogue on everything related to safety. The stringent safety standards that are in place, the continuous effort to develop, monitor and improve is the outcome of the seamless integration of safety into all our activities. This is embodied in the safety culture that is nurtured and amply evident in all of the company's service facilities and production plants.

For us safety is a prime responsibility. Safety practices and relevant standards, have been introduced right from the inception of the business. When innovations, incidents and events necessitate the upliftment of safety, LAUGFS has been a forerunner in the industry, complying with regulations and at times taking up the role of an industry advocate for setting-up broader safety frameworks or higher safety benchmarks. These measures have helped to mitigate the risks of accidents, incidents, injury and damage to people and property. As a result LAUGFS have created a "safer work place" for employees to all-round.

To prove this claim we have no reports of fatalities. Recorded number of minor injuries for the period was 86, while all were male & from LAUGFS Gas PLC. There were zero incidents of lost work days. Workers with high incidence or high risk of diseases related to their occupations were not found.

Our work facility maintenance units routinely inspect the premises for physical safety, which cover such aspects as accessibility, people movement, emergency evacuation exists, electrical distribution safety and quality of equipment and apparatus, fire system, air conditioning and air quality, ventilation, storage of hazardous material and waste disposal to minimize adverse impact on people property and environment.

Plant staff has been provided with strict safety guidelines for working at height and in confined spaces. Materials/ goods in transit are covered by a strict set of safety guidelines applicable for road safety, defensive driving and vehicle maintenance.

Staff awareness and engagement in safety aspects is ensured by safety briefings, safety observation tours, planned inspections. Regular tool box meetings, safety drills and workshops provide updated content and industry-wide developments in this area.

Retention and recall of safety is ensured by effective design and display of safety signage, instructions and process guidelines. These stipulate on the essential aspects such as safety clothing, adherence to standards and practices and procedures to be taken at emergencies and accidents.

The effectiveness of the systems is monitored by various means. Accessibility restrictions to hazardous areas, Approval systems, Entry exit recording, Electronic Access control, CCTV monitoring systems, PA system assist safety personnel to effectively maintain safety at very high standards. Emergency hotline numbers, contact lists have been provided.

Safety committee of LAUGFS Gas PLC comprises of 20 members which is 4% from the total staff with 1:3 ratio of management to front-line staff. Review meetings discuss the safety framework against track record. Safety practices are reviewed and assessed, risks are identified and proactive measures are implemented to create a safer work environment.

As an improvement initiative resulting from these discussions, over 300 employees at operational level were given safety training last year.

At LAUGFS Gas PLC Health & Safety measures implemented included Fire Drill Process, Fire Prevention Training Program and Annual First Aid Training Program. Further steps were taken to appoint an on-site doctor, with medical kit and ambulance to be available during operational hours, to attend to emergency situations.

Complying with international standards and industry groups LAUGFS Gas PLC has obtained the membership of the world LPG Association. At the time of this report, it is also the only ISO 9001:2008 (Quality Management System) certified LPG company in Sri Lanka. LAUGFS is accredited and certified by various local industry bodies and government regulators such as The Central Environmental Authority.

To provide a basic orientation to the industrial safety standards and practices, a Safety Orientation Program is conducted for all new recruits. For the new recruits of LAUGFS Gas PLC, a more in-depth session is conducted at the plant premises. Key aspects covered by the program are the scope of safety and risk of Liquefied Petroleum Gas.

At this program participants are educated on their specific role within the safety framework of the company. This is an aspect that is closely monitored by the Operational Health and Safety Department, which has recorded noteworthy achievements exceeding industry standards such as OSHAS 18001-2007, as the only company in the country in gas sector to have done so.

As further encouragement, these achievements have been recognized and rewarded by Safety Awards, to the top performers of safety practices.

LAUGFS Maritime, which commenced operations in November 2014, complies with the International Safety Management Code (ISM Code) and it is certified by the Lloyd's Register. It covers all aspects of health and safety, on board as well as ashore, including computer based and practical training for the ship crew.

At LAUGFS Maritime a Rescue Boat Lowering and Lifeboat Lowering program was conducted with the assistance of expert trainers.

The outcome has been very encouraging with no reported cases of work related accidents/ hazardous occurrences, diseases due to non-compliance of safety procedures.

Stakeholder Analysis

CUSTOMERS

Customer centricity is a key part of our value system inbuilt into our core culture and plays an essential role in how we operate as a responsible business entity.

Our focus on service excellence extends to continuous training of our staff, monitoring of our service standards, and constantly looking for ways to add value to our customers.

Service Culture

Our focus on service excellence extends to continuous training of our staff, monitoring of our service standards, and constantly looking for ways to add value to our customers.

Our teams place great emphasis on engaging with our customers to identify their needs, expectations and concerns to provide support. The Technical Help Desk operated by LAUGFS Eco Sri, pre & post sale support, Home Delivery and Door Step Technical Advice provided by LAUGFS Gas are examples of these.

Surveys and evaluations are also carried out to assess and ensure our service delivery standards. LAUGFS Eco Sri carried out its Customer Satisfaction Index (CSI) survey this year as well, which was formulated using 5 parameters representing customer satisfaction. This year's impartial survey involved 1229 respondents, which provided a CSI of 457 out of the maximum possible score of 500.

Similarly, Anantaya Resort & Spa uses feedback from online review sites and guest questionnaires to attain customer satisfaction feedback.

Our engagement with our customers extends beyond the workplace, where we nurture lasting relationships through various initiatives. These include the annual Bulk Customer Get-together held by LAUGFS Gas as well as the Bulk Customer Cricket Tournament.

Our Responsibility and Assurance

Product packaging, marketing collateral etc. are used to communicate all significant product and service information. For example, detailed information on LPG, its properties, storage and safety are communicated by LAUGFS Gas through a brochure provided to customers of new cylinders at the point of purchase. These are designed in all three languages, i.e. Sinhala, Tamil and English, for the convenience of customers scattered throughout the country. Customers are also provided with training and awareness programs such as workshops for industrial bulk customers of LAUGFS Gas on minimizing energy utilization and sustainable practices.

All our products and services are assessed to confirm compliance with standard labelling. We also assess all cylinders and accessories to ensure that they comply with SLS standards and material specifications.

There were no incidents of noncompliance with regulations and voluntary codes concerning product and service information, labelling as well as our marketing communications (including advertising, promotions and sponsorships) during the reporting period.

We have also adopted a number of international standards and best practices to ensure quality and safety of our products. LAUGFS Gas PLC has been awarded ISO 9001:2008 certification, while LAUGFS Eco Sri has obtained the ISO 9001:2008 and ISO 14001:2004 certifications.

In addition all products at LAUGFS Gas undergo health and safety assessments as an essential requirement.

During the year under review, there were no reported incidents of banned or disputed product sale, and non-compliance with regulations and voluntary codes concerning the health and safety impact of our products and services during their life cycle.

Customer privacy, confidentiality and data security are also prioritized through secure IT infrastructure and systems together with staff training. There no complaints on breach of customer privacy or loss of customer data during the year under review, while there were no incidents of non-compliance with laws and regulations concerning the provision and use of our products and services.

As part of our product responsibility, we also assess and monitor our supply chain for social, economic and environmental impact. There were no reported incidents of any negative actual or potential impacts on the environment through our supply chain during the year under review.

SHAREHOLDERS

While ethical and responsible business practices become critical as we continue to deliver excellence in our social, economic and environmental performance, ethical and transparent reporting also becomes imperative for us as a responsible corporate entity.

We are committed to delivering sustainable growth and returns to our shareholders, as we expand our businesses in Sri Lanka and beyond.

Our strong Governance Structure and Risk Management framework are in place to protect our shareholder interests, as we focus on providing secure and sustainable business growth.

While ethical and responsible business practices become critical as we continue to deliver excellence in our social, economic and environmental performance, ethical and transparent reporting also becomes imperative for us as a responsible corporate entity.

In this regard, we have adopted the globally recognized GRI G4 guidelines in reporting, making this our third integrated report to our stakeholders. The integrity and quality of our reporting has also been recognized through numerous local and international awards including the Gold Award (Power & Energy Sector) at the CA Annual Report Awards 2015 and the Platinum Award for excellence within its industry on the development of the annual report at the Vision Awards 2015 - Annual Report Competition.

This annual report provides our shareholders with a yearly update of the company's progress and developments, while quarterly reports are also made available through the year on the company's financial performance.

This year, our shareholders are provided with a healthy dividend of Rs.1.00 on 21st June 2016 for the year ended 31st March 2016.

As we stride ahead expanding our businesses and building world-class brands, we will continue to create sustainable value to our investors who have placed their trust on us.

COMMUNITY

As a diverse group of companies, LAUGFS Gas PLC and subsidiaries actively take part in making a positive impact within the communities we operate. Various short and long term programs and initiative are carried out by us on an annual basis to uplift the lives of local communities in the hope of gifting them a brighter tomorrow.

Community Development

Employment & Livelihood

We constantly focus on creating livelihood development opportunities across our organisation by creating direct and indirect employment, supply chain integration, as well as through numerous partnerships for work experience and internships.

Anantaya Resort and Spa, for instance, works closely with the local community to integrate local suppliers into its supply chain, creating many indirect employment opportunities. It has provided over Rs.40 million, which amounts to 42% of all its annual purchasing, to the local community. It also employs over 75% of its staff from the local villages, where they are provided with trainings and exposure to international work standards at the resort, thus enhancing their career development.

Internship and work experience opportunities are also created by our companies in order to enhance and develop on-the-job trainings and exposure for young future professionals. LAUGFS Maritime Services, provides such training and learning opportunities to engine and deck cadets on board its ship by providing sea training required for them to proceed with their education.

Developing Education

We also take an active interest in supporting education of the future generations of the country, by engaging in numerous initiatives, ranging from conducting educational programs and building infrastructure, to providing school supplies and other necessities.

Anantaya Resort & Spa conducts various engagement and educational programs at its resort for the local school children. This year they carried out sustainable development awareness sessions for grade

10 and above students in a bid to enhance their knowledge, interest and participation.

In order to help and support children from disadvantaged backgrounds to pursue their education, LAUGFS Power was involved in providing school supplies for children of the surrounding Pabagolla, Agutupola village, while Anantaya had also stepped forward to provide clean drinking water for students of Karukupone Tamil school and Korayapura Sinhala School in the local villages.

Engaging Communities

In order to build a sustainable partnership with our local communities, various initiatives have also been carried out by our companies to directly engage with them through numerous infrastructure, health, social, welfare and recreational activities.

The "Atahitha" Health Camp was carried out by LAUGFS Gas providing an opportunity for the local Mabima community to receive free medical consultations, drugs and spectacles. Its "Wathu Praja Divinegum Sathkaraya" is another long term project that focuses on addressing critical social, health and safety concerns among the estate sector community and to help rebuild community infrastructure. LAUGFS Gas PLC has actively funded safety signs in various estates that focus on wild fires, chemical-free zones, principles for sustainable agricultural practices, and protective measures to take during pesticide and fertilizer use.

Anantaya has also engaged with the local communities by planting 140 mangrove trees on the banks of the local river to prevent soil erosion in the area, and organising a "shramadana" to eradicate Dengue from the local village area.

We have also continued to contribute towards numerous cultural and religious programs such as our annual donation of LP Gas to Sri Pada and to the Temple of the Sacred Tooth Relic.

Our Responsibility

As a responsible organization, we continuously monitor and assess the impact of our businesses on our local communities and have adopted responsible practices that prevent and mitigate any negative impact.

All our operations are assessed and monitored for risks related to corruption, human rights violations, anti-competitive behaviour, anti-trust and monopoly practices, bribery, corruption, any actual or potential negative impact on our local communities and compliance of laws and regulations, where there have been no reported incidents during the year under review. Further there were no significant fines related to noncompliance of laws and regulations.

In addition, all our investment agreements and contracts are screened for human rights as per Sri Lankan law.

There have also 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. Further there have been no direct or indirect political contribution, in cash or kind.

We also assess our supply chain to ensure that our suppliers adopt and follow responsible practices towards our communities. As a mandatory requirement, all our new suppliers are assessed for any negative impacts on society, labour practices and human rights, with no reported incidents of actual or potential occurrences through our supply chain found during the year under review.

There were also no reported incidents of child labour, forced or compulsory labour and violations of the right to exercise freedom of association and collective bargaining within our supply chain.

INTERMEDIARIES

Our focus is on building lasting relationships and creating sustainable growth together with our partners.

With responsible and ethical practices and transparent policies and systems, we aim to effectively co-create value with our intermediaries. We also focus on continuously engaging with our expansive intermediary network across the country, to ensure that we maintain an engaged and informed partnership built on trust.

LAUGFS Gas's vast network of over 4000 dealers scattered across the country, is engaged through dealer conventions, on site visits and regular meetings. The ongoing communication, ensure that their views, concerns as well as suggestions are taken into account as we further strengthen our approach towards a shared goal for our businesses.

We also work towards sharing knowledge and best practices with our intermediaries across our value chain and to help them enhance their business skills, standards and practices.

Supply Chain

The Central Procurement Unit and the Imports Division assist subsidiaries with their procurement and import requirements. While standard systems and processes are in place to ensure quality, efficiency and effectiveness of procurement and import processes, the departments maintain a close engagement with the supplier base to ensure that they adopt and comply with these set standards.

While our procurement departments maintain transparency and responsible practices throughout their operation, they further work towards ensuring that the suppliers also adopt and share our values in ethical and responsible practices.

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.

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, while accurate, clarified methods are used for correspondence following strict process standards. The department currently sources from a network of suppliers spread across Oman, Thailand, India, China, Singapore, Taiwan, the UK and the Netherlands. There are currently around 350 suppliers registered with our Procurement Unit, ranging from manufacturers and service providers to wholesalers and retailers.

ENVIRONMENT

Our commitment to the environment extends across our business, as we constantly focus on minimizing our environmental footprint.

Many of our businesses focus on making a positive impact on our planet through their products and services. While LAUGFS Gas provides LPG as a cleaner energy alternative in Sri Lanka, it has further expanded into Bangladesh during the financial year, to provide cleaner LPG to Bangladeshi consumer.

LAUGFS Eco Sri, which engages in air quality management by conducting vehicle emission testing through its network of centres, has continued to expand its services across the country, especially targeting the rural areas, with more fixed and mobiles centres added to its network during the year.

LAUGFS Power engages in renewable energy, with substantial investments in hydro power, while during the financial year under review it further set out to construct the largest solar power plant in the country with an investment of around Rs.5 billion. With a contribution of 40GWh annually to the national grid, it is estimated to eliminate the emission of greenhouse gasses (GHG) by 28,000 tons annually from the air, which would otherwise have been emitted with the use of fossil fuel. LAUGFS Power further expanded its interests in Hydro during the year, with the acquisition of Pams Power (Pvt) Ltd. to set up a 2MW mini hydro power plant in Ginigathhena.

We also aim to minimize our environmental impact throughout our operations, with numerous system, processes, benchmark standards, and compliance together with constant monitoring and assessments.

Materials

Most of our subsidiaries, with the exception of LAUGFS Gas, engages in the services sector. LAUGFS Gas assesses the material used for the production process, which primarily consists of LPG cylinders made from steel that is 100% reusable.

None of our products have been reclaimed during the year, while any damaged cylinders are repaired by the team at LAUGFS Engineering, a subsidiary of LAUGFS Holdings. As a result, no cylinders are discarded, minimizing its environment impact.

Product	Material used	Weight of Material used	% Reused / recycled
2kg cylinder	Steel	2.85kg	100%
5kg cylinder	Steel	8.08kg	
12.5 kg cylinder	Steel	12.72kg	
37.5kg cylinder	Steel	27.43kg	

ENVIRONMENT

Energy

As we engage in providing clean energy alternatives through LPG and renewable energy sources including hydro and solar through LAUGFS Power, we also focus on minimizing our energy footprint across our operations.

Energy Consumption	Total
Fuel Consumption - Non-Renewable Sources (MJ)	
Diesel	2,894,296
Petrol	210,190
Gas	488,736
Total	3,593,221
Fuel Consumption - Renewable Fuel Sources (MJ)	
Solar	110,034
Wind	328
Total	110,362
Electricity Consumption	**10,401,574**
Electricity Sold To The Grid (Hydro)	**9,141,088**

Standards used	*Calorific values (MJ/kg) * toe/t 1.05 (Sri Lanka Energy Balance 2012)*
Diesel	*43.96*
Petrol	*45.64*
Gas	*44.38*

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

Currently the companies do not assess the energy consumed outside the organization. However, we actively contribute towards helping to reduce energy footprint through our various businesses such as LAUGFS Power, which provides electricity generated through renewable energy to the national grid. Eco Sri also contributes towards fuel efficiency through vehicle emission testing conducted through its centers together with the various awareness and free assistance and guidance provided by its dedicated team of customer advisors. Further, while we make every attempt to minimize our energy consumption within and outside our organization, reductions in energy requirements of our products and services are not applicable in the sectors we operate.

We have also been able to save energy usage through various measures during the year.

LAUGFS Maritime carries out its Energy Efficiency management done as per SEEMP and has been able to save around 3 MT of Intermediate Fuel Oil (IFO) consumption at sea by painting the propellers in dry dock of its vessel.

LAUGFS Power, which engages in renewable energy, has generated its electricity requirements through hydro power amounting to 520 KWh for the year.

LAUGFS Leisure has also taken numerous initiatives to reduce its energy consumption. These include replacing 300W lighting used for the garden special event area with LED Halogen 100W lights, installing a 250kva fixed capacity bank and modification of the AC duct line with P3 plenum box to prevent AC losses.

Water

Water withdrawal by source throughout our businesses is presented below.

Source	Water withdrawn (m^3)	Water recycled (m^3)	Recycled Water reused (m^3)	% recycled
Surface water	1,828	-	-	-
Ground water	38,545	24,812	24,812	100%
Municipal water	19,291	-	-	-

Anantaya resort recycles water used at the hotel, and have been able to recycle 24,812 m^3 of water during the period.

While we focus on efficient usage of water throughout our operations, we have ensured that no water source is significantly affected by withdrawal of water for our operations.

Emissions

There are no significant Greenhouse Gas emissions from our operations, where Direct Greenhouse Gas emissions mainly occur by fuel consumption for transportation, while indirect Greenhouse Gas emissions occur mainly through consumption of electricity.

LAUGFS Power, which provided over 2,500 MWh of electricity to the national grid during the period, has helped reduce CO2 emissions of over 1,700 MT that would otherwise have been created through thermal sources.

Anantaya Resort & Spa of LAUGFS Leisure has been able to generate 110,361 MJ of energy through its onsite solar and wind power facilities, resulting from significant reductions in emissions that would otherwise have been caused through fossil fuel based energy generation.

There are no significant emissions of ozone depleting substances (OSD), NOx, SOx, and other air emissions produced through our operations. Any non-deliberate emissions from LAUGFS Maritime Services, are managed through the on board SEEMP (Ship board Energy Efficiency Management Plan), while all emissions produced by our vessels are regulated within the required international standards such as the MARPOL convention.

LAUGFS Power engages in renewable energy, with substantial investments in hydro power, while during the financial year under review it further set out to construct the largest solar power plant in the country with an investment of around Rs.5 billion.

Effluents And Waste

Our businesses ensure that no water bodies and related habitats are negatively affected by our operations, and have ensured that there were no significant spills. We also do not transport, import, export or treat waste deemed hazardous under the terms of the Basel Convention2 annex i, ii, iii, and viii.

Waste Water

Water used at Anantaya is treated at its own RO plant and reused for gardening purposes, while Gas PLC had discharged 18,000 m3 of water to its internal sediment ponds.

Company	Discharge Location	Quality	Discharged Volume (m^3)
Gas PLC	Internal Sediment Pond	Domestic waste water, untreated	18,000
Anantaya	Garden	Treated water	24,812

Solid waste

The main solid waste of the company is also disposed in a responsible manner.

Type of waste	Quantity collected 2015/16 (kg)	Method of disposal
Metal	88,173	Re-use / Recycle
Plastic	966	Recycle
Paper/ cardboard	1,598	Recycle
Bio degradable	67,983	Composting/ land fill
Hazardous waste	-	N/A

Biodiversity

We continuously focus on minimizing our impact on the biodiversity of our planet and have therefore 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. Our operational sites, when located in or adjacent to a protected area in high biodiversity, have obtained required approvals from authorities in accordance with relevant laws. Further there have been no habitat effected or damaged by our operations, while there have also been no IUCN red list species and national conservation list species affected by our operations.

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

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.

Our businesses ensure that we fully comply with all relevant environmental regulations and requirements, including those stipulated by the Central Environment Authority. The vessels operated by LAUGFS Maritime further undertakes voluntary compliance of internationally accepted best practices and standards such as The Ballast Water Management Convention of IMO.

We have further attempted to monitor and assess our supply chain for any negative environmental impact. As part of this process, all our new suppliers have undergone a supplier screening process, where they are assessed for any negative impacts on the environment, with no significant actual or potential negative impacts identified during the year.

Our businesses continuously focuses on minimizing the impact on the environment through transportation across our operations, with no significant impact identified.

Gas PLC has invested Rs. 300,000 on waste disposal, emissions treatment, and remediation costs during the year. Anantaya Resort has made a total expenditure of Rs.460, 980 on Garbage Disposal, Emissions treatment (Sewage Treatment plant) and Remediation costs (Pest Control).

Stakeholder Analysis

ECONOMIC CAPITAL

Our economic value creation for the financial year ending 31st March 2016 has been Rs. 13,848 million.

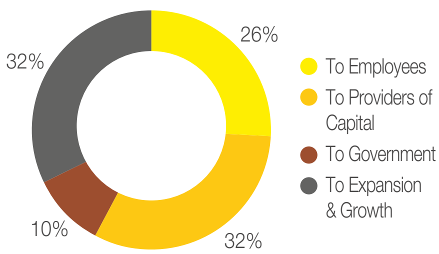
	Rs. Million
Direct Economic Value generated (Revenue)	**13,848**
Economic Value Distributed	
Operating costs	9,845
Employee wages and benefits	1,143
Payments to providers of capital	1,259
Payments to Government	372
Economic Value Retained	1,229

As a company with a proud Sri Lankan heritage, LAUGFS believes in sustainable growth in the economic contribution we make towards our communities, industries and the nation.

Our economic value creation for the financial year ending 31st March 2016 has been Rs. 13,848 million. We have distributed Rs. 1,143 million of this to our employees, Rs. 1,259 million to providers of capital and Rs. 372 million to the government, while Rs.1,229 million has being retained to support growth and expansion plans of the company.

The table below presents the distribution of our Economic Value.

Distribution of Value Addition



Our operations spread across the country have contributed towards significant positive economic impact, through both direct and indirect means and activities.

The growth of our businesses during this financial year has again enabled us to share in our economic success with our partners, intermediaries as well as the communities through direct and indirect employment. Over 1,475 employment opportunities have been created by our businesses across the group in Sri Lanka, while we have also been able to provide employment to over 85 in Bangladesh through our recent acquisition. We have also been able to make a substantial impact on the rural areas of the country through direct employment opportunities provided in these areas. For example, Eco Sri, which has further expanded its fixed and mobile centres this year, has been able to employ youth from many more areas such as Ambalangoda, Meerigama and Balangoda. These youth from the local communities will further have the opportunity to enhance their skills and knowledge through better exposure and trainings.

LAUGFS Power also focused on local recruitments for its power plants, with all its staff required for the Thiniyagala MHP plant recruited from the local areas.

Many indirect employment opportunities created through our value chains have further made a significant contribution towards creating livelihood and improving living standards of many throughout the country. LAUGFS Gas has grown its island-wide dealer network from 3,200 to over 4,000 this year, while increasing its Distributor network from 21 to 29, making a significant economic impact through its value chain. The power plant construction projects currently under LAUGFS Power have also provided around 100-150 people with indirect employment.

Our businesses also engage in local purchasing wherever the required resource needs and product, safety and compliant standards are met, in order to support local businesses and industries. LAUGFS Leisure has this year purchased 42% of its fresh produce from local suppliers, spending nearly Rs.46 million during the period.

We have also made significant investments and commitments towards developing infrastructure that would focuse on positive indirect economic contribution.

LAUGFS Power, for instance, commenced work on setting up the country's largest solar power plant in Hambantota during the financial year, with a commitment of around Rs.5 billion. This is expected to contribute 40GWh annually to the national grid, while eliminating an estimated 28,000 tons of greenhouse gasses (GHG) annually from the air that would otherwise have been emitted with the use of fossil fuel.

LAUGFs Eco Sri, which has also continued to invest in expanding its network of fixed and mobile testing centers, aims to provide its services to a greater number of motorists in rural areas, actively encouraging them to follow emission standards set by the government.

Climate Change

Financial Implications, Risks and Opportunities

Company	Climate Change Risk/Opportunity	Management of Risk/Opportunity by Company
LAUGFS Gas	The negative environmental impact of using firewood due to emissions	Awareness generation on using LPG as a greener fuel alternative.
	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	Increasing focus on climatic change, air pollution and health detriments of vehicle emissions	Raising awareness on the need and importance of Vehicle Emission Certification for a cleaner tomorrow.
LAUGFS Power	Focus on emissions from the use of fossil fuels for electricity generation.	Investing in clean renewable energy sources and setting up of the largest solar power plant in the country.
	Increasing focus on the need for clean, renewable energy to support the growing energy demands	Producing and supplying hydro power to the national grid.

During the period under review, the company has obtained tax concessions under section 17 of the BOI Law for several of its Projects.

Outstanding Recognition

LAUGFS Gas PLC and subsidiaries were bestowed with a number of local and international awards and accolades during the 2015/16 period for its business, reporting as well as operational excellence. Some of the key highlights are listed below.

Company	Awarding Body	Award
LAUGFS Gas PLC	National Chamber of Commerce of Sri Lanka (NCCSL)	National Business Excellence Awards (NBEA) - Gold (Other Services/Other Sector - Extra Large Category)
LAUGFS Gas PLC	The Institute of Chartered Accountants of Sri Lanka	CA Annual Report Awards 2015 - Gold Award (Power & Energy Sector)
LAUGFS Gas PLC	Ceylon Chamber of Commerce - Best Corporate Citizen Sustainability Award 2015	First Runner-up - Less than 15bn Turnover Category
		Category Award Winner for Economic Contribution
LAUGFS Gas PLC	Sri Lanka China Business Coorporation Council - SLCBCC Business Star Awards 2015	Gold Award - Service Sector (Category - Large)
LAUGFS Gas PLC	League of American Communications Professionals (LACP) - Vision Awards 2015 - Annual Report Competition	Platinum Award - for excellence within its industry on the development of the annual report
		Bronze - Best In-House Report Worldwide
		Top 50 Annual Reports Worldwide - Ranking at 28
		Silver Award - for excellence within its industry on the development of the integrated report
		Top 50 Annual Reports Worldwide - (Integrated)
LAUGFS Gas PLC	Sri Lanka Institute of Marketing - SLIM Brand Excellence Awards 2015	Bronze - Local Brand of the Year
		Silver - Product Brand of the Year
LAUGFS Gas PLC	Ceylon National Chamber of Industries - CNCI Achiever Awards for Industrial & Service Excellence 2015	Joint Silver Award - National Level Service Sector - Extra Large category
		Winner of Top Ten Award
LAUGFS Eco Sri	Ceylon National Chamber of Industries - CNCI Achiever Awards for Industrial & Service Excellence 2015	Joint Silver Award - National Level Service Sector - Extra Large category
		Winner of Top Ten Award
LAUGFS Corporate IT	LK Domain Registry - Best Sri Lankan Website Competition BestWeb.lk 2015	Silver Award - Best Commercial Website (laugfsgas.lk)

Memberships

The Ceylon National Chamber of Industries

The Hotel Association of Sri Lanka

World LPG Association

Commitments Made in 2015

Progress report of the Goals set for each stakeholder group for the year under review is presented below.

Stakeholder Group	Commitments made in 2015	Progress
Employees	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	🟢
Customers	LAUGFS Eco Sri Continue to provide value added services such as e-revenue license processing and nitrogen air filling facility.	🟢
Intermediaries	LAUGFS Gas Identifying & appointing key dealers	🟢
	Initiate activities to enhance relationships with intermediaries (distributors etc.)	🟢
Economy	Increase the provision of income generation opportunities through the expansion of business.	🟢
	LAUGFS Leisure To acquire the 5 star classification for the Anantaya Chilaw.	🟠
	LAUGFS Power Supply of energy from renewable sources to the national grid thus serving the nation's energy requirements	🟢
Community	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 encouraging school traffic warden program	🔴
	LAUGFS Leisure Supporting selected schools in the area to provide for their educational needs.	🟠
Environment	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 in VET centers.	🔴
	Actively participate in national tree planting day.	🟠
	LAUGFS Leisure To complete the planting project for mangroves.	🟢
Shareholders	Achieve Profit Targets set for the year	🟢

Status Key

🟢 Completed
🟠 Commenced, in progress
🔴 Not commenced

Our Goals for 2016/17

Stakeholder Group	Our Goals for 2016/17
Employees	• Build the Employer Brand • Manage talent effectively • Build leadership capabilities • Build an engaged and an inspired team • Promote ethical Employment Practices • Build a value driven Culture that supports sustainability and growth • Productive Engagement with Community
Customers	**LAUGFS Eco Sri** • Educate the customer on vehicle maintenance, oriented to fuel efficiency which will result in lowering the fuel bill. **LAUGFS Bangladesh** • Product education on usage & safety.
Intermediaries	**LAUGFS Gas** • Increase number of distributors to create availability and consistency in the market • Appoint new dealers in strategic locations in order to increase brand presence in the market **LAUGFS Leisure** • Create awareness among new agents / tour operators. • Appoint country representatives. **LAUGFS Bangladesh** • Deploy a comprehensive dealer management framework.
Economy	**LAUGFS Gas** • Increase the provision of income generation opportunities through the expansion of the business. **LAUGFS Leisure** • Acquire the 5 star classification.

Stakeholder Group	Our Goals for 2016/17
Community	**LAUGFS Gas** • Re-launch a complete LPG solution through a budget pack for domestic households • New Rural sector development project with SANASA and Sarwodaya (50,000 New Cylinders For this Mkt) • Increase local community representation in employment • Establishment of skill training and development center **LAUGFS Leisure** • Supporting selected schools in the area to provide for their educational needs. • Develop street lights system. **LAUGFS Eco Sri** • Organize a program to educate school children on maintaining air quality. • Participate in encouraging school traffic warden program
Environment	**LAUGFS Gas** • Plant 1000 trees as part of the tree planting campaign • Reduce emissions through logistic and process streamlining **LAUGFS Leisure** • Introduce environment friendly vehicles (electric vehicles). **LAUGFS Eco Sri** • Encourage organic vegetable cultivations within the demarcated boundaries in VET centers. • Organize tree planting program in a selected area.
Shareholders	• Achieve profit targets set for the year

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 2015 - 31 March 2016
Previous Report : 1 April 2014 - 31 March 2015
Reporting Cycle : Annual

GRI Index

GENERAL STANDARD DISCLOSURES

	Description	Page Number	External Assurance
STRATEGY AND ANALYSIS			
G4-1	Statement from the Chairman	8-15,105	Yes
ORGANIZATION PROFILE			
G4-3	Name of the organization.	IBC	Yes
G4-4	Primary brands, products, and services.	44	Yes
G4-5	Location of the organization's headquarters.	45	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.	45	Yes
G4-7	Nature of ownership and legal form.	IBC	Yes
G4-8	Markets served.	44-47	Yes
G4-9	Scale of the reporting organization.	44-47,100	Yes
G4-10	Total number of employees by employment type, employment contract and region, broken down by gender.	82	Yes
G4-11	Percentage of total employees covered by collective bargaining agreements.	88	Yes
G4-12	Organization's supply chain.	96	Yes
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	50	Yes
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	99	Yes
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	77	Yes
G4-16	Memberships of associations and national or international advocacy organizations.	102	Yes
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	Organization entities covered by the Report and entities not covered by the Report.	134	Yes
G4-18	Process for defining the Report content and the Aspect Boundaries.	76-77	Yes
G4-19	Material Aspects identified in the process for defining Report content.	76-77	Yes
G4-20	Aspect Boundary within the organization for each Material Aspect.	76-77	Yes
G4-21	Aspect Boundary outside the organization for each Material Aspect.	76-77	Yes
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	77	Yes
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries.	77	Yes

	Description	Page Number	External Assurance
STAKEHOLDER ENGAGEMENT			
G4-24	List of stakeholder groups engaged by the organization.	76-77	Yes
G4-25	Basis for identification and selection of stakeholders with whom to engage.	76-77	Yes
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	76-77	Yes
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them.	76-77	Yes
REPORT PROFILE			
G4-28	Reporting period.	105	Yes
G4-29	Date of most recent previous Report.	105	Yes
G4-30	Reporting cycle.	105	Yes
G4-31	Contact point for questions regarding the Report or its contents.	105	Yes
G4-32	Compliance with GRI G4 Guidelines, GRI Content Index and the External Assurance Report.	76,115-116	Yes
G4-33	Policy and current practice with regard to seeking external assurance for the Report.	76,115-116	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.	117	Yes
ETHICS AND INTEGRITY			
G4-56	Values, principles, standards and norms of behavior.	48	Yes

GRI Index

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.	100	Yes
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	101	Yes
G4-EC3	Coverage of the organization's defined benefit plan obligations.	160-161	Yes
G4-EC4	Financial assistance received from government.	101	Yes
MATERIAL ASPECTS: MARKET PRESENCE			
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	81	Yes
MATERIAL ASPECTS: INDIRECT ECONOMIC IMPACT			
G4-EC7	Development and impact of infrastructure investments and services supported.	100	Yes
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	100	Yes
MATERIAL ASPECTS: PROCUREMENT PRACTICES			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	100	Yes
CATEGORY : ENVIRONMENT			
MATERIAL ASPECTS: ENVIRONMENTAL MATERIALS			
G4-EN1	Materials used by weight or volume.	97	Yes
G4-EN2	Percentage of materials used that are recycled input materials.	97	Yes
MATERIAL ASPECTS: ENERGY			
G4-EN3	Energy consumption within the organization.	98	Yes
G4-EN4	Energy consumption outside of the organization.	98	Yes
G4-EN6	Reduction of energy consumption.	98	Yes
G4-EN7	Reductions in energy requirements of products and services.	98	Yes

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: WATER			
G4-EN8	Total water withdrawal by source.	98	Yes
G4-EN9	Water sources significantly affected by withdrawal of water.	98	Yes
G4-EN10	Percentage and total volume of water recycled and reused.	98	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.	99	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.	99	Yes
G4-EN13	Habitats protected or restored.	99	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.	99	Yes
MATERIAL ASPECTS: EMISSIONS			
G4-EN20	Emission of ozone-depleting substances (ODS).	98-99	Yes
G4-EN21	NOx, SOx, and other significant air emissions.	98-99	Yes
MATERIAL ASPECTS: EFFLUENTS AND WASTE			
G4-EN22	Total water discharge by quality and destination.	99	Yes
G4-EN23	Total weight of waste by type and disposal method.	99	Yes
G4-EN24	Total number and volume of significant spills.	99	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.	99	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.	99	Yes
MATERIAL ASPECTS: PRODUCTS AND SERVICES			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	97	Yes
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category.	97	Yes

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DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
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.	99	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.	99	Yes
MATERIAL ASPECTS: OVERALL			
G4-EN31	Total environmental protection expenditures and investments by type.	99	Yes
MATERIAL ASPECTS: SUPPLIER ENVIRONMENT ASSESSMENT			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	99	Yes
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken.	92,99	Yes
MATERIAL ASPECTS: ENVIRONMENTAL GRIEVANCE MECHANISMS			
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms.	99	Yes
CATEGORY: SOCIAL			
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK			
MATERIAL ASPECTS: EMPLOYMENT			
G4-LA1	Total number and rates of new employees hired and employee turnover by age group.	82-83	Yes
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	89	Yes
G4-LA3	Return to work and retention rates after parental leave, by gender.	90	Yes
MATERIAL ASPECTS: LABOUR/MANAGEMENT RELATIONS			
G4-LA4	Minimum notice periods regarding operational changes, including whether it is specified in collective agreements.	83	Yes

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: OCCUPATIONAL HEALTH AND SAFETY			
G4-LA5	Percentage of total workforce represented in formal joint management–worker health and safety committees.	91	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.	91	Yes
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	91	Yes
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	88	Yes
MATERIAL ASPECTS: TRAINING AND EDUCATION			
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	87*	Yes
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	86	Yes
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	87-88	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.	89	Yes
MATERIAL ASPECTS: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES			
G4-LA14	Percentage of new suppliers that were screened using labour practices criteria.	95	Yes
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken.	95	Yes
MATERIAL ASPECTS: LABOUR PRACTICES AND GRIEVANCE MECHANISMS			
G4-LA16	Number of grievances about labour practices filed, addressed and resolved through formal grievance mechanisms.	88	Yes
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.	95	Yes

*Partially Reported

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DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
MATERIAL ASPECTS: NON DISCRIMINATION			
G4-HR3	Total number of incidents of discrimination and corrective actions taken.	80,88	Yes
MATERIAL ASPECTS: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
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.	88,95	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.	83,95	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.	95	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.	86	Yes
MATERIAL ASPECTS: INDIGENOUS RIGHTS			
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken.	95	Yes
MATERIAL ASPECTS: ASSESSMENTS			
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments.	95	Yes
MATERIAL ASPECTS: SUPPLIER HUMAN RIGHTS ASSESSMENT			
G4-HR10	Percentage of new suppliers that were screened using human rights criteria.	95	Yes
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken.	95	Yes
MATERIAL ASPECTS: HUMAN RIGHTS GRIEVANCE MECHANISMS			
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms.	88	Yes

DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
SUB CATEGORY: SOCIETY			
MATERIAL ASPECTS: LOCAL COMMUNITIES			
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	94	Yes
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	95	Yes
MATERIAL ASPECTS: ANTI-CORRUPTION			
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified.	95	Yes
G4-SO5	Confirmed incidents of corruption and actions taken.	95,88	Yes
MATERIAL ASPECTS: PUBLIC POLICY			
G4-SO6	Total value of political contributions by country and recipient/beneficiary.	95	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.	95	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.	95	Yes
MATERIAL ASPECTS: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY			
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society.	95	Yes
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken.	95	Yes
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.	95	Yes

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DMA and Indicators	Material Aspects	Page Number (or link)	External Assurance
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.	92	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.	92	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.	92	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.	92	Yes
G4-PR5	Results of surveys measuring customer satisfaction.	92	Yes
MATERIAL ASPECTS: MARKETING COMMUNICATIONS			
G4-PR6	Sale of banned or disputed products.	92	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.	92	Yes
MATERIAL ASPECTS: CUSTOMER PRIVACY			
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	92	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.	92	Yes

Independent Assurance Report

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Independent Assurance Report of LAUGFS Gas PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report 2015-16

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- 2015-16 ("the Report").

- Reasonable assurance on the information on financial performance as specified on page 216 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 01 April 2016. 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.

Independent Assurance Report

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- Reviewing and validation of the information contained in the Report.
- 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 2016.
- 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 216 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2016.
- 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.

Chartered Accountants

24 May 2016
Colombo

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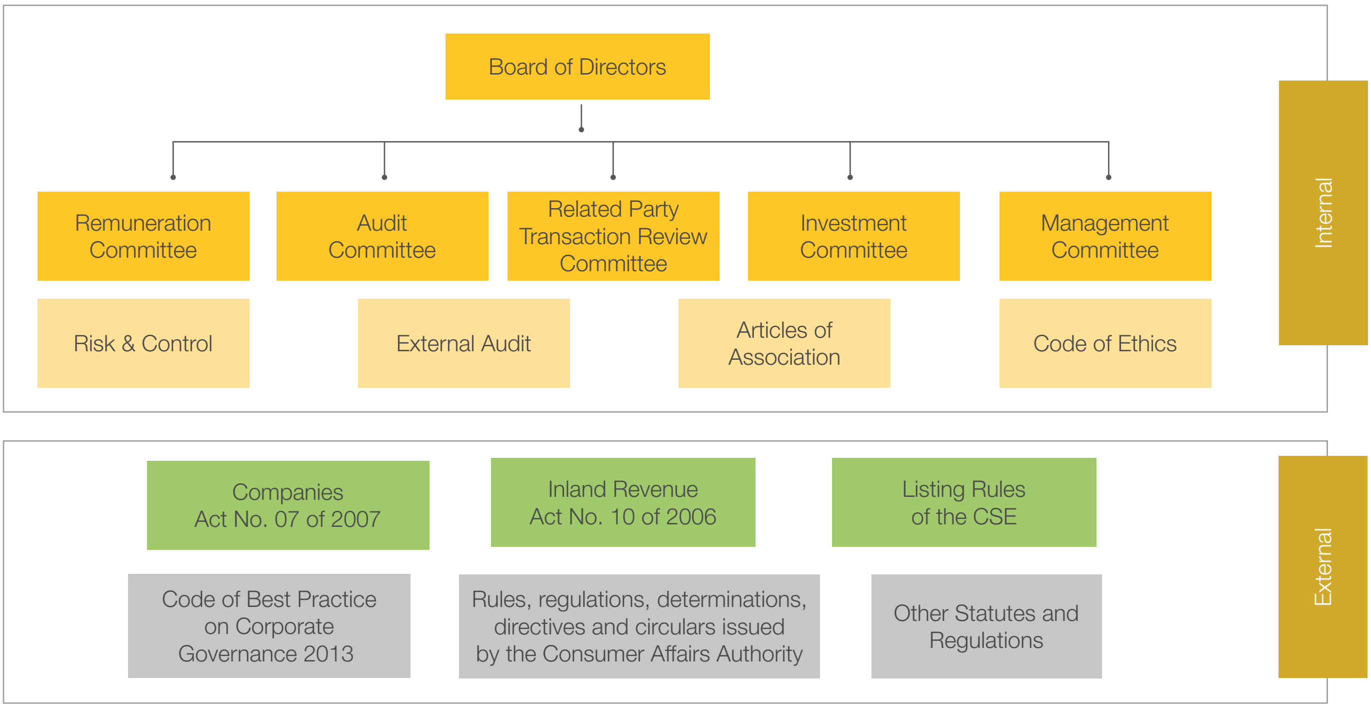
Corporate Governance

LAUGFS Gas PLC has adopted and practices highest standards of Corporate Governance requirements recommended by the Listing Rules of the Colombo Stock Exchange, Code of Best Practices on Corporate Governance, and Code of Best Practices on Related Party Transactions 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 is 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 shareholder 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 contributes to the Company with their entrepreneurial leadership and strategic direction to the management to develop short, medium and long term corporate business strategies and for 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 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 said 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, Related Party Transactions Review 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 and a senior corporate director represented in a number of public listed companies contribute to the Board with their knowledge and industry experience in Independent Non-Executive Capacity while a senior Banker having a vast knowledge and experience specially in investment banking and a senior corporate director serve an the Board in a 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. M. N. Prakash – Non-Executive Director

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 are in place to ensure that the Company and its subsidiaries comply with all applicable legal and regulatory provisions. The Audit Committee reviews the legal and regulatory compliance on a 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 combined with their independent analysis and opinion based on professional knowledge and experience.

Every member of the Board has access to the 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 the Audit Committee, Remuneration Committee, Investment Committee, Related Party Transactions 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.

The attendance of the Board of Directors of the 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	9/9
U. K. Thilak De Silva - Group Managing Director	9/9
H. A. Ariyaratne - Non-Executive Director	9/9
C. L. De Alwis - Independent Non-Executive Director	8/9
T. K. Bandaranayake - Independent Non-Executive Director	8/9
P. M. Kumarasinghe PC - Independent Non-Executive Director	8/9
M. N. Prakash - Non-Executive Director	9/9

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 arise from time to time.

Conflict of Interest

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 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 especially 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 CEO of the company he ensures the developing of strategic proposals for recommendation of the Board and other Board Sub-Committees and ensures 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 CEO has been discussed by the Board of Directors on a regularly basis. It is important to recognize that the combination of roles of Chairman and CEO in LAUGFS Gas PLC enjoys the following advantages.

It ensures the unity of command and single point of accomplishment and responsibility. In addition such joint leadership structure eliminates internal or external ambiguities as it pertains to the ultimate spokes 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 a conglomerate setting. The Chairman / CEO provides all over directions and policy execution framework for management and decision making process more effectively and efficiently. By experience it has been proven that this management structure has enabled the Chairman / CEO to effectively balance his role as the Chairman of the Board of Directors and the CEO of the Company / Group.

Board Sub-Committees

The Members of the Board of Directors serve on the Audit, Investment, Remuneration, Related Party Transactions 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 that 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. Ariyarathne. 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. Ariyarathne (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 compiles and reviews 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. Ariyarathne 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.

Related Party Transactions Review Committee

The Related Party Transactions Committee comprises of Mr. P. M. Kumarasinghe PC (Chairman of the Committee), Mr. T. K. Bandaranayake, Mr. H. A. Ariyarathne and Mr. N. M. Prakash. This Committee was established on 15th December 2015 as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interests of the shareholders.

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 programs covering the internal audit function of the Company and its subsidiaries are monitored by the internal audit team of the Company subject to the direct supervision of the Audit Committee. The audit committees 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 a quarterly basis.

Relationship with the Shareholders

Shareholders have the opportunity at the Annual General Meetings, to put forward questions to the Board of Directors, 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. 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 exercise 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 in terms 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

Section	Applicable Rule	Compliance Status
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	Complied
	b. Statement of Remuneration Policy	Complied
	c. Aggregated remuneration paid to Executive and Non-Executive Directors	Complied
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 members of the 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 regulations, 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 behaviour.

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 its expansion into diversified business sectors. The process of Risk Management is developed to ensure that key risks are proactively identified and managed effectively, with a view to protect shareholder value and thereby reducing and eliminating risks, in fulfilling LAUGFS's vision to be the most preferred and trusted Sri Lankan Multinational. 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 Group identifies the risks faced by all Subsidiary Companies by performing internal audits on a regular basis, taking proactive actions to mitigate the risks, ensuring good corporate governance/ best practices and also by adhering to nationally and internationally recognized standards with the aim of maximizing the shareholder wealth.

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 accidents 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, project opportunity and threat.

Reporting Structure

Risk Management Process & 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 the risk, which are 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 2015/16 the Group Risk and Control Division undertook a comprehensive risk assessment of all structural, operational, financial and environmental risks by using a Risk Register uniquely prepared for LAUGFS Group, assessing the impact and mitigation plans. These identified risks have been reported to the management of the Group Companies and have analysed the impact and the actions to mitigate those risks. Risk treatment and monitoring is a continuous process, which is vital for sustainable risk management by the Group Risk and Control Division. The core risks relevant to each Company, which have a long-term impact to the Group are identified by the management during the risk review process. Further, the Risk Register of each Company along with the mitigation plan are presented for review to the top management and to the Audit Committee.

The Group Risk & Control Division analyses the progress of risk assessment & mitigation process by adhering to the audit plan, increasing the number of major findings, tracking the progress of recommendations expected and implemented by each Company, as well as reducing the amount of critical observations noted by each Company. The division also focuses on minimizing the amount of new risks which are not identified in the risk register as well as reducing the gap between the number of observations identified by external parties which were not identified internally.

The Risk Register comprises of risks in the following categories

Business & Operations	Finance	Environment	Reputation
1. Production & Process 2. Safety 3. Market 4. Human Resources 5. Information Technology	6. Foreign Exchange Risk and Interest Rate Risk 7. Liquidity Risk 8. Credit Risk	9. Economical, Political, Legal, Social	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 analysing 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 by the HSE department • 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 the 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 system and security due to weak controls	• Centralized IT team with a sound Group IT policy • Contingency plan to mitigate failures
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 the 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

Risk Exposure	Risk Response
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, economical, legal and social environment	• Regular review of regulatory compliance • Strong relationship with stakeholders influencing socio-economic stability within the country • Holding the prestigious ISO 14001 international systems certification for Environmental Management System for Eco-Sri
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, Eco-Sri, document of Compliance for LAUGFS Maritime Services (IMS System) • Conducting internal and external audits
12. Dependency Risk Risks arising from dependence on major suppliers, buyers and third parties	• Managing good principle relationships with suppliers and customers • Establishing alternative suppliers, new distribution channels.

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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 who serve as members.

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

i. to provide oversight of the investment functions of LAUGFS Gas PLC;

ii. assist the Board of Directors in evaluating investments, mergers and acquisitions, enterprise services, joint ventures, divestures transactions, acquisition and disposal 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 analyse their opinions and expertise in investment activities. The Committee very carefully considers the matters falling under Section 185 of the Companies Act No. 7 of 2007 as major transactions and other related party transactions and investment in order to comply with the guidelines provided in prevailing accounting standards, Code of Best Practices on Corporate Governance and Listing Rules and to make necessary disclosures and/or market announcements as appropriate.

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

1 June 2016

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. Ariyarathne 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 the 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. Ariyarathne 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

1 June 2016

Remuneration Committee Report

Remuneration Committee of LAUGFS Gas PLC comprises of Non-Executive and Independent Non-Executive Directors. The Committee is chaired by Mr. H. A. Ariyaratne who performs as a Non-Executive Director. 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, ensuring the remuneration arrangements are aligned with performance.

The scope of the Remuneration Committee

- 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;

- 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

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

- To incentivize Executive Directors and Key Management Personnel in a manner ensuring they are 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.

Remuneration of staff is offered based on the profile of the candidate; his/her qualifications, experience, competence, and potential to grow. Base salary, benefits and fixed allowances are considered as guaranteed remuneration and performance based incentives schemes are in place, to encourage staff to reach quantifiable business milestones. Such schemes have been aligned with the goals of corporate governance. Company launched an initiative to re-establish pay structures of the Group with the objective of ensuring internal and external equity which will help the organization to retain high performers and attract the right talent from the external markets

Remuneration policies and practices were realigned to strengthen the Performance Driven Culture, encouraging employees to perform at their best and reach beyond their boundaries.

A comprehensive Performance Based Rewards (PBR) scheme, aligning the business performance to employee rewards was introduced in 2015. Facilitating the organization to achieve the objectives of the PBR scheme a state of the art Performance management system was designed to assess the individual performance levels of the employees. A Business Performance Evaluation framework was introduced to analyze the performance of the SBUs against its business plans, business growth and shareholder value created.

In remuneration, multiple factors were taken in to account such as skills, experience, accountabilities, contribution, future potential, and loyalty of the Key Management Personnel and other staff.

Complying with statutory obligations in terms of Gratuity, Employee Provident Fund (EPF), Employee Trust Fund (ETF) are in place for employees. Workmen compensation is available for all employees 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 purview when necessary.

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

H. A. Ariyaratne
Chairman
Remuneration Committee

1 June 2016

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 too, have 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 2016. 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

24 May 2016

Report of the Related Party Transaction Review Committee

The Related Party Transaction Review Committee was formed by the board of directors in December 2015 further to the provisions contained in Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

The Committee comprised of the following members & they met once during the year under review,

Name of the Board Committee Member	Directorship Status	Membership Status
Mr.Palitha Kumarasinghe PC	Independent	Chairman
Mr.Tissa Bandaranayake	Independent	Member
Mr.H.A Ariyarathne	Non- Independent	Member
Mr.Murali Prakash	Non- Independent	Member

Mr.Nishan Liyanapathirana, Head of Group Risk & Control served as the Secretary to the Committee.

The Group Chairman, Group Managing Director, Chief Executive Officer, Chief Financial Officer, Head Of Legal attended the meeting by invitation.

Purpose

The purpose of the Committee is to assist the Board in meeting its oversight responsibilities to ensure that the interest of shareholders as a whole are taken into account when entering into related party transactions.

Scope of the Committee

The Committee recommended draft Charter for adoption by the Board, setting out the scope of its functions and duties in line with the Rule 9 of the Listing Rules of Colombo Stock Exchange and Sri Lanka Accounting Standard – LKAS 24.

Action Taken

The Committee recommended to the Board criteria for designating LAUGFS Key Management Personnel (KMPs) in order to enhance transparency & corporate governance and effective implementation of the Rule 9 of the Listing Rules and accordingly, the Management has identified KMP of LAUGFS Gas PLC and its subsidiaries and LAUGFS Holding Limited which is the holding company of the LAUGFS Gas PLC and its subsidiaries.

Further, the Guidelines which Senior Management must follow in dealing with Related Parties, including pricing where applicable, were documented, with a view to ensuring that there is compliance with the Rule 9 of the Listing Rules, conflict of interest is minimized, shareholder interests are protected in all transactions and fairness and transparency are maintained in all transactions.

On directive given by the Committee, the Management has circulated the Rule 9 of the Listing Rules among all KMPs, Chief Executive Officer, Chief Operative Officers and Heads of Finance and the Management held an Awareness Programme to enhance their knowledge on duties and obligations under the Rule 9 of the Listing Rules and for strict compliance of the Rule.

Further, processes were introduced to obtain Disclosures from all KMPs and their spouses/dependent children in respect of matters relevant to related party transactions and for such purpose, Templates were designed and approved by the Committee.

The activities and views of the Committee have been communicated to the Board of Directors by tabling the minutes of the Committee Meetings.

Report of the Related Party Transaction Review Committee

The Committee has reviewed several Related Party Transactions, approved the transaction and directed to make Immediate Disclosure to Colombo Stock Exchange in respect of some of such transactions as appended below.

Name of the Related Party	Relationship	Value of Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity & as a % of Consolidated Total Assets	Terms & Conditions of the Related Party Transactions	The rationale for entering into the transactions
Iris Eco Power Lanka (Pvt) Ltd	Whollly owned subsidiary of LAUGFS Power Limited which is a wholly owned subsidiary of LAUGFS Gas PLC	Rs.1,500,000,000	As a % of Equity=19% As a % of Total Assets= 9.7 %	A commission of 0.75% of the value of the corporate guarantee provided.	Providing a corporate guarantee in obtaining a loan from Sampath Bank to finance for 10 Mw Solar Power Project at Hambantota
LAUGFS Maritime Services (Pvt) Ltd	Wholly owned subsidiary of LAUGFS Gas PLC	Rs.1,169,360,000 (USD 8,000,000)	As a % of Equity=14.8% As a % of Total Assets= 7.6%	A commission of 0.75% of the value of the corporate guarantee provided.	Providing a corporate guarantee in obtaining a loan from HSBC Ltd to finance for purchase of a Vessel "Gas Success"

Palitha Kumarasinghe PC
Chairman
Related Party Transaction
Review Committee

1 June 2016

Statement of Directors' Responsibilities

The Directors are responsible under the Companies Act No. 7 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 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. 1.00 per share for the financial year under review which will be paid on 21st June 2016.

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, 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

1 June 2016

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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 2016. LAUGFS Gas PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and listed on the Colombo Stock Exchange since December 2010.

Principal Activities

The principal activities of LAUGFS Gas PLC are downstream business of Liquefied Petroleum Gas (LPG) and other related products and Services. The Company caters to 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, LAUGFS Property Developers (Private) Limited and LAUGFS Terminals 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 which is to be opened soon, Operating and construction of Hydro and Solar Power plants, Real Estate/Property Development and Construction of a LPG storage and export/import facility in Hambantota respectively.

In addition to the above the Company has recently acquired LAUGFS Gas (Bangladesh) Limited which is involved in the downstream business of LPG in Bangladesh, and have incorporated wholly owned subsidiary called Slogal Energy DMCC in Dubai in order to carry out trading activities in the Asian region.

The Company has not engaged in any activity which contravenes the laws 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. 9.7 billion whilst group revenue amounted to Rs. 13.3 billion Contribution to group revenue, from the different business segments carried out by the 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 2016 as approved by the Board of Directors on 24th May 2016 are given on pages 141 to 210.

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 141.

Accounting Policies

The Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 147 to 163 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. 6.6 million. 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. 6.2 billion The details of the investments are given in Note 13 and 17 to the Financial Statements.

Property, Plant and Equipment

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 6.2 billion and Rs. 15.6 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. 1.2 billion and Rs. 3.9 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 2016 was Rs. 3.3 billion consisting of 335,000,086 of ordinary voting and 52,000,000 of ordinary non-voting shares.

The total Group Equity was Rs. 9.6 billion as at 31st March 2016.

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 goals.

Board of Directors

The Board of Directors of the Company and their brief profiles are given on the pages 22 to 25 The following persons were the Directors of the Company as at 31st March 2016.

(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 of the Articles of Association of the Company Mr. H. A. Ariyaratne retire by rotation 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, Related Party Transactions Review, 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.

Related Party Transactions Review Committee

The Related Party Transactions Committee Review comprises of Mr. P. M. Kumarasinghe PC (Chairman of the Committee), Mr. T. K. Bandaranayake, Mr. H. A. Ariyarathne and Mr. N. M. Prakash. This Committee was established on 15th December 2015 as a requirement under Section 9 of the Colombo Stock Exchange Listing Rules, in order to monitor and regulate related party transactions in the best interests of the shareholders.

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. Ariyarathne. 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. Ariyarathne (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

Annual Report of the Board of Directors

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. Ariyarathne 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 31 to the Financial Statements.

Directors Shareholding

The shareholdings of the Directors of the Company as at 31st March 2016, 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	1,320,528	0.39	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	0.006
Mr.C.L. De Alwis	1,000	0.000	Mr. C.L. De Alwis	500	0.001
Mr.P.M. Kumarasinghe	4,800	0.001	Mr. P.M. Kumarasinghe	NIL	-
Mr.T.K. Bandaranayake	NIL	-	Mr. T.K. Bandaranayake	NIL	-
Mr. N.M. Prakash	17,000	0.005	Mr. N.M. Prakash	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 a fully owned subsidiary of LAUGFS Gas PLC.

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 31.5 to the Financial Statements.

Share Information

Information relating to earnings, dividends, net assets and market value per share is given on page 142,195, 144 and 211 The distribution and the composition of shareholding are given on pages 211 to 215 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 214 and 215 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 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 6 of 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 will pay its first and final Dividend of Rs. 1.00 per share on 21st June 2016.

Disclosures on Transfer Pricing:

The Company has adopted a Transfer Pricing Policy in terms 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 31 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 2015 to 31st March 2016 are at arm's length and not prejudicial to the interests of the company. The transactions are entered into on the basis of a transfer pricing policy adopted by the company. All transactions have been submitted to the independent auditors for audit. No adverse remarks have been made in their report on the audit of such transactions.

Auditors

Messrs. Ernst & Young, Chartered Accountants are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the Auditors of the Company. A resolution to authorize 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 "Empire Ballroom" of Mount Lavinia Hotel on 29th June 2016 at 3.00pm. The notice of the 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

1 June 2016

FINANCIAL STATEMENTS

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Financial Calendar

1st Interim Financial Statements	-	Published on 11 th August 2015
2nd Interim Financial Statements	-	Published on 13th November 2015
3rd Interim Financial Statements	-	Published on 10th February 2016
4th Interim Financial Statements	-	Published on 26th May 2016
Annual Report 2015/16	-	Published on 8th June 2016
06th Annual General Meeting	-	Will be held on 29th June 2016

Independent Auditor's Report

Building a better working world

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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 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and, cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. (set out on pages 147 to 210)

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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016, 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,
- the financial statements of the Company give a true and fair view of its financial position as at 31 March 2016, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, 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.

24 May 2016
Colombo

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Statement of Profit or Loss

Year Ended 31 March	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Revenue	5.1	13,299,978,832	11,521,800,102	9,719,503,073	10,225,917,377
Cost of Sales		(9,636,536,181)	(8,227,356,884)	(7,975,524,176)	(7,957,300,336)
Gross Profit		3,663,442,651	3,294,443,218	1,743,978,897	2,268,617,041
Other Operating Income	5.2	339,622,911	296,470,282	909,786,634	643,121,582
Gain from Bargain Purchase on Acquisition of Subsidiaries	14	124,365,985	-	-	-
Selling and Distribution Expenses		(777,585,809)	(582,423,911)	(649,470,144)	(562,867,132)
Administrative Expenses		(1,292,350,746)	(1,140,268,017)	(588,495,455)	(477,287,557)
Foreign Currency Exchange Gains		8,715,003	5,477,452	3,891,913	5,029,232
Operating Profit		2,066,209,994	1,873,699,024	1,419,691,843	1,876,613,166
Finance Costs	5.3	(441,562,841)	(125,701,446)	(293,858,127)	(35,072,177)
Finance Income	5.4	57,236,857	64,093,006	21,721,807	34,031,007
Fair Value Gain on Investment Properties	9	27,000,000	28,500,000	27,000,000	28,500,000
Profit Before Tax		1,708,884,010	1,840,590,584	1,174,555,522	1,904,071,996
Income Tax Expense	6.1	(372,081,611)	(392,529,879)	(142,588,498)	(324,948,944)
Profit for the Year		1,336,802,398	1,448,060,705	1,031,967,025	1,579,123,052
Attributable to:					
Equity Holders of the Parent		1,284,803,630	1,448,060,705	1,031,967,025	1,579,123,052
Non-Controlling Interests		51,998,768	-	-	-
		1,336,802,398	1,448,060,705	1,031,967,025	1,579,123,052
Basic/Diluted Earnings Per Share:	7	3.32	3.74	2.67	4.08

The accounting policies and notes on pages 147 to 210 form an integral part of these financial statements.

Statement of Other Comprehensive Income

Year Ended 31 March	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Profit for the Year		1,336,802,398	1,448,060,705	1,031,967,025	1,579,123,052
Other Comprehensive Income					
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax) :					
Gain/(Loss) on Available for Sale Financial Assets	5.6	14,184,067	5,172,839	14,184,067	5,172,839
Exchange Differences on Translation of Foreign Operations		69,068,232	-	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		83,252,299	5,172,839	14,184,067	5,172,839
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods (Net of Tax) :					
Actuarial Gains/(Losses) on Employee Benefit Liability	5.6	(7,952,847)	(13,293,198)	5,043,721	(10,642,484)
Income Tax Effect	6.3	3,195,855	2,393,568	(1,008,744)	2,128,497
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		(4,756,992)	(10,899,630)	4,034,977	(8,513,987)
Other Comprehensive Income for the Year, Net of Tax		78,495,307	(5,726,791)	18,219,044	(3,341,148)
Total Comprehensive Income for the Year, Net of Tax		1,415,297,705	1,442,333,914	1,050,186,069	1,575,781,904
Attributable to:					
Equity Holders of the Parent		1,356,780,332	1,442,333,914	1,050,186,069	1,575,781,904
Non-Controlling Interests		58,517,374	-	-	-
		1,415,297,705	1,442,333,914	1,050,186,069	1,575,781,904

The accounting policies and notes on pages 147 to 210 form an integral part of these financial statements.

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Statement of Financial Position

As at 31 March	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	15,632,654,231	11,074,968,623	6,164,150,020	5,385,727,792
Investment Properties	9	735,500,000	708,500,000	735,500,000	708,500,000
Intangible Assets	10	3,043,068,904	63,948,925	38,764,524	7,211,302
Prepayments	12	112,148,805	83,694,819	-	-
Investments in Subsidiaries	13	-	-	5,798,781,152	2,796,301,924
Non-Current Financial Assets	17.1	119,292,929	105,108,862	119,292,929	105,108,862
Deferred Tax Assets	6.5	13,096,683	15,534,089	-	-
		19,655,761,552	12,051,755,318	12,856,488,625	9,002,849,880
Current Assets					
Inventories	18	894,117,444	606,695,496	511,266,765	464,923,975
Trade and Other Receivables	19	2,886,985,156	1,787,728,090	4,813,406,843	2,435,643,074
Prepayments	12	52,829,020	12,483,374	25,599,285	12,483,374
Income Tax Recoverable		164,067,900	-	162,678,696	-
Current Financial Assets	17.1	2,272,200	4,195,450	2,272,200	4,195,450
Cash and Short-Term Deposits	20.1	3,657,232,155	960,148,039	1,597,778,639	494,592,151
		7,657,503,875	3,371,250,449	7,113,002,428	3,411,838,024
Total Assets		27,313,265,427	15,423,005,767	19,969,491,053	12,414,687,904
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	3,285,000,260	3,285,000,260	3,285,000,260	3,285,000,260
Available for Sale Reserve	22	(318,968,277)	(333,152,344)	(318,968,277)	(333,152,344)
Foreign Currency Translation Reserve	23	48,438,638	-	-	-
Retained Earnings		5,395,273,403	4,929,317,530	4,862,980,518	4,599,746,713
Equity attributable to Equity Holders of the Parent		8,409,744,024	7,881,165,446	7,829,012,501	7,551,594,629
Non-Controlling Interests		1,195,843,601	-	-	-
Total Equity		9,605,587,625	7,881,165,446	7,829,012,501	7,551,594,629
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	17.2	7,877,606,074	2,167,867,302	4,553,223,809	-
Employee Benefit Liability	25	297,681,941	71,646,681	62,790,585	54,501,132
Deferred Income	26	524,797,600	397,800,078	524,797,600	397,800,078
Refundable Deposits	27	1,881,849,669	1,346,012,901	1,801,995,713	1,346,012,901
Deferred Tax Liabilities	6.5	867,826,626	681,678,264	795,729,267	680,038,100
		11,449,761,910	4,665,005,226	7,738,536,974	2,478,352,211
Current Liabilities					
Trade and Other Payables	28	1,837,271,534	1,799,478,528	1,080,467,954	1,612,498,955
Interest Bearing Loans and Borrowings	17.2	3,787,190,722	787,632,657	3,114,038,560	500,597,634
Deferred Income	26	7,213,318	5,923,060	7,213,318	5,923,060
Refundable Deposits	27	200,221,746	149,556,989	200,221,746	149,556,989
Income Tax Payable		426,018,572	134,243,861	-	116,164,426
		6,257,915,892	2,876,835,095	4,401,941,578	2,384,741,064
Total Equity and Liabilities		27,313,265,427	15,423,005,767	19,969,491,053	12,414,687,904

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 147 to 210 form an integral part of these financial statements.

24 May 2016
Colombo

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.	Foreign Currency Translation Reserve Rs.	Total Rs.	Non-Controlling Interests Rs.	Total Equity Rs.
As at 01 April 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
Profit For the Year		-	1,284,803,630	-	-	1,284,803,630	51,998,768	1,336,802,398
Other Comprehensive Income		-	(2,733,234)	14,184,067	48,438,638	59,889,470	18,605,836	78,495,307
Total Comprehensive Income		-	1,282,070,396	14,184,067	48,438,638	1,344,693,100	70,604,605	1,415,297,705
Dividend Paid (Final 2014/2015)		-	(774,000,182)	-	-	(774,000,182)	(43,806,635)	(817,806,817)
Deferred Tax Liability Reversal during the Year	6.2	-	20,146,024	-	-	20,146,024	1,859,085	22,005,108
Reversal of Surplus on Revaluation for Disposal of Property, Plant & Equipment		-	(14,776,086)	-	-	(14,776,086)	-	(14,776,086)
Acquisition of a Subsidiary	14	-	-	-	-	-	1,167,186,547	1,167,186,547
Effect on Common Control Combinations	16	-	(47,484,278)	-	-	(47,484,278)	-	(47,484,278)
As at 31 March 2016		3,285,000,260	5,395,273,403	(318,968,277)	48,438,638	8,409,744,024	1,195,843,601	9,605,587,625

Company	Note	Stated Capital Rs.	Retained Earnings Rs.	Available for Sale Reserve Rs.	Total Equity Rs.
As at 01 April 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		-	(8,513,988)	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)	24	-	(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
Profit For the Year		-	1,031,967,025	-	1,031,967,025
Other Comprehensive Income		-	4,034,977	14,184,067	18,219,044
Total Comprehensive Income		-	1,036,002,002	14,184,067	1,050,186,069
Dividend Paid (Final 2014/2015)	24	-	(774,000,172)	-	(774,000,172)
Deferred Tax Liability Reversal during the Year	6.2	-	16,008,061	-	16,008,061
Reversal of Surplus on revaluation of Disposal of Property, Plant & Equipment		-	(14,776,086)	-	(14,776,086)
As at 31 March 2016		3,285,000,260	4,862,980,518	(318,968,277)	7,829,012,501

The accounting policies and notes on pages 147 to 210 form an integral part of these financial statements.

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Statement of Cash Flows

Year Ended 31 March	Note	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit Before Tax		1,708,884,010	1,840,590,584	1,174,555,522	1,904,071,996
Non-Cash Adjustment to Reconcile Profit Before Tax to Net Cash Flows:					
Amortization of Intangible Assets	10	20,249,133	3,640,767	12,588,904	2,551,625
Decrease in Fair Value of Quoted Equity Securities		1,923,250	(867,020)	1,923,250	(867,020)
Depreciation of Property, Plant and Equipment	8	689,547,661	526,568,256	347,522,522	306,949,646
Fair Value Gain on Investment Properties	9	(27,000,000)	(28,500,000)	(27,000,000)	(28,500,000)
Finance Costs	5.3	441,562,841	125,701,446	293,858,127	35,072,177
Finance Income	5.4	(57,236,857)	(64,093,006)	(21,721,807)	(34,031,007)
Assets Transferred to Inventories		-	38,873,188	-	-
Gain from Bargain Purchase on Acquisition of Subsidiaries		(124,365,985)	-	-	-
Dividend Income	5.2	(1,254,268)	(1,000,040)	(579,133,598)	(347,500,031)
Provision for Contribution to Workers' Profit Participation Fund		14,167,303	-	-	-
Provision for Employee Benefit Liability	25.1	45,527,234	18,156,685	13,656,424	11,706,870
(Profit)/Loss on Disposal of Property, Plant and Equipment		4,692,256	226,700	4,807,816	82,615
Exchange Differences		33,048,726	(17,295,676)	5,859,711	(17,295,676)
Operating Profit before Working Capital Changes		2,749,745,304	2,442,001,883	1,226,916,873	1,832,241,195
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(116,760,749)	(132,317,066)	(46,342,790)	(75,067,985)
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(754,623,891)	(464,322,118)	(2,390,879,679)	(626,738,867)
Increase/(Decrease) in Trade and Other Payables		(1,711,256,026)	(255,632,517)	(532,031,001)	(239,725,925)
Increase/(Decrease) in Deferred Income		65,870,240	(4,384,708)	128,287,779	(4,384,708)
Cash Flows Generated from/(Used in) Operating Activities		232,974,878	1,585,345,475	(1,614,048,818)	886,323,709
Employee Benefit Liability Costs Paid	25.2	(639,150)	(3,077,672)	(323,250)	(2,758,904)
Finance Costs Paid		(441,562,841)	(125,701,446)	(293,858,127)	(35,072,177)
Income Tax Paid		(409,888,112)	(255,382,696)	(290,741,136)	(186,467,509)
Refund/Transfers of Refundable Deposits	27	(423,588,389)	(274,802,307)	(423,290,039)	(274,802,307)
Refundable Deposits Received	27	934,790,156	441,489,182	929,937,608	441,489,182
Net Cash Flows Generated from/(Used in) Operating Activities		(107,913,459)	1,367,870,537	(1,692,323,763)	828,711,995
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	10	(79,164,320)	(331,246)	(44,142,125)	-
Acquisition of Property, Plant and Equipment	8.3	(3,892,343,909)	(2,833,639,447)	(1,169,194,451)	(701,722,568)
Dividends Received		911,433	664,851	578,790,763	347,164,842
Investments in Subsidiaries	13	-	-	(3,002,479,228)	(600,000,010)
Acquisition of a Business, net of cash acquired	13	(1,192,114,489)	-	-	-
Proceeds from Disposal of Property, Plant and Equipment		24,422,362	1,498,335	23,665,798	297,640
Proceeds from Disposal of Non- Quoted Equity Securities		-	20,125,000	-	-
Net Cash Flows from /(Used in) Financing Activities		(5,138,288,923)	(2,811,682,507)	(3,613,359,242)	(954,260,096)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	17.2	14,978,073,923	5,563,085,085	12,793,173,423	4,228,480,585
Dividend Paid		(817,806,817)	(774,000,182)	(774,000,172)	(774,000,172)
Finance Income	5.4	57,236,857	64,093,006	21,721,807	34,031,007
Capital Repayment under Finance Lease Liabilities		(5,927,344)	(2,714,108)	-	-
Repayment of Interest Bearing Loans and Borrowings	17.2	(6,347,156,423)	(4,171,054,346)	(5,704,166,329)	(4,123,866,573)
Net Cash Flows from/(Used in) Financing Activities		7,864,420,196	679,409,456	6,336,728,729	(635,355,153)
Net Increase/(Decrease) in Cash and Cash Equivalent		2,618,217,813	(764,402,514)	1,031,045,724	(760,903,253)
Cash and Cash Equivalent at the Beginning of the Year	20	770,421,576	1,534,824,090	440,437,394	1,201,340,647
Cash and Cash Equivalent at the End of the Year	20	3,388,639,389	770,421,576	1,471,483,118	440,437,394

The accounting policies and notes on pages 147 to 210 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Gas PLC (the Company) is a public limited liability Company incorporated and domiciled in Sri Lanka and is listed in the Colombo Stock Exchange. The registered office of the Company is located at No. 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 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Gas PLC, as at and for the year ended 31 March 2016 encompasses the Company and its Subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

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

Company	Activities
LAUGFS Gas PLC	Sale of liquefied petroleum gas and other related products
LAUGFS Eco Sri (Pvt) Ltd.	Providing motor vehicle emmission testing services
LAUGFS Leisure Ltd.	Operation of hotel property at Chilaw
Anantaya Passekudah (Pvt) Ltd.	Operation of hotel property at Passekudah. However, commercial operations have not been commenced since such property is under construction
Anantaya Wadduwa (Pvt) Ltd. (Formerly Known as MAG Consultants & Agents (Pvt) Ltd)	Operation of hotel property at Waskaduwa. However, commercial operations have not been commenced since such property is under construction
LAUGFS Hotel Management Services (Pvt) Ltd.	Manage hotel operations. However, during the year under review there were no commercial operations
LAUGFS Property Developers (Pvt) Ltd.	Construction of a commercial property at Kirullapone. However, commercial operations have not been commenced since such property is under construction
LAUGFS Maritime Services (Pvt) Ltd.	Operation of vessels and providing marine cargo services
LAUGFS Power Ltd.	Generation of hydro power
LAUGFS Gas (Bangladesh) Ltd.	Sale of liquefied petroleum gas and other related products
SLOGAL Energy DMCC	Trading and export of liquefied petroleum gas and other related products
Iris Eco Power Lanka (Pvt) Ltd.	Generation of solar power. However, commercial operations have not been commenced since the solar power plant located at Hambantota is under construction
Anorchi Lanka (Pvt) Ltd.	Generation of solar power. However, commercial operations have not been commenced since the solar power plant located at Hambantota is under construction
Pams Power (Pvt) Ltd.	Generation of hydro power. However, commercial operations have not been commenced since the hydro power plant located at Ginigathhena is under construction
LAUGFS Terminals Ltd.	Construction of a LPG storage terminal at Magam Ruhunupura Mahinda Rajapaksa Port. However, commercial operations have not been commenced since such LPG storage facility is under construction
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Generation of hydro power. However, commercial operations have not been commenced since the hydro power plant located at Thiniyagala, Ginigathhena is under construction

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Directors' Responsibility Statement

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

1.6 Date of Authorization for Issue

The financial statements of LAUGFS Gas PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2016 were authorized for issue in accordance with a resolution of the Board of Directors on 24 May 2016.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

The financial statement of LAUGFS Gas PLC and its Subsidiaries (the Group) have been prepared in accordance with Sri Lanka Accounting Standards comprising of SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka).

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

2.2 Basis of Preparation and Measurement

The financial statements have been prepared on a historical cost basis, except for investment properties, 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.

2.3 Functional and Presentation Currency

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

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

Bangladeshi Taka (BDT)	LAUGFS Gas (Bangladesh) Ltd.
United Arab Emirates Dirham (AED)	SLOGAL Energy DMCC

2.4 Materiality and Aggregation

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

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2016.

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

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

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

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

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

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

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

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

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

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

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

Anantaya Wadduwa (Pvt) Ltd. (Formerly known as Mag Consultants and Agents (Pvt) Ltd.) and Anantaya Passekudah (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.

2.6 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred 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.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combinations are expensed 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 LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS.

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

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

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

2.7 Common Control Combinations

Business combinations between entities under common control are accounted for using pooling of interest method. Accordingly,

- The assets and liabilities of the combining entities are reflected at their carrying amounts
- No new goodwill is recognised as a result of the combination. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity.

2.8 Non-Controlling Interests

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

2.9 Foreign Currency

2.9.1 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. Such transactions are translated to the respective functional currencies of Group entities at exchange rates applicable on the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign currency differences arising on retranslation and all differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

2.9.2 Foreign Operations

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

- Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition are translated to Sri Lankan Rupees at the exchange rate prevailing at the reporting date
- Income and expenses are translated at the average exchange rates for the period/year.

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

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

2.10 Consolidation of Subsidiaries with Different Accounting Periods

The financial statements of all Subsidiaries in the Group other than LAUGFS Gas (Bangladesh) Ltd. are prepared for a common financial year, which ends on 31 March.

LAUGFS Gas (Bangladesh) Ltd. with a 31 August financial year end prepares for consolidation purpose, additional financial information as of the same date as the financial statements of the parent.

2.11 Current Versus Non-Current Classification

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

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

Or

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

All other assets are classified as non-current assets

A liability is current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- 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.

2.12 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 17)
- Quantitative disclosures of fair value measurement hierarchy (Note 17)
- Investment properties (Note 9)
- Financial instruments (including those carried at amortised cost) (Note 17)

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 17.

For assets and liabilities that are recognised in the financial statements at fair value 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 employee 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.

2.13 Revenue/Income 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 received. 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 the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

- Rendering of Services

  Revenue from rendering of services is recognized in the period in which the services are rendered or performed in proportion to the stage of completion of the transaction at the reporting date.

- 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.

- Freight Income

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

- Supply of Electricity

  Revenue from energy supplied is recognised upon delivery of energy to Ceylon Electricity Board (CEB). Delivery of electrical energy shall be completed when electrical energy meets the specifications as set out in Power Purchase Agreements (PPA) is received at the metering point.

- 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 statement of profit or loss.

- Income from Non-Refundable Deposits

  The income from non-refundable deposits is recognized in the statement of profit or loss over a period of 05 years, the period it is estimated to be held by the customer.

- Project Work Income

  Project work income is recognised in the period in which the services are rendered or performed in proportion to the stage of completion of the transaction at the reporting date.

- Commission on Corporate Guarantees provided to Subsidiaries

  Commission on corporate guarantees provided to subsidiaries is recognised in the period in which such guarantees are provided.

- 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 statement of profit or loss.

- Dividends

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

- Gains and Losses

  Gains and losses on disposal of an item of property, plant & equipment are determined by comparing the net sales proceeds with the carrying amounts of property, plant & equipment.

- Others

  Other income is recognized on an accrual basis.

  Revenue relating to leisure and hospitality, marine services and power generation is accumulated under the broad category of 'Rendering of Services' within 'Revenue' in the statement of profit or loss.

2.14 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.

2.15 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 and performance of the Company taking in to account the agreement signed between the Company and the Consumer Affairs Authority (the Agreement) 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. However, since the pricing mechanism is not functioning as required by the Agreement, the Directors are of the view that no such deferment is required and that the current cost is compared against the current selling price for gas sold in 12.5Kg cylinders.

2.16 Expenses

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

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

2.17 Finance Income and Finance Costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), and gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in the statement of profit or loss.

Finance costs comprise interest expense on borrowings, and finance leases that are recognised in the statement of profit or loss.

The interest expense component of finance lease payments is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currency gains and losses are reported on a net basis.

2.18 Taxes

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:

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

2.18.1 Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

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

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

2.18.2 Deferred Tax

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

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

- When the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in Subsidiaries, equity accounted investee and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax 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 tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

2.18.3 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 statement of financial position.

2.19 Property, Plant and Equipment

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

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

Items of property, plant & equipment including construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any.

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

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. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year the asset is derecognized. Gains are not classified as revenue.

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

The estimated useful lives for the current and comparative periods are disclosed in Note 8.6.

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

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

2.20 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.

2.20.1 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.

2.20.2 Group as a Lessor for Operating Leases

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.

2.21 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.22 Investment Properties

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

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

Investment properties are 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.

2.23 Intangible Assets

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

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

The useful lives of intangible assets are assessed to be finite or infinite. For intangible assets with a finite useful life, the Group's policy is to amortize such intangible assets over a useful life of 4 years. Such 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 statement of profit or loss in the expense category consistent with the function of the intangible asset.

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

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

2.24 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 the statement of profit or loss in the expense category consistent with the function of the intangible asset. During the period of development, the asset is tested for impairment annually.

2.25 Rate Regulatory Deferral Accounting

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 incurred in the current month and the actual landed costs of the two previous consecutive months is recognised as rate regulatory assets or liabilities. 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, unfavourable 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.

2.26 Financial Instruments

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

2.26.1 Financial Assets

2.25.1.1 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, transaction costs that are attributable to the acquisition of the financial asset.

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 cash and short-term deposits, trade and other receivables, loans and other receivables and investments made in quoted equity securities.

2.26.1.2 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 statement of financial position at fair value with changes in fair value recognized in administrative expenses in the 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 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 2015 and 31 March 2016.

Available-for-Sale Financial Assets (AFS)

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.

2.26.1.3 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 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.

2.26.1.4 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 profit or loss.

Available-for-Sale Financial Assets (AFS)

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.

2.26.2 Financial Liabilities

2.25.2.1 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.

2.26.2.2 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.

2.25.2.3 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.

2.26.3 Offsetting of Financial Instruments

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

2.26.4 Fair Value of Financial Instruments

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

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

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

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

2.27 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 labour 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.

Net realisable value is the estimated selling price in the ordinary course of business less, the estimated cost of completion and the estimated costs necessary to make the sale.

2.28 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.

2.29 Cash and Short-Term Deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

2.30 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.

2.31 Employee Benefits

2.31.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. LAUGFS Gas PLC, LAUGFS Eco Sri (Pvt) Ltd, LAUGFS Leisure Ltd, LAUGFS Power Ltd and LAUGFS Maritime Services (Pvt) Ltd., LAUGFS Gas (Bangladesh) Ltd. measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary. The rest of the Subsidiaries excluding LAUGFS Eco Sri (Pvt) Ltd, LAUGFS Leisure Ltd, LAUGFS Power Ltd, LAUGFS Maritime Services (Pvt) Ltd. and LAUGFS Gas (Bangladesh) 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 present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 25.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provision has been made for retirement gratuities from the beginning of service for all employees, in conformity with LKAS 19 - Employee Benefits. However, under the Payment of Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Actuarial gains and losses are recognized in the statement of other comprehensive income (OCI) in the period in which it arises.

The item is stated under Employee Benefit Liability in the statement of financial position.

This is not an externally funded defined benefit plan.

2.31.2 Defined Contribution Plans - Employees' Provident Fund & Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to Provident and Trust Funds covering all employees are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

All employees who are eligible for Employees' Provident Fund contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with respective statutes and regulations. The Group contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.31.3 Short-term Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

2.31.4 Workers Profit Participation Fund

This is required to be made in terms of Sec. 234(1) (b) of Bangladesh Labour Act 2006 (as amended in 2013) 5% of the net profit of each year, not later than nine (9) months from the close of that period, is required to be transferred to the fund, the proportion of the payment to the participation fund and the welfare fund being 80:10. The remaining 10% of the amount of net profit shall be paid by the company to the workers' welfare foundation fund, as formed under the provision of the Bangladesh Worker's Welfare Foundation Act 2006. Of the 80% being transferred to the participation fund, two-third has to be distributed in equal proportions to all the members (beneficiary) of the fund in cash and one-third has to be invested in accordance with the manner as stated in section 242 of that Act.

The Company makes provision at 5% of its net profit as a contribution to workers' profit participation fund before tax and charging such expense in accordance with The Bangladesh Labour Act 2006 (as amended in 2013). However, the fund is not separately allocated in the above stated manner.

2.32 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.

2.32.1 SLFRS 9 -Financial Instruments: Classification and Measurement

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

2.32.2 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.

2.32.3 SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

Pending the completion of the detailed impact analysis, possible Impact from SLFRS 9, SLFRS 14 and SLFRS 15 is not reasonably estimable as of the reporting date.

The following amendments and improvements are not expected to have a significant impact on the Company's/Group's financial statements.

- Accounting for Acquisitions of Interests in Joint Operations (Amendments to SLFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to LKAS 16 and LKAS 38)
- Equity Method in Separate Financial Statements (Amendments to LKAS 27)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SLFRS 10 and LKAS 28)
- Annual Improvements to SLFRS 2012–2014 Cycle – various standards
- Investment Entities: Applying the Consolidation Exception (Amendments to SLFRS 10, SLFRS 12 and LKAS 28)
- Disclosure Initiative (Amendments to LKAS 1).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with SLFRS/ LKAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Use of Judgements, Estimates and Assumptions

In the process of applying the accounting policies, management has made following judgements, estimates and assumptions which have the most significant effect on the amounts recognised in these financial statements.

3.1 Going Concern

The Directors have made an assessment of the Group's ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3.2 Classification of Property

The Group determines whether a property is classified as investment property or an owner occupied property.

Investment property comprises land and buildings which are not occupied substantially for use by, or in the operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation.

The Group determines whether a property qualifies as investment property by considering whether the property generates cash flows largely independently of the other assets held by the entity. Owner occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as an investment property. The Group considers each property separately in making its judgment.

3.3 Operating Lease Commitments - Group as Lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

3.4 Impairment of Non-Financial Assets

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

3.5 Revaluation of Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2016.

3.6 Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3.7 Transfer Pricing

The Group is subject to income taxes and other taxes including transfer pricing regulations. Management has used its judgement on the application of such laws and regulations aspects including but not limited to identifying associated undertaking, estimation of the respective arm's length prices and selection of appropriate pricing mechanism.

3.8 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 defined benefit obligations are given in Note 25.

3.9 Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

3.10 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.

3.11 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 seven reportable segments as follows:

Energy

Selling of Liquefied Petroleum Gas and other related products.

Other Services

Operating of vehicle emission testing centers 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.

Operating Segments	Energy 2016 Rs.	Energy 2015 Rs.	Other Services 2016 Rs.	Other Services 2015 Rs.	Leisure & Hospitality 2016 Rs.	Leisure & Hospitality 2015 Rs.	Property Development 2016 Rs.	Property Development 2015 Rs.
Revenue								
External Customers	11,802,373,388	10,220,511,737	1,106,426,395	1,030,457,600	355,833,244	246,068,843	-	-
Inter-Segment	5,904,360	5,405,640	-	-	-	-	-	-
Total Revenue	11,808,277,748	10,225,917,377	1,106,426,395	1,030,457,600	355,833,244	246,068,843	-	-
Results								
Operating Profit	1,686,974,077	1,876,613,166	437,337,650	385,453,060	(22,242,851)	(80,329,928)	(2,243,130)	(2,185,369)
Finance Costs	(304,269,044)	(35,072,177)	(2,634,288)	(1,572,421)	(88,649,402)	(87,917,335)	(33,084)	-
Finance Income	34,029,244	34,031,007	19,533,319	27,447,746	1,625,678	383,857	69,517	1,452,312
Fair Value Gain on Investment Properties	27,000,000	28,500,000	-	-	-	-	-	-
Profit/(Loss) Before Tax	1,443,734,277	1,904,071,996	454,236,681	411,328,385	(109,266,575)	(167,863,406)	(2,206,697)	(733,057)
Income Tax Expense	(244,029,289)	(324,948,944)	(47,975,417)	(38,599,429)	(4,155,495)	5,744,496	(12,652)	(264,321)
Profit/(Loss) for the Year	1,199,704,988	1,579,123,052	406,261,265	372,728,956	(113,422,070)	(162,118,910)	(2,219,349)	(997,378)
Net Gain/(Loss) on Available for Sale Financial Assets	14,184,067	5,172,839	(704,250)	(11,894,837)	-	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(4,999,743)	(10,642,484)	(4,016,724)	(2,650,714)	683,811	-	-	-
Income Tax Effect	2,506,468	2,128,497	803,345	265,071	(68,381)	-	-	-
Currency Translation of Foreign Operations	27,556,011	-	-	-	-	-	-	-
Total Comprehensive Income for the Year Net of Tax	1,238,951,791	1,575,781,904	402,343,635	358,448,476	(112,806,641)	(162,118,910)	(2,219,349)	(997,378)

Power

Generation of hydro power and solar power. However, the power plants at Hambanthota and Ginigathhena are still under construction.

Transportation & Logistics

Operation of vessels, providing marine cargo services and LPG storage facilities. However, the LPG storage facility at Hambanthota is still under construction.

Trading

Selling of crude oil, refined oil products and petrochemicals.

No operating segments have been aggregated to form the above reportable operating segments. The Management 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.

	Power		Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	35,345,804	24,761,922	-	-	-	-	-	-	13,299,978,832	11,521,800,102
	-	-	879,780,637	233,932,080	527,709,652	-	(1,413,394,649)	(239,337,720)	-	-
	35,345,804	24,761,922	879,780,637	233,932,080	527,709,652	-	(1,413,394,649)	(239,337,720)	13,299,978,832	11,521,800,102
	177,436,160	12,527,780	231,018,981	28,282,401	12,383,457	-	(454,454,351)	(346,662,086)	2,066,209,993	1,873,699,024
	(4,196,504)	(265,496)	(41,780,519)	(874,016)	-	-	-	-	(441,562,841)	(125,701,446)
	484,683	425,234	1,494,416	352,849	-	-	-	-	57,236,857	64,093,006
	-	-	-	-	-	-	-	-	27,000,000	28,500,000
	173,724,340	12,687,519	190,732,878	27,761,233	12,383,457	-	(454,454,351)	(346,662,086)	1,708,884,009	1,840,590,583
	(332,659)	(1,717,557)	(5,950,346)	5,755,875	-	-	(69,625,754)	(38,499,999)	(372,081,611)	(392,529,879)
	173,391,681	10,969,962	184,782,533	33,517,108	12,383,457	-	(524,080,105)	(385,162,085)	1,336,802,398	1,448,060,705
	-	-	-	-	-	-	704,250	11,894,837	14,184,067	5,172,839
	379,809	-	-	-	-	-	-	-	(7,952,847)	(13,293,198)
	(45,577)	-	-	-	-	-	-	-	3,195,855	2,393,568
	-	-	-	-	2,521,153	-	38,991,068	-	69,068,232	-
	173,725,913	10,969,962	184,782,533	33,517,108	14,904,610	-	(484,384,787)	(373,267,248)	1,415,297,705	1,442,333,914

4. SEGMENT INFORMATION (Contd.)

Operating Segments	Energy 2016 Rs.	Energy 2015 Rs.	Other Services 2016 Rs.	Other Services 2015 Rs.	Leisure & Hospitality 2016 Rs.	Leisure & Hospitality 2015 Rs.	Property Development 2016 Rs.	Property Development 2015 Rs.
Assets & Liabilities								
Total Non-Current Assets	11,170,684,585	9,002,849,880	348,914,550	371,640,473	4,366,557,803	3,286,051,862	1,206,636,417	1,143,322,084
Total Current Assets	8,998,181,512	3,411,838,024	491,303,809	441,753,937	1,863,011,457	840,028,732	209,825,510	27,805,519
Total Assets	20,168,866,097	12,414,687,904	840,218,359	813,394,410	6,229,569,260	4,126,080,594	1,416,461,927	1,171,127,603
Total Non-Current Liabilities	8,095,669,664	2,478,352,211	45,170,255	41,290,796	1,750,870,867	1,409,496,020	233,222,237	240,555,561
Total Current Liabilities	5,249,985,729	2,384,741,064	118,701,234	98,100,375	3,518,731,017	1,639,680,224	313,491,307	58,604,311
Total Liabilities	13,345,655,393	4,863,093,275	163,871,489	139,391,171	5,269,601,884	3,049,176,244	546,713,544	299,159,872
Other Disclosures								
Depreciation for the Year	401,559,340	306,949,646	76,729,486	94,416,231	89,495,724	85,555,455	33,399	44,454
Purchase of Property, Plant and Equipment	1,205,398,850	701,722,568	36,171,788	84,385,750	1,175,274,232	509,062,651	63,347,732	551,460,107
Provision for Employee Benefit Liability	37,517,681	11,706,870	6,771,482	4,608,514	440,818	1,496,020	-	-
Deferred Tax Assets	-	-	11,390,561	3,936,156	1,564,391	5,777,840	-	-
Deferred Tax Liabilities	865,908,951	680,038,100	-	-	-	-	-	-

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments/eliminations column.

Power		Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,089,978,069	175,394,683	1,815,629,436	938,422,335	3,736,202	-	(346,375,510)	(2,866,025,998)	19,655,761,552	12,051,755,318
1,148,993,006	49,434,315	577,744,660	68,409,987	313,446,368	-	(5,945,002,446)	(1,468,019,865)	7,657,503,875	3,371,250,449
2,238,971,075	224,828,998	2,393,374,096	1,006,832,322	317,182,570	-	(6,291,377,956)	(4,334,045,863)	27,313,265,427	15,423,005,767
314,303,205	55,310,637	1,010,525,683	440,000,000	-	-	-	-	11,449,761,910	4,665,005,226
2,126,345,822	30,413,780	562,033,035	133,315,205	297,730,089	-	(5,929,102,341)	(1,468,019,865)	6,257,915,892	2,876,835,096
2,440,649,027	85,724,418	1,572,558,718	573,315,205	297,730,089	-	(5,929,102,341)	(1,468,019,865)	17,707,677,802	7,541,840,322
10,293,682	7,232,639	111,528,983	32,391,287	35,630	-	(128,582)	(21,456)	689,547,661	526,568,256
449,039,863	57,141,531	956,278,879	964,678,391	3,771,832	-	3,060,733	3,946,770	3,892,343,909	2,872,397,768
291,070	345,281	506,183	-	-	-	-	-	45,527,234	18,156,685
-	-	141,731	5,820,093	-	-	-	-	13,096,683	15,534,089
1,917,675	1,640,164	-	-	-	-	-	-	867,826,626	681,678,264

4. SEGMENT INFORMATION (Contd.)

Geographic Information

	Sri Lanka		Bangladesh	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Revenue				
External Customers	11,211,204,156	11,521,800,102	2,088,774,676	-
Inter-Segment	885,684,997	239,337,720	-	-
Total Revenue	12,096,889,153	11,761,137,822	2,088,774,676	-
Results				
Operating Profit	2,240,998,654	2,220,361,110	267,282,234	-
Finance Costs	(431,151,925)	(125,701,446)	(10,410,916)	-
Finance Income	44,929,420	64,093,006	12,307,437	
Fair Value Gain on Investment Properties	27,000,000	28,500,000	-	-
Profit/(Loss) Before Tax	1,881,776,149	2,187,252,670	269,178,754	-
Income Tax Expense	(201,015,066)	(354,029,880)	(101,440,791)	-
Profit/(Loss) for the Year	1,680,761,083	1,833,222,790	167,737,963	-
Net Gain/(Loss) on Available for Sale Financial Assets	13,479,817	(6,721,999)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	2,090,617	(13,293,198)	(10,043,464)	-
Currency Translation of Foreign Operations	-	-	66,547,079	-
Income Tax Effect	(319,358)	2,393,568	3,515,213	-
Total Comprehensive Income for the Year Net of Tax	1,696,012,161	1,815,601,161	227,756,790	-
Assets & Liabilities				
Total Non-Current Assets	19,086,273,554	14,917,681,316	912,127,307	-
Total Current Assets	11,403,880,869	4,839,270,514	1,885,179,085	-
Total Assets	30,490,154,423	19,756,951,830	2,797,306,392	-
Total Non-Current Liabilities	11,092,629,219	4,665,005,226	357,132,691	-
Total Current Liabilities	11,041,243,993	4,344,854,960	848,044,151	-
Total Liabilities	22,133,873,212	9,009,860,186	1,205,176,842	-
Other Disclosures				
Depreciation for the Year	635,603,796	526,589,712	54,036,818	-
Purchase of Property, Plant and Equipment	3,849,306,945	2,868,450,998	36,204,400	-
Provision for Employee Benefit Liability	21,665,977	18,156,685	23,861,257	-
Deferred Tax Assets	13,096,683	15,534,089	-	-
Deferred Tax Liabilities	797,646,942	681,678,264	70,179,684	-

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments/eliminations column.

United Arab Emirates		Eliminations/Adjustments		Group	
2016	2015	2016	2015	2016	2015
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	-	-	-	13,299,978,832	11,521,800,102
527,709,652	-	(1,413,394,649)	(239,337,720)	-	-
527,709,652	-	(1,413,394,649)	(239,337,720)	13,299,978,832	11,521,800,102
12,383,457	-	(454,454,351)	(346,662,086)	2,066,209,994	1,873,699,024
-	-	-	-	(441,562,841)	(125,701,446)
-		-	-	57,236,857	64,093,006
-	-	-	-	27,000,000	28,500,000
12,383,457	-	(454,454,351)	(346,662,086)	1,708,884,010	1,840,590,583
-	-	(69,625,754)	(38,499,999)	(372,081,611)	(392,529,879)
12,383,457	-	(524,080,105)	(385,162,085)	1,336,802,398	1,448,060,705
-	-	704,250	11,894,837	14,184,067	5,172,839
-	-	-	-	(7,952,847)	(13,293,198)
2,521,153	-	-	-	69,068,232	-
-	-	-	-	3,195,855	2,393,568
14,904,610	-	(523,375,855)	(373,267,248)	1,415,297,705	1,442,333,914
3,736,202	-	(346,375,510)	(2,866,025,998)	19,655,761,552	12,051,655,318
313,446,368	-	(5,945,002,446)	(1,468,019,866)	7,657,503,875	3,371,250,449
317,182,570	-	(6,291,377,956)	(4,334,045,864)	27,313,265,427	15,423,005,767
-	-	-	-	11,449,761,910	4,665,005,226
297,730,089	-	(5,929,102,341)	(1,468,019,865)	6,257,915,892	2,876,835,096
297,730,089	-	(5,929,102,341)	(1,468,019,865)	17,707,677,802	7,541,840,322
35,630	-	(128,582)	(21,456)	689,547,661	526,568,256
3,771,832	-	3,060,733	3,946,770	3,892,343,909	2,872,397,768
-	-	-	-	45,527,234	18,156,685
-	-	-	-	13,096,683	15,534,089
-	-	-	-	867,826,626	681,678,264

5. REVENUE/OTHER INCOME AND EXPENSES

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
5.1 Revenue				
Sale of Goods	11,828,542,320	10,233,301,480	9,745,672,004	10,238,707,120
Rendering of Services	1,497,605,443	1,301,288,365	-	-
Distributor Commission	(26,168,932)	(12,789,743)	(26,168,932)	(12,789,743)
	13,299,978,832	11,521,800,102	9,719,503,073	10,225,917,377
5.2 Other Operating Income				
Rental Income	8,103,202	5,875,983	8,103,202	5,875,983
Income from Non-Refundable Deposits	296,292,517	284,285,075	296,292,517	284,285,075
Project Work Income	16,232,623	605,493	16,232,623	605,493
Sundry Income	17,740,301	4,703,691	1,042,094	355,000
Dividend Income	1,254,268	1,000,040	579,133,598	347,500,031
Commission on Corporate Guarantees provided to Subsidiaries	-	-	8,982,600	4,500,000
	339,622,911	296,470,282	909,786,634	643,121,582
5.3 Finance Costs				
Interest Expense on Bank Overdrafts	20,116,799	4,961,785	13,037,185	680,946
Interest Expense on Loans and Borrowings	399,463,000	84,781,722	271,877,838	-
Finance Charges on Lease Liabilities	2,634,288	1,566,708	-	-
Interest on Dealer Refundable Deposits	8,943,105	4,336,202	8,943,105	4,336,202
Annual Financing Fees to Banks	10,405,650	-	-	-
Interest on Import Loans	-	30,055,029	-	30,055,029
	441,562,841	125,701,446	293,858,127	35,072,177
5.4 Finance Income				
Interest Income	57,236,857	64,093,006	21,721,807	34,031,007
	57,236,857	64,093,006	21,721,807	34,031,007

5. REVENUE/OTHER INCOME AND EXPENSES (Contd.)

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
5.5 Profit Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	523,140,403	341,134,131	299,278,212	260,567,596
Amortization of Intangible Assets	3,098,946	-	-	-
Employees Benefits including the following;	229,799,550	67,841,117	85,338,823	66,931,850
- Defined Contribution Plan Costs - EPF and ETF				
(Included in Employees Benefits)	6,481,939	5,111,930	6,232,999	5,111,930
Included in Administration Expenses				
Employees Benefits including the following;	606,732,543	500,183,207	151,924,713	142,442,869
- Employee Benefit Plan Costs - Gratuity				
(Included in Employee Benefits)	45,527,232	18,156,685	13,656,424	11,706,870
- Defined Contribution Plan Costs - EPF and ETF				
(Included in Employees Benefits)	50,381,508	44,142,680	15,118,209	13,029,182
Depreciation of Property, Plant and Equipment	144,487,025	169,823,989	30,346,329	30,771,914
Amortization of Intangible Assets	17,150,187	3,640,766	12,588,904	2,551,625
Auditors' Fees - Current Year	3,961,655	2,268,076	1,774,486	1,459,716
Auditors' Fees - Under/(Over) Provision in respect of Prior Year	(232,006)	38,492	(246,504)	-
Donations	6,639,347	6,612,586	4,800,624	4,911,399
Research and Development Expenses	108,472	37,693	108,472	37,693
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	160,560,955	114,455,677	148,523,054	114,455,677
- Defined Contribution Plan Costs - EPF and ETF				
(Included in Employee Benefits)	10,116,924	9,464,489	10,116,924	9,464,489
Depreciation of Property, Plant and Equipment	21,920,234	15,610,136	17,897,331	15,610,136
Advertising and Promotion Expenses	194,383,863	144,816,575	175,213,965	129,988,465
5.6 Components of Other Comprehensive Income				
Available for Sale Financial Assets				
Gains/(Losses) arising during the Year	14,184,067	5,172,839	14,184,067	5,172,839
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(7,952,847)	(13,293,198)	5,043,721	(10,642,484)
Foreign Currency Translation Differences	69,068,232	-	-	-

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2016 and 31 March 2015 are:

6.1 Statement of Profit or Loss

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Current Income Tax:				
Current Income Tax Expense (Note 6.4)	172,932,850	272,335,567	9,264,994	229,625,777
Dividend Tax of Subsidiaries	69,625,754	38,499,999	-	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	2,633,020	913,680	2,633,019	913,680
	245,191,624	311,749,246	11,898,013	230,539,457
Deferred Tax:				
Deferred Taxation Charge/(Reversal) (Note 6.5)	126,889,987	80,780,634	130,690,485	94,409,487
	126,889,987	80,780,634	130,690,485	94,409,487
Income Tax Expense Reported in the Statement of Profit or Loss	372,081,611	392,529,879	142,588,498	324,948,944

6.2 Statement of Changes in Equity

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Deferred Tax related to Items Charged or Credited Directly to Equity during the Year (Note 6.5):				
Net Gain on Deemed Cost Adjustment of Property, Plant and Equipment Attributable to Equity Holders of the Parent	(20,146,024)	(13,810,519)	(16,008,061)	(13,810,519)
Net Gain on Deemed Cost Adjustment of Property, Plant and Equipment Attributable to Non-Controlling Interests	(1,859,085)	-	-	-
	(22,005,109)	(13,810,519)	(16,008,061)	(13,810,519)

6.3 Consolidated Statement of Other Comprehensive Income

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Deferred Tax related to Items Recognised in Other Comprehensive Income During the Year:				
Gain/(Loss) on Available for Sale Financial Assets	-	-	-	-
Actuarial Gain/(Loss) on Employee Benefit Liability	3,195,855	2,393,568	(1,008,744)	2,128,497
Income Tax Charged Directly to Other Comprehensive Income	3,195,855	2,393,568	(1,008,744)	2,128,497

6.4 A Reconciliation between Income Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2016 and 31 March 2015 are as follows:

		Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Accounting Profit before Tax		1,708,884,010	1,840,590,584	1,174,555,522	1,904,071,996
Adjustments in respect to Current Income Tax					
Consolidated Adjustments		454,454,351	346,662,086	-	-
Aggregate Disallowed Items		793,223,268	602,193,771	453,082,830	353,518,570
Aggregate Allowable Items		(2,497,257,326)	(1,594,923,617)	(1,631,622,956)	(1,169,374,387)
Other Sources of Income		70,135,989	44,363,633	35,935,409	42,794,791
Qualifying Payments and Other Allowable Deductions		(737,068)	-	-	-
		528,703,224	1,238,886,457	31,950,805	1,131,010,970
At the Statutory Income Tax Rate	- Business Profit	10% - 35%	10 - 20%	20%	20%
	- Other Income	28%	28%	28%	28%
Current Income Tax Expenses	- Business Profit	153,501,153	259,913,750	-	217,643,236
	- Other Income	19,431,698	12,421,817	9,264,994	11,982,541
Income Tax Expense reported in the Statement of Profit or loss		172,932,850	272,335,567	9,264,994	229,625,777

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	
	2016	2015	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Company						
Deferred Tax Liabilities						
Property, Plant and Equipment	567,800,958	434,443,839	133,357,119	68,270,535	-	-
Deemed Cost Adjustment on Building and Plant and Machinery	240,486,426	256,494,487	-	-	-	-
	808,287,384	690,938,326	133,357,119	68,270,535	-	-
Deferred Tax Assets						
Employee Benefit Liability	(12,558,117)	(10,900,226)	(2,666,635)	26,138,952	1,008,744	(2,128,497)
	(12,558,117)	(10,900,226)	(2,666,635)	26,138,952	1,008,744	(2,128,497)
Deferred Income Tax Expense			130,690,485	94,409,487	1,008,744	(2,128,497)
Net Deferred Tax Liability	795,729,267	680,038,100				

	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2016	2015	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Group						
Deferred Tax Liabilities						
Capital Allowances for Tax Purposes	714,017,551	425,060,359	134,950,076	58,887,055	-	-
Deemed Cost Adjustment on Building and Plant and Machinery	236,348,463	256,494,487	-	-	-	-
	950,366,014	681,554,846	134,950,076	58,887,055	-	-
Deferred Tax Assets						
Employee Benefit Liability	(90,495,915)	(12,651,607)	(5,678,997)	24,652,642	(3,195,855)	(2,393,568)
Carry Forward of Unused Tax Losses	(5,140,156)	(2,759,063)	(2,381,092)	(2,759,063)	-	-
	(95,636,071)	(15,410,670)	(8,060,089)	21,893,579	(3,195,855)	(2,393,568)
Deferred Income Tax Expense			126,889,987	80,780,634	(3,195,855)	(2,393,568)
Net Deferred Tax Asset/Liability	854,729,943	666,144,175				
Deferred Tax Liabilities	867,826,626	681,678,264				
Deferred Tax Assets	13,096,683	(15,534,089)				
	854,729,943	666,144,175				

6.6 Reconciliation of Net Deferred Tax Liability

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
As at 1 April	666,144,175	601,567,628	680,038,100	601,567,628
Exchange Difference on Translation of Foreign Operations	1,475,099	-	-	-
Deferred Taxes Acquired in Business Combinations	85,421,645	-	-	-
Tax Expense during the Year recognised in the Statement of Profit or Loss	126,889,987	80,780,634	130,690,485	94,409,488
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	(3,195,855)	(2,393,568)	1,008,744	(2,128,497)
Deferred Tax directly recognised in Equity	(22,005,109)	(13,810,519)	(16,008,061)	(13,810,519)
As at 31 March	854,729,943	666,144,175	795,729,267	680,038,100

6. INCOME TAX (Contd...)

6.7 Current Taxes

6.7.1 Corporate incomes taxes of Companies resident in Sri Lanka have been arrived at in accordance with the Inland Revenue Act No. 10 of 2006 as amended, whilst the Corporate Income Taxes of non-resident Companies within the Group have been arrived at according to the domestic statutes in their respective countries.

Resident Companies within the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation, were liable to income tax at the rate of 28% during year of assessment 2015/16 (Y/A 2014/15 - 28 %).

6.7.2 Exemptions/Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax Rate	Applicable Period
LAUGFS Gas PLC	Profits of the Company was exempted from Income Tax for a period of 3 years, at 10% for next 2 years and 20% thereafter	20%	Open-ended
LAUGFS Eco Sri (Pvt) Ltd.	Profits of the Company was exempted from Income Tax for a period of 5 years, at 10% for next 2 years and 20% thereafter	10%	2 Years Ending 2015/2016
LAUGFS Leisure Ltd.	Profits of the Company is exempt from Income Tax for a period of 10 years, at 10% for next 2 years and 20% thereafter	Exempt	10 Years Ending 2024/2025
LAUGFS Maritime Services (Pvt) Ltd.	Profits of the Company is exempt from Income Tax for a period of 8 years, as per Sec. 17A of the Inland Revenue Act	Exempt	8 Years Ending 2021/2022
Anantaya Passekudah (Pvt) Ltd.	Profits of the Company is exempt from Income Tax for a period of 15 years	Exempt	15 Years from 1st Year of Profit or 2 Years from Operations
Anorchi Lanka (Pvt) Ltd.	Profits of the Company is exempt from Income Tax for a Period of 12 years	Exempt	12 Years from 1st Year of Profit or 2 Years from Operations
Iris Eco Power Lanka (Pvt) Ltd.	Profits of the Company is exempt from Income Tax for a Period of 12 years	Exempt	12 Years from 1st Year of Profit or 2 Years from Operations

6.7.3 Exemptions/Concessions Granted Under the Inland Revenue Act

Company	Nature of the Exemption / Concession	Current Tax Rate	Applicable Period
LAUGFS Power Ltd.	Enjoys a Concessionary Tax Rate	12%	Open-ended
LAUGFS Hotel Management Services (Pvt) Ltd.	Enjoys a Concessionary Tax Rate	12%	Open-ended
Anantaya Wadduwa (Pvt) Ltd.	Enjoys a Concessionary Tax Rate	12%	Open-ended

6.7.4 Corporate Income Tax of LAUGFS Gas (Bangladesh) Ltd. is computed at the highter of 0.3% of gross receipts and tax applied on taxable profits at 35% under Sec. 16CCC of Income Tax Ordinance (ITO) 1984 imposed by the Government of Bangladesh through Finance Act 2015.

6.7.5 Slogal Energy DMCC is a Company operating within the Dubai Multi Commodities Centre (DMCC) which is a free zone in the United Arab Emirates. Hence, no tax is applicable for the profits earned.

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	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Amount Used as the Numerator:				
Net Profit attributable to Ordinary Equity Holders of the Parent for Basic/Diluted Earnings Per Share	1,284,803,630	1,448,060,705	1,031,967,025	1,579,123,052
	2016 Number	2015 Number	2016 Number	2015 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 01.04.2015 Rs.	Additions/ Incurred during the Year Rs.	On Acquisition of Subsidiaries* Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2016 Rs.
At Cost							
Freehold Land	1,296,791,406	-	27,245,625	-	-	-	1,324,037,031
Land Development	313,970,832	49,957	72,626,154	-	-	1,271,883	387,918,826
Buildings on Freehold Land	1,679,754,691	7,618,846	-	1,644,971	-	-	1,689,018,508
Buildings on Leasehold Land	414,302,284	18,145,486	17,510,010	57,413,530	-	306,648	507,677,958
Plant, Machinery and Equipment	1,216,840,201	67,681,464	639,264,825	149,614,768	(13,863,630)	11,195,283	2,070,732,910
Office Equipment	314,324,926	17,994,987	29,483,384	225,750	(1,377,788)	516,335	361,167,594
Furniture and Fittings	257,502,400	11,256,133	9,116,611	2,904,000	-	159,657	280,938,801
Jetty	-	-	49,936,035	-	-	874,517	50,810,552
Gas Point Dealer Boards and Storage Huts	28,178,619	4,591,438	-	790,300	(614,800)	-	32,945,556
Motor Vehicles	350,824,298	11,176,747	78,764,407	-	(11,150,364)	1,379,381	430,994,470
Kitchen Equipments	44,730,367	989,022	-	-	-	-	45,719,389
GYM Equipments	5,910,674	-	-	-	-	-	5,910,674
Vessels	841,102,711	786,309,525	-	-	-	-	1,627,412,236
Dry Docking Cost of Vessels	117,166,775	162,193,878	-	-	-	-	279,360,653
Gas Stock in Tank	5,222,089	4,834,772	-	-	-	-	10,056,861
Cylinders in Hand and in Circulation	4,174,992,800	1,073,169,533	82,080,087	38,208,684	(35,025,765)	1,437,448	5,334,862,787
	11,061,615,073	2,166,011,787	1,006,027,135	250,802,002	(62,032,347)	17,141,153	14,439,564,806
Assets on Finance Leases							
Motor Vehicles	34,628,000	-	-	-	-	-	34,628,000
	34,628,000	-	-	-	-	-	34,628,000
Total Value of Depreciable Assets	11,096,243,073	2,166,011,787	1,006,027,138	250,802,002	(62,032,347)	17,141,153	14,474,192,806

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.1 Group (Contd.)

8.1.2 In the Course of Construction

	Balance As at 01.04.2015 Rs.	Additions/ Incurred during the Year Rs.	On Acquisition of Subsidiaries* Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2016 Rs.
At Cost							
Buildings	1,451,516,481	1,299,532,602	-	(119,620,750)	-	-	2,631,428,333
Fire Water Storage Project	199,923	172,939	-	-	-	-	372,862
Fire Pump Installation	-	15,575,408	-	-	-	-	15,575,408
Galle Bottling Plant	1,572,917	-	-	-	-	-	1,572,917
Loading Bay	2,714,338	-	-	-	-	-	2,714,338
Electronic Filling Scales for 5Kg Gas Cylinders	-	7,060,386	-	-	-	-	7,060,386
Motor Tricycle	4,847,151	-	-	-	-	-	4,847,151
River Water Project	3,019,445	383,765	-	-	-	-	3,403,210
Motor Vehicles	12,873,539	2,016,473	-	-	-	-	14,890,012
Tank Installation Project	-	17,712,938	-	-	-	-	17,712,938
Shrink Sealer Machine	254,192	-	-	(254,192)	-	-	-
Gas Shop	-	4,044,005	-	(3,869,915)	-	-	174,090
Solar Power Plant	-	260,151,807	92,805,985	-	-	-	352,957,792
Hydro Power Plant	-	106,316,695	337,247,595	-	-	-	443,564,290
LPG Treatment Unit	72,430	260,331	-	(332,761)	-	-	-
Cylinder Pallets	1,011,840	3,718	-	-	-	-	1,015,558
LPG Terminal Project	-	-	21,436,887	-	-	-	21,436,888
Storage Tank	167,597,611	17,231,377	125,365,471	(88,515,701)	-	2,195,494	223,874,251
	1,645,679,867	1,730,462,443	576,855,938	(212,593,319)	-	2,195,494	3,742,600,423
Goods In Transit							
Cylinders	38,208,684	-	-	(38,208,684)	-	-	-
	38,208,684	-	-	(38,208,684)	-	-	-
Total Gross Carrying Amount	12,780,131,624	3,896,474,230	1,582,883,076	-	(62,032,347)	19,336,646	18,216,793,230

8.1.3 Depreciation

	Balance As at 01.04.2015 Rs.	Charged for the Year Rs.	On Acquisition of Subsidiaries* Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2016 Rs.
At Cost							
Land Development	-	2,513,134	11,058,887	-	-	194,927	13,766,947
Buildings on Freehold Land	40,156,817	34,256,861	-	-	-	-	74,413,679
Buildings on Leasehold Land	238,142,908	39,022,259	2,548,784	-	-	44,933	279,758,885
Plant, Machinery and Equipment	309,507,096	127,214,008	126,147,618	-	(1,450,611)	2,225,643	563,643,754
Office Equipment	119,517,646	44,359,839	12,902,323	-	(1,330,302)	227,745	175,677,252
Furniture and Fittings	58,123,862	27,245,498	1,612,317	-	-	28,491	87,010,169
Jetty	-	3,017,552	13,160,757	-	-	231,988	16,410,298
Gas Point Dealer Boards and Storage Huts	13,005,555	2,970,385	-	-	(614,800)	-	15,361,140
Motor Vehicles	116,170,466	47,783,323	27,510,430	-	(6,368,661)	486,015	185,581,572
Kitchen Equipments	4,951,239	4,500,049	-	-	-	-	9,451,288
GYM Equipments	660,700	591,068	-	-	-	-	1,251,768
Vessels	20,786,047	70,190,016	-	-	-	-	90,976,063
Dry Docking Cost of Vessels	10,887,172	38,812,984	-	-	-	-	49,700,156
Gas Stock in Tank	610,436	2,055,681	-	-	-	-	2,666,118
Cylinders in Hand and in Circulation	770,465,820	239,789,640	9,030,019	-	(8,377,513)	159,346	1,011,067,312
	1,702,985,766	684,322,296	203,971,135	-	(18,141,887)	3,599,087	2,576,736,398
Assets on Finance Lease							
Motor Vehicles	2,177,236	5,225,365	-	-	-	-	7,402,601
	2,177,236	5,225,365	-	-	-	-	7,402,601
Total Depreciation	1,705,163,002	689,547,661	203,971,135	-	(18,141,887)	3,599,087	2,584,138,999

* This includes the acquisition of LAUGFS Terminals Ltd. as well, which has been accounted for as a common control combination.

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.1 Group (Contd.)

8.1.4 Net Book Values

	2016 Rs.	2015 Rs.
At Cost		
Freehold Land	1,324,037,031	1,296,791,406
Land Development	374,151,879	313,970,832
Buildings on Freehold Land	1,614,604,830	1,639,597,874
Buildings on Leasehold Land	227,919,073	176,159,376
Plant, Machinery and Equipment	1,507,089,156	907,333,105
Office Equipment	185,490,342	194,807,280
Furniture and Fittings	193,928,632	199,378,538
Jetty	34,400,255	-
Gas Point Dealer Boards and Storage Huts	17,584,416	15,173,063
Motor Vehicles	245,412,898	234,653,832
Kitchen Equipments	36,268,101	39,779,128
GYM Equipments	4,658,906	5,249,974
Vessels	1,536,436,173	820,316,664
Dry Docking Cost of Vessels	229,660,497	106,279,603
Gas Stock in Tank	7,390,743	4,611,653
Cylinders in Hand and in Circulation	4,323,795,475	3,404,526,980
	11,862,828,408	9,358,629,307
Assets on Finance Leases		
Motor Vehicles	27,225,400	32,450,765
	27,225,400	32,450,765
In the Course of Construction		
Buildings	2,631,428,333	1,451,516,481
Fire Water Storage Project	372,862	199,923
Fire Pump Installation	15,575,408	-
Galle Bottling Plant	1,572,917	1,572,917
Loading Bay	2,714,338	2,714,338
Electronic Filling Scales for 5Kg Gas Cylinders	7,060,386	-
Motor Tricycle	4,847,151	4,847,151
River Water Project	3,403,210	3,019,445
Motor Vehicles	14,890,012	12,873,539
Tank Installation Project	17,712,938	-
Shrink Sealer Machine	-	254,192
Gas Shop	174,090	-
Solar Power Plant	352,957,792	-
Hydro Power Plant	443,564,290	-
LPG Treatment Unit	-	72,430
Cylinder Pallets	1,015,558	1,011,840
LPG Terminal Project	21,436,888	-
Storage Tank	223,874,251	167,597,611
	3,742,600,423	1,645,679,867
Goods In Transit		
Cylinders	-	38,208,684
	-	38,208,684
Total Carrying Amount of Property, Plant and Equipment	15,632,654,231	11,074,968,623

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2015 Rs.	Additions/ Incurred during the Year Rs.	Transfer In/(Out) Rs.	Disposals During the Year Rs.	Balance As at 31.03.2016 Rs.
At Cost					
Freehold Land	365,327,500	-	-	-	365,327,500
Land Development	313,970,832	49,957	-	-	314,020,789
Buildings on Freehold Land	94,718,060	99,474	1,644,971	-	96,462,505
Building on Leasehold Land	6,121,851	-	-	-	6,121,851
Plant, Machinery and Equipment	819,902,273	19,128,513	89,314,594	(13,193,985)	915,151,395
Office Equipment	63,354,444	2,619,977	204,500	(50,850)	66,128,071
Furniture and Fittings	113,204,189	216,674	2,887,009	-	116,307,872
Gas Point Dealer Boards and Storage Huts	28,178,618	4,591,438	790,300	(614,800)	32,945,556
Motor Vehicles	309,472,306	5,944,220	-	(11,150,364)	304,266,162
Cylinders in Hand and in Circulation	4,174,992,800	1,073,169,533	38,208,684	(35,025,765)	5,251,345,252
Total Value of Depreciable Assets	6,289,242,874	1,105,819,786	133,050,057	(60,035,764)	7,468,076,953
In the Course of Construction					
At Cost					
Buildings	3,822,334	462,909	(1,868,805)	-	2,416,438
Fire Water Storage Project	199,923	172,939	-	-	372,862
Fire Pump Installation	-	15,575,408	-	-	15,575,408
Galle Bottling Plant	1,572,917	-	-	-	1,572,917
Loading Bay	2,714,338	-	-	-	2,714,338
Electronic Filling Scales for 5Kg Gas Cylinders	-	7,060,386	-	-	7,060,386
Motor Tricycle	4,847,151	-	-	-	4,847,151
River Water Project	3,019,445	383,765	-	-	3,403,210
Motor Vehicles	12,873,539	2,016,473	-	-	14,890,012
Tank Installation Project	-	17,712,938	-	-	17,712,938
Shrink Sealer Machine	254,192	-	(254,192)	-	-
Gas Shop	-	4,044,005	(3,869,915)	-	174,090
LPG Treatment Unit	72,430	260,331	(332,761)	-	-
Cylinder Pallets	1,011,840	3,718	-	-	1,015,558
Storage Tanks	167,597,611	15,681,793	(88,515,701)	-	94,763,703
	197,985,720	63,374,665	(94,841,374)	-	166,519,011
Goods In Transit					
Cylinders	38,208,684	-	(38,208,684)	-	-
	38,208,684	-	(38,208,684)	-	-
Total Gross Carrying Amount	6,525,437,278	1,169,194,451	-	(60,035,764)	7,634,595,965

8. PROPERTY, PLANT AND EQUIPMENT (Contd.)

8.2 Company (Contd.)

8.2.2 Depreciation

	Balance As at 01.04.2015 Rs.	Charged for the Year Rs.	Transfers In/ (Out) Rs.	Disposals During the Year Rs.	Balance As at 31.03.2016 Rs.
At Cost					
Buildings on Freehold Land	7,914,658	2,460,158	-	-	10,374,816
Building on Leasehold Land	910,806	437,099	-	-	1,347,905
Plant, Machinery and Equipment	169,539,238	49,125,059	-	(1,386,952)	217,277,345
Office Equipment	42,891,229	9,133,066	-	(38,138)	51,986,158
Furniture and Fittings	39,094,072	11,233,480	-	-	50,327,552
Gas Point Dealer Boards and Storage Huts	13,005,555	2,970,385	-	(614,800)	15,361,140
Motor Vehicles	95,888,106	34,786,521	-	(6,368,661)	124,305,967
Cylinders in Hand and in Circulation	770,465,820	237,376,755	-	(8,377,513)	999,465,062
Total Depreciation	1,139,709,486	347,522,522	-	(16,786,064)	1,470,445,945

8.2.3 Net Book Values

	2016 Rs.	2015 Rs.
At Cost		
Freehold Land	365,327,500	365,327,500
Land Development	314,020,789	313,970,832
Buildings on Freehold Land	86,087,689	86,803,402
Building on Leasehold Land	4,773,946	5,211,045
Plant, Machinery and Equipment	697,874,050	650,363,035
Office Equipment	14,141,913	20,463,215
Furniture and Fittings	65,980,320	74,110,116
Gas Point Dealer Boards and Storage Huts	17,584,415	15,173,063
Motor Vehicles	179,960,196	213,584,200
Cylinders in Hand and in Circulation	4,251,880,190	3,404,526,980
	5,997,631,009	5,149,533,388
In the Course of Construction		
Buildings	2,416,438	3,822,334
Fire Water Storage Project	372,862	199,923
Fire Pump Installation	15,575,408	-
Galle Bottling Plant	1,572,917	1,572,917
Loading Bay	2,714,338	2,714,338
Electronic Filling Scales for 5Kg Gas Cylinders	7,060,386	-
Motor Tricycle	4,847,151	4,847,151
River Water Project	3,403,210	3,019,445
Motor Vehicles	14,890,012	12,873,539
Tank Installation Project	17,712,938	-
Shrink Sealer Machine	-	254,192
LPG Treatment Unit	-	72,430
Cylinder Pallets	1,015,558	1,011,840
Storage Tanks	94,763,703	167,597,611
	166,519,011	197,985,720
Goods In Transit		
Cylinders	-	38,208,684
	-	38,208,684
Total Carrying Amount of Property, Plant and Equipment	6,164,150,020	5,385,727,792

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.3 During the financial year, the Group and Company acquired property, plant & equipment to the aggregate value of Rs.3,896,474,230/- and Rs. 1,169,194,451/- respectively (2015 - Rs.2,872,397,768/- and Rs.701,722,568/-) of which Rs.Nil (2015 - Rs.34,628,000/-) was acquired by means of finance leases. Cash payment amounting Rs.3,892,343,909/- and Rs. 1,169,194,451/- respectively. (2015 - Rs.2,833,639,447/-and Rs.701,722,568/-).

8.4 Building on leasehold land includes fabrication cost of containers of Rs. 6,775,387/- (2015 - Rs. 4,810,723/-) and plants of vehicle emission testing areas of Rs.4,123,047/- (2015 - 4,005,701/-).

8.5 The amount of borrowing costs capitalised during the year ended 31 March 2016 was Rs.6,423,423/- (2015 - 1,016,772/-). The rate used for capitalising the borrowing cost was AWPLR+2%.

8.6 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.

8.7 The useful lives of the assets are estimated as follows:

	2016	2015
Group		
Land Development*	13-24 Years	-
Buildings on Freehold Land	40 - 50 Years	40 - 50 Years
Buildings on Leasehold Land*	9 - 27 Years	14 - 20 Years
Plant, Machinery and Equipment	3 - 20 Years	3 - 20 Years
Office Equipment	3 - 10 Years	4 - 10 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
Jetty	20 Years	-
Motor Vehicles	3 - 30 Years	3 - 30 Years
Kitchen Equipments	10 Years	10 Years
GYM Equipments	10 Years	10 Years
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessels	10 Years	10 Years
Dry Docking Cost of Vessels	3 Years	3 Years
Gas Stock in Tank	3 Years	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.

8.8 Property, plant and equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of Rs.187,538,836/- and Rs.50,283,782/- respectively (2015 -Rs.56,757,167/- and Rs.35,551,768/-).

9. INVESTMENT PROPERTIES

	2016 Rs.	2015 Rs.
Group/Company		
As at 1 April	708,500,000	680,000,000
Net Gain from Fair Value Adjustment	27,000,000	28,500,000
As at 31 March	735,500,000	708,500,000
Rental Income derived from Investment Properties	4,077,107	4,263,783
Net Profit arising from Investment Properties	4,077,107	4,263,783

9.1 Fair Value Related Disclosures of the Investment Properties

Fair Value Hierarchy

The fair value of the Group's/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 2016 and 31 March 2015. The most appropriate basis of determining the fair value of properties (commercial site) is the investment method. But due to lack of available information and the 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 evidences (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 2015	15,149,691	53,203,385	68,353,076	10,526,312	10,526,312
Additions*	79,164,320	-	79,164,320	44,142,125	44,142,125
On Acquisition of Subsidiaries (Note 14)	-	2,880,940,066	2,880,940,065	-	-
Exchange Differences on Translations of Foreign Operations	-	39,264,727	39,264,727	-	-
As at 31 March 2016	94,314,011	2,973,408,178	3,067,722,189	54,668,438	54,668,438
Amortization and Impairment					
As at 1 April 2015	4,404,152	-	4,404,152	3,315,010	3,315,010
Amortization	20,249,133	-	20,249,133	12,588,904	12,588,904
As at 31 March 2016	24,653,285	-	24,653,285	15,903,914	15,903,914
Net Book Values					
At 1 April 2015	10,745,540	53,203,385	63,948,925	7,211,302	7,211,302
At 31 March 2016	69,660,726	2,973,408,178	3,043,068,904	38,764,524	38,764,524

*This includes the Enterprise Resource Planning System (SAP ECC 6.0), ECDIS (an Electronic Chart Display and Information System which is a computer based navigation information system which can be used as an alternative to paper nautical charts) and AMOS (a software based total business solutions used on ships) systems.

11. IMPAIRMENT TESTING OF GOODWILL

Goodwill acquired through business combinations are allocated to the Energy, Other Services, Leisure & Hospitality, Property Development and Power Cash Generating Units (CGUs), which are also operating and reportable segments, for impairment testing purpose.

Carrying amount of Goodwill allocated to each of the Cash Generating Units:

	2016 Rs.	2015 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	639,149,594	275,164
Energy	2,281,330,363	-
	2,973,408,178	53,203,385

The Group performs its annual impairment test as at 31 March of each financial year. The Group considers the net assets and future cash flows of each CGU when reviewing for the indicators of impairment. As at 31 March 2016, there was no any significant indicators for potential impairment of goodwill and impairment of the assets of the CGUs.

12. PREPAYMENTS

	Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Prepayments	164,977,825	96,178,193	25,599,285	12,483,374
	164,977,825	96,178,193	25,599,285	12,483,374
Prepayments within One Year (Current)	52,829,020	12,483,374	25,599,285	12,483,374
Prepayments after One Year (Non-Current)*	112,148,805	83,694,819	-	-
	164,977,825	96,178,193	25,599,285	12,483,374

* This includes consideration paid by LAUGFS Leisure Ltd. (a Subsidiary) for the acquisition of Anantaya Passekudah (Pvt) Ltd. which has been accounted for as an acquisition of leasehold right of the land at Passekudah considering the substance of the transaction and payments made by LAUGFS Power Ltd. (a Subsidiary), Iris Eco Power Lanka (Pvt) Ltd. (a Subsidiary), Anorchi Lanka (Pvt) Ltd.(a Subsidiary), LAUGFS Gas (Bangladesh) Ltd. (a Subsidiary) for acquisition of leasehold rights of lands.

13. INVESTMENTS IN SUBSIDIARIES

	2016 Rs.	2015 Rs.
Company		
As at 1 April	2,796,301,924	2,196,301,914
Acquisition of Investments made During the Year	3,002,479,228	600,000,010
As at 31 March	5,798,781,152	2,796,301,924

13.1 Investments in Subsidiaries

Non-Quoted	Country of Incorporation	% of Holding 2016	% of Holding 2015	Cost 2016 Rs.	Directors' Valuation 2016 Rs.	Cost 2015 Rs.	Directors' Valuation 2015 Rs.
LAUGFS Eco Sri (Pvt) Ltd.	Sri Lanka	100%	100%	416,301,984	416,301,984	416,301,984	416,301,984
LAUGFS Leisure Ltd.	Sri Lanka	100%	100%	1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
LAUGFS Property Developers (Pvt) Ltd.	Sri Lanka	88%	88%	550,000,000	550,000,000	550,000,000	550,000,000
LAUGFS Power Ltd.	Sri Lanka	100%	100%	129,999,930	129,999,930	129,999,930	129,999,930
LAUGFS Maritime Services Ltd.	Sri Lanka	100%	100%	800,000,010	800,000,010	400,000,010	400,000,010
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	69%*	-	2,597,931,346	2,597,931,346	-	-
SLOGAL Energy DMCC	United Arab Emirates	100%	-	4,547,871	4,547,871	-	-
LAUGFS Terminals Ltd.	Sri Lanka	100%	-	10	10	-	-
Total Non-Quoted Investments in Subsidiaries				5,798,781,152	5,798,781,152	2,796,301,924	2,796,301,924

* LAUGFS Gas PLC has acquired the remaining non-controlling interests of LAUGFS Gas (Bangladesh) Ltd on 28 April 2016.

14. BUSINESS COMBINATIONS

Acquisitions in 2015/16

Assets Acquired and Liabilities Assumed

The fair values of the identifiable assets and liabilities as at the date of acquisition were:

	Fair Values Recognised on Acquisition					
	Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Anorchi Lanaka (Pvt) Ltd.	Iris Eco Power Lanka (Pvt) Ltd.	LAUGFS Gas (Bangladesh) Ltd.	Pams Power (Pvt) Ltd.	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets						
Property, Plant and Equipment	42,644,681	46,566,829	46,239,156	900,175,847	321,848,537	1,357,475,051
Prepayments	-	9,288,000	9,288,000	32,589,927	-	51,165,927
Inventories	-	-	-	170,661,200	-	170,661,200
Trade and Other Receivables	-	2,591,176	3,311,176	350,222,539	-	356,124,891
Cash and Short-Term Deposits	-	4,000	1,000	1,057,802,681	-	1,057,807,681
	42,644,681	58,450,005	58,839,332	2,511,452,194	321,848,537	2,993,234,749
Liabilities						
Employee Benefit Liability	-	-	-	(170,196,780)	-	(170,196,780)
Deferred Income	-	-	-	(62,417,540)	-	(62,417,540)
Refundable Deposits	-	-	-	(74,003,749)	-	(74,003,749)
Deferred Tax Liabilities	-	-	-	(85,421,646)	-	(85,421,646)
Trade and Other Payables	(3,103,016)	(85,819,885)	(85,343,883)	(293,452,988)	-	(467,719,772)
Contingent Liability	-	-	-	(15,626,250)	-	(15,626,250)
Income Tax Payable	(24,217)	-	-	(287,280,984)	-	(287,305,201)
	(3,127,233)	(85,819,885)	(85,343,883)	(988,399,937)	-	(1,162,690,937)
Total Identifiable Net Assets at Fair Value	39,517,448	(27,369,879)	(26,504,551)	1,523,052,257	321,848,537	(1,830,543,812)
Non-Controlling Interests - Measured at Fair Value	-	-	-	(1,167,186,547)	-	(1,167,186,547)
Goodwill on Acquisition of Subsidiaries (Note 10)	-	319,869,879	319,004,551	2,242,065,636	-	2,880,940,066
Gain from Bargain Purchase on Acquisition of Subsidiaries	(2,517,448)	-	-	-	(121,848,537)	(124,365,985)
Purchase Consideration Transferred	37,000,000	292,500,000	292,500,000	2,597,931,346	200,000,000	3,419,931,346

14. BUSINESS COMBINATIONS (Contd.)

Analysis of Cash Flows on Aquisition:

	Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.	Anorchi Lanaka (Pvt) Ltd.	Iris Eco Power Lanka (Pvt) Ltd.	LAUGFS Gas (Bangladesh) Ltd.	Pams Power (Pvt) Ltd.	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Transaction Cost of the Acquisition (included in Cash Flows from Operating Activities)	-	-	-	(39,529,688)	-	(39,529,688)
Net Cash and Cash Equivalents Acquired with the Subsidiaries (included in Cash Flows from Investing Activities)	-	4,000	1,000	1,057,802,681	-	1,057,807,681
Net Cash Flows on Acquisition	-	4,000	1,000	1,018,272,993	-	1,018,277,993

Acquisition of Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd. and Pams Power (Pvt) Ltd.

LAUGFS Power Ltd., a Subsidiary of LAUGFS Gas PLC has acquired 100% of the voting shares of Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd. and Pams Power (Pvt) Ltd., engaged in generation of hydro power, on 01 April 2015 and 10 February 2016, for cash of which Pams Power (Pvt) Ltd. was acquired through a mortgage banker.

Acquisition of Anorchi Lanaka (Pvt) Ltd. and Iris Eco Power Lanka (Pvt) Ltd.

LAUGFS Power Ltd., a Subsidiary of LAUGFS Gas PLC has acquired 100% of the voting shares of Anorchi Lanaka (Pvt) Ltd. and Iris Eco Power Lanka (Pvt) Ltd. for cash on 05 August 2015. The Group acquired these two companies to expand its wings in solar power generation were engaged in generation of solar power.

Acquisition of LAUGFS Gas (Bangladesh) Ltd. (Formerly known as Petredec Elpiji Ltd.)

On 10 October 2015, the Group acquired 69% of the voting shares of Petredec Elpiji Ltd., an unlisted company based in Bangladesh which is engaged in sale of liquefied petroleum gas and other related products, for cash. The Group acquired Petredec Elpiji Ltd. because it significantly enlarges the market for energy segment.

A contingent liability at fair value of Rs. 15,626,250 was recognised at the acquisition date resulting from a LPG consignment price dispute with the Mongla Customs Authority. As at the reporting date, the contingent liability was re-assessed and the Management is of the view that the carrying amount of such contingent liability approximates its fair value.

Transaction cost relating to the acquisition of ordinary shares of Petredec Elpiji Ltd. amounting to Rs. 39,529,688/- was expensed and is included in Administrative Expenses.

The Group has elected to measure the non-controlling interests in the acquiree at fair value which has been measured by referring to the acquisition price per share as at the aquisition date.

There were no any acquisitions in 2014/2015.

15. MATERIAL PARTLY-OWNED SUBSIDIARIES

Financial information of Subsidiaries that have material non-controlling interests is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2016	2015
LAUGFS Gas (Bangladesh) Ltd.	Bangladesh	31%	-

Accumulated Balances of Material Non-Controlling Interests:		
LAUGFS Gas (Bangladesh) Ltd	1,195,843,601	-
Total Comprehensive Income Allocated to Material Non-Controlling Interests:		
LAUGFS Gas (Bangladesh) Ltd	58,517,374	-

The summarised financial information of the above Subsidiary is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit or Loss	2016 Rs.	2015 Rs.
Revenue	2,088,774,676	-
Cost of Sales	(1,596,091,206)	-
Other Operating Income	2,456,543	-
Selling and Distribution Expenses	(96,677,430)	-
Administrative Expenses	(131,180,350)	-
Finance Costs	(10,410,916)	-
Finance Income	12,307,437	-
Profit before Tax	269,178,754	-
Income Tax	(101,440,792)	-
Profit for the Year	167,737,962	-
Other Comprehensive Income	21,027,759	-
Total Comprehensive Income	188,765,721	-
Attributable to Non-Controlling Interests	58,517,374	-
Dividends Paid to Non-Controlling Interests	43,806,635	-

Summarised Statement of Financial Position	2016 Rs.	2015 Rs.
Inventories, Trade and Other Receivables and Cash and Short-Term Deposits Balances (Current)	1,885,179,085	-
Property, Plant and Equipment and Other Non-Current Assets (Non-Current)	912,127,307	-
Trade and Other Payables and Income Tax Liabilities (Current)	(848,044,151)	-
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(357,132,691)	-
Total Equity	1,592,129,551	-
Attributable to Equity Holders of the Parent	1,098,569,390	-
Attributable to Non-Controlling Interests	493,560,161	-

Summarised Cash Flow Information	2016 Rs.	2015 Rs.
Operating	203,125,028	-
Investing	(36,204,400)	-
Financing	(129,004,288)	-
Net Increase/(Decrease) in Cash and Cash Equivalents	37,916,340	-

16. COMMON CONTROL COMBINATIONS

On 28 March 2016, LAUGFS Gas PLC acquired 100% voting shares of LAUGFS Terminals Ltd. from LAUGFS Holdings Ltd. which is the ultimate parent of the Group, for cash. The Management of the Group is of the view that despite the transaction resulting a change in the immediate parent of LAUGFS Terminals Ltd., the Group is ultimately controlled by the same party which is LAUGFS Holdings Ltd., both before and after the business combination, and that control is not transitory. Hence, this transaction is a business combination involving entities or businesses under common control.

The carrying amounts of the identifiable assets and liabilities as at the date of acquisition were:

	Rs.
Assets	
Property, Plant and Equipment	21,436,887
Prepayments	10,272,313
Other Receivables	10
Cash and Short-Term Deposits	1,170,009,187
	1,201,718,397
Liabilities	
Trade and Other Payables	(1,249,202,665)
	(1,249,202,665)
Total Identifiable Net Assets	(47,484,268)
Effects on Common Control Combinations (Difference between the consideration transferred and net assets acquired)	47,484,278
Purchase Consideration Transferred	10

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

17.1 Other Financial Assets

17.1.1 Available for Sale Financial Assets at Fair Value Through Other Comprehensive Income

	2016 Rs.	2015 Rs.
Group/Company		
Quoted Equity Shares		
Ceylon Guardian Investment Trust PLC	2,213,971	3,367,200
Citrus Leisure PLC	10,050,000	19,050,000
Colombo City Holdings PLC	8,014,800	7,920,000
Commercial Bank of Ceylon PLC	21,548,978	28,118,662
Ceylon Grain Elevators PLC	68,900,000	38,000,000
Lanka Orix Leasing Company PLC	2,520,000	2,681,000
Three Acre Farms PLC	2,624,160	1,410,640
Browns Capital PLC	3,421,020	4,561,360
	119,292,929	105,108,862

17.1.2 Financial Assets at Fair Value Through Profit or Loss

	2016 Rs.	2015 Rs.
Group / Company		
Quoted Equity Shares		
Union Bank of Colombo PLC	164,340	238,590
Multi Finance PLC	2,107,860	3,956,860
Total Other Financial Assets	121,565,129	109,304,312
Total Current	2,272,200	4,195,450
Total Non-Current	119,292,929	105,108,862
	121,565,129	109,304,312

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

17.2 Other Financial Liabilities

17.2.1 Interest Bearing Loans and Borrowings

Group	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.
Finance Leases	6,592,848	19,393,701	25,986,549	5,927,343	25,986,549	31,913,892
Term Loans	1,245,018,225	7,858,212,373	9,103,230,598	145,535,973	2,141,880,753	2,287,416,727
Short Term Loans	2,266,986,883	-	2,266,986,883	446,442,877	-	446,442,877
Bank Overdrafts (Note 20.2)	268,592,766	-	268,592,766	189,726,464	-	189,726,464
	3,787,190,722	7,877,606,074	11,664,796,797	787,632,657	2,167,867,302	2,955,499,960

Finance Leases	As at 01.04.2015 Rs.	Leases Obtained Rs.	Repayments Rs.	As at 31.03.2016 Rs.
Commercial Bank of Ceylon PLC	38,527,342	-	(8,561,632)	29,965,710
	38,527,342	-	(8,561,632)	29,965,710

	As at 31.03.2015 Rs.	As at 31.03.2016 Rs.
Gross Liability	38,527,342	29,965,710
Finance Charges Allocated to Future Periods	(6,613,450)	(3,979,162)
Net Liability	31,913,892	25,986,549
Amount Repayable Within 1 Year	5,927,343	6,592,848
Amount Repayable Within 2 to 5 Years	25,986,549	19,393,701
Amount Repayable After 5 Years	-	-
	31,913,892	25,986,549

Institution	Facility Amount Rs.	Repayment Terms
Commercial Bank of Ceylon PLC	34,628,000	Repayable by instalment of Rs.713,469/- within 54 monthly instalments.

Term Loans	As at 01.04.2015 Rs.	Loans Obtained During the Year Rs.	Exchange (Gain)/Loss Rs.	Loan Repayments During the Year Rs.	As at 31.03.2016 Rs.
Sampath Bank PLC - Loan 1	596,400,000	-	-	(3,600,000)	592,800,000
Sampath Bank PLC - Loan 2	397,600,000	-	-	(2,400,000)	395,200,000
Sampath Bank PLC - Loan 3	420,000,000	900,000,000	-	(420,000,000)	900,000,000
Commercial Bank of Ceylon PLC - Loan 1	550,000,000	-	-	(110,000,000)	440,000,000
Commercial Bank of Ceylon PLC - Loan 2	6,109,227	-	-	(1,127,569)	4,981,658
Commercial Bank of Ceylon PLC - Loan 3	57,307,500	4,715,500	-	(8,964,000)	53,059,000
Commercial Bank of Ceylon PLC - Loan 4	260,000,000	26,000,000	-	(19,444,439)	266,555,561
Commercial Bank of Ceylon PLC - Loan 5	-	67,500,000	-	-	67,500,000
Commercial Bank of Ceylon PLC - Loan 6	-	7,975,000	-	(1,462,120)	6,512,880
Hongkong & Shanghai Banking Corporation - Loan 1	-	1,456,800,000	11,205,000	(73,595,001)	1,394,409,999
Hongkong & Shanghai Banking Corporation - Loan 2	-	868,410,000	(76,500)	(14,692,000)	853,641,500
Hatton National Bank PLC - Loan 1	-	2,000,000,000	-	(71,430,000)	1,928,570,000
Hatton National Bank PLC - Loan 2	-	200,000,000	-	-	200,000,000
DFCC Bank PLC - Loan 1	-	2,000,000,000	-	-	2,000,000,000
	2,287,416,727	7,531,400,500	11,128,500	(726,715,130)	9,103,230,597

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

17.2.1 Interest Bearing Loans and Borrowings (Contd.)

Finance Institution	Interest Rate	Repayment Terms
Sampath Bank PLC		
Loan 1	AWPLR + 1% per annum	Repayable by 120 monthly instalments commencing from April 2014 followed by 24 monthly instalments of Rs. 300,000/- and 96 monthly instalment of Rs. 6,175,000/- thereafter.
Loan 2	AWPLR + 1% per annum	Repayable by 120 monthly instalments commencing from April 2014 followed by 24 monthly instalments of Rs. 200,000/-, 95 monthly instalment of Rs. 4,100,000/- and the final instalments of Rs. 5,700,000/-.
Loan 3	AWPLR + 1% per annum	Repayable by 108 monthly instalments, commencing after 12 months grace period on capital from the date of first disbursement.
Commercial Bank of Ceylon PLC		
Loan 1	8% Fixed Rate	Repayable by 60 monthly instalments commencing from April 2015.
Loan 2	9% per annum	Repayable by 60 monthly instalments of Rs. 135,967/-.
Loan 3	AWPLR + 2% per annum	Repayable by 83 monthly instalments of Rs. 747,000/- and the final instalment of Rs. 769,000/-.
Loan 4	9% per annum	Repayable by 108 monthly instalments of Rs. 2,777,777/-.
Loan 5	AWPLR + 2% per annum	Repayable by 83 monthly instalments of Rs. 803,600/- and the final instalment of Rs. 801,200/- commencing after 12 months grace period on capital from the date of first disbursement.
Loan 6	8% per annum	Repayable by 59 monthly instalments of Rs. 132,920/- and the final instalment of Rs. 132,720/-.
Hongkong & Shanghai Banking Corporation		
Loan 1	3 Months LIBOR + 2.5% per annum	Repayable by 60 equal monthly instalments amounting to USD 166,666.66/-
Loan 2	3 Months LIBOR + 2% per annum	Repayable by 60 equal monthly instalments amounting to USD 133,333/- commenced from March 2016.
Hatton National Bank PLC		
Loan 1	AWPLR + 1% per annum	Repayable by 83 equal monthly instalments amounting to Rs. 23,810,000/- and final installement of Rs 23,770,000/- together with interest commenced from January 2016.
Loan 2	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 3 years	Repayable by 71 equal monthly instalments of 4,166,000/- and final installement of Rs 4,214,000/- after and initial grace period of 2 years.
DFCC Bank PLC		
Loan 1	12.5% per annum	Repayable by 84 monthly instalments, commencing after 12 months grace period on capital from the date of first disbursement.

Asset pledged as securities for the above borrowings have been disclosed under Note 30.

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

17.2.1 Interest Bearing Loans and Borrowings (Contd.)

Short Term Loans	As at 01.04.2015 Rs.	Loans Obtained During the Year Rs.	Exchange (Gain)/Loss Rs.	Loan Repayments During the Year Rs.	As at 31.03.2016 Rs.
Hongkong & Shanghai Banking Corporation	446,442,877	125,932,295	(5,688,123)	(516,831,694)	49,855,355
Hatton National Bank PLC - Loan 1	-	2,500,000,000	-	(1,000,000,000)	1,500,000,000
Hatton National Bank PLC - Loan 2	-	110,300,000	-	(61,299,966)	49,000,034
Pan Asia Banking Corporation PLC	-	1,275,000,000	-	(775,000,000)	500,000,000
People's Bank	-	331,000,000	-	(189,000,000)	142,000,000
Union Bank of Colombo PLC	-	2,159,441,128	-	(2,133,309,633)	26,131,495
Standard Chartered Bank	-	945,000,000	-	(945,000,000)	-
	446,442,877	7,446,673,423	(5,688,123)	(5,620,441,293)	2,266,986,883

Company	2016 Amount Repayable Within 1 Year Rs.	2016 Amount Repayable After 1 Year Rs.	2016 Total Rs.	2015 Amount Repayable Within 1 Year Rs.	2015 Amount Repayable After 1 Year Rs.	2015 Total Rs.
Term Loans	769,756,190	4,553,223,809	5,322,979,999	-	-	-
Short Term Loans	2,217,986,849	-	2,217,986,849	446,442,877	-	446,442,877
Bank Overdrafts (Note 20.2)	126,295,520	-	126,295,520	54,154,757	-	54,154,757
	3,114,038,560	4,553,223,809	7,667,262,369	500,597,634	-	500,597,634

Term Loans*	As at 01.04.2015 Rs.	Loan Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2016 Rs.
Hongkong & Shanghai Banking Corporation - Loan 1	-	1,456,800,000	11,205,000	(73,595,001)	1,394,409,999
Hatton National Bank PLC - Loan 2	-	2,000,000,000	-	(71,430,000)	1,928,570,000
DFCC Bank PLC - Loan 1	-	2,000,000,000	-	-	2,000,000,000
	-	5,456,800,000	11,205,000	(145,025,001)	5,322,979,999

Short Term Loans	As at 01.04.2015 Rs.	Loan Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2016 Rs.
Hongkong & Shanghai Banking Corporation	446,442,877	125,932,295	(5,688,123)	(516,831,694)	49,855,355
Hatton National Bank PLC	-	2,500,000,000	-	(1,000,000,000)	1,500,000,000
Pan Asia Banking Corporation PLC	-	1,275,000,000	-	(775,000,000)	500,000,000
People's Bank	-	331,000,000	-	(189,000,000)	142,000,000
Union Bank of Colombo PLC	-	2,159,441,128	-	(2,133,309,633)	26,131,495
Standard Chartered Bank	-	945,000,000	-	(945,000,000)	-
	446,442,877	7,336,373,423	(5,688,123)	(5,559,141,327)	2,217,986,849

*The terms of the above loans have been disclosed in note 17.2.1

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

17.3 Fair Values

Set out below is a comparison of the carrying amounts and fair values of the Group's/Company's financial instruments by classes those with carrying amounts that are reasonable approximations of fair values. This table does not include the fair values of non-financial assets and non-financial liabilities.

Group

		Carrying Amount		Fair Value	
		2016	2015	2016	2015
	Notes	Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	A	1,474,242,729	1,262,822,107	1,474,242,729	1,262,822,107
Cash and Short Term Deposits	A	3,657,232,155	960,148,039	3,657,232,155	960,148,039
Total		5,131,474,884	2,222,970,146	5,131,474,884	2,222,970,146
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	7,877,606,074	2,167,867,302	7,877,606,074	2,167,867,302
Interest Bearing Loans and Borrowings (Current)	A	3,518,597,956	597,906,194	3,518,597,956	597,906,194
Trade and Other Payables	A	1,174,251,249	1,576,190,449	1,174,251,249	1,576,190,449
Bank Overdrafts	A	268,592,766	189,726,464	268,592,766	189,726,464
Total		12,839,048,046	4,531,690,409	12,839,048,046	4,531,690,409

17.3 Fair Values (Contd.)

Company

		Carrying Amount		Fair Value	
		2016	2015	2016	2015
	Notes	Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	A	1,347,241,502	1,162,063,354	1,347,241,502	1,162,063,354
Cash and Short Term Deposits	A	1,597,778,639	494,592,157	1,597,778,639	494,592,157
Total		1,412,286,223	1,166,329,722	1,412,286,223	1,166,329,722
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	4,553,223,809	-	4,553,223,809	-
Interest Bearing Loans and Borrowings (Current)	A	2,987,743,040	446,442,877	2,987,743,040	446,442,877
Trade and Other Payables	A	924,000,843	1,511,729,389	924,000,843	1,511,729,389
Bank Overdrafts	A	126,295,520	54,154,757	126,295,520	54,154,757
Total		8,591,263,212	2,012,327,023	8,591,263,212	2,012,327,023

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, specific counting risk factors, and risk characteristics of the financed project etc. As at 31 March 2016, the carrying amounts of such receivables/borrowings are not materially different from their calculated fair values.

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

17.4 Fair Value Hierarchy

For all financial assets and liabilities 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 Group/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 : 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 2016, the Group/Company held the following financial instruments carried at fair value on the statement of financial position.

17.4 Fair Value Hierarchy (Contd.)

Group/Company

Assets Measured at Fair Value	2016 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Available for Sale Financial Assets	119,292,929	119,292,929	-	-
Financial Assets at Fair Value through Profit or Loss	2,272,200	2,272,200	-	-
	121,565,129	121,565,129	-	-

During the reporting period ending 31 March 2016, there were no transfers between Level 1 and Level 2 fair value measurements.

18. INVENTORIES

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Gas in Cylinders and Accessories	68,348,233	54,379,936	60,357,146	54,379,936
Gas in Bulk	183,581,309	94,922,077	149,876,603	94,922,077
Cylinders	89,280,417	-	-	-
Food and Beverages	7,301,005	5,604,705	-	-
Non-Trade and Other Inventories	232,122,194	198,126,831	88,146,826	61,960,015
Goods in Transit	320,142,274	253,661,947	212,886,189	253,661,947
	900,775,432	606,695,496	511,266,765	464,923,975
Provision for Stocks	(6,657,988)	-	-	-
Total Inventories at the lower of Cost and Net Realisable Value	894,117,444	606,695,496	511,266,765	464,923,975

19. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Trade Receivables	- Related Parties (Note 19.1)	47,427,396	198,556,231	45,775,733	199,350,782
	- Other	1,178,934,229	851,506,013	1,086,517,526	814,909,706
Less: Provision for Impairments		(6,370,249)	(6,370,249)	(6,370,249)	(6,370,249)
		1,219,991,376	1,043,691,995	1,125,923,009	1,007,890,238
Other Receivables	- Related Parties (Note 19.2)	42,464,973	34,616,224	66,508,992	4,618,049
	- Other	211,786,381	184,513,889	154,809,501	149,555,067
		1,474,242,729	1,262,822,107	1,347,241,502	1,162,063,354
Advances	- Related Parties (Note 19.3)	26,687,920	18,163,982	26,687,920	18,163,982
	- Other	1,383,118,449	505,519,031	243,612,356	169,032,572
Advances given to Subsidiaries (Note 19.4)		-	-	3,194,490,148	1,085,470,121
Loans to Company Officers		2,936,057	1,222,970	1,374,917	913,045
		2,886,985,156	1,787,728,090	4,813,406,843	2,435,643,074

19.1 Trade Dues from Related Parties

	Relationship				
LAUGFS Restaurant (Pvt) Ltd.	Fellow Subsidiary	53,826	17,153	53,826	17,153
LAUGFS Holdings Ltd.	Parent	1,604,863	-	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	476,811	157,657	476,811	157,657
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	-	3,862,597	-	3,862,597
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	31,938,733	30,065,191	31,938,733	30,065,191
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	690,323	537,712	690,323	537,712
LAUGFS Lubricant (Pvt Ltd.	Fellow Subsidiary	46,800	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	12,616,041	163,587,249	12,616,041	163,587,249
		47,427,396	198,556,231	45,775,733	199,350,782

19.2 Other Dues from Related Parties

	Relationship				
LAUGFS Supermarket (Pvt) Ltd.	Fellow Subsidiary	5,818,952	5,838,213	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	60,000	-	-	-
LAUGFS Eco Sri (Pvt) Ltd.	Subsidiary	-	-	-	118,049
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	-	117,119	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	36,452,394	28,660,892	-	-
LAUGFS Holdings Ltd.	Parent	10	-	-	-
LAUGFS Power Ltd.	Subsidiary	-	-	1,344,525	375,000
LAUGFS Maritime Services Ltd.	Subsidiary	-	-	6,513,075	4,125,000
PAMS Power (Pvt) Ltd.	Subsidiary	-	-	1,500,000	-
LAUGFS Gas (Bangladesh) Ltd.	Subsidiary	-	-	57,151,392	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	5,050	-	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	128,567	-	-	-
		42,464,973	34,616,224	66,508,992	4,618,049

19. TRADE AND OTHER RECEIVABLES (Contd.)

19.3 Advances given to Related Parties

		Group		Company	
		2016	2015	2016	2015
	Relationship	Rs.	Rs.	Rs.	Rs.
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	26,687,920	18,163,982	26,687,920	18,163,982
		26,687,920	18,163,982	26,687,920	18,163,982

19.4 Advances given to Subsidiaries

	Relationship				
LAUGFS Leisure Ltd.	Subsidiary	-	-	585,017,238	1,073,441,121
LAUGFS Property Developers (Pvt) Ltd.	Subsidiary	-	-	254,500,000	-
LAUGFS Power Ltd.	Subsidiary	-	-	369,029,000	12,029,000
Anantaya Passekudah (Pvt) Ltd.	Subsidiary	-	-	421,779,510	-
Anantaya Wadduwa (Pvt) Ltd.	Subsidiary	-	-	600,000,000	-
LAUGFS Hotel Management Services (Pvt) Ltd.	Subsidiary	-	-	200,000,000	-
LAUGFS Terminals Ltd.	Subsidiary	-	-	104,164,400	-
IRIS Eco Power Lanka (Pvt) Ltd.	Subsidiary	-	-	205,000,000	-
Anorchi Lanka (Pvt) Ltd.	Subsidiary	-	-	205,000,000	-
PAMS Power (Pvt) Ltd.	Subsidiary	-	-	150,000,000	-
Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd.	Subsidiary	-	-	100,000,000	-
		-	-	3,194,490,148	1,085,470,121

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.
2016	1,226,361,625	603,632,328	199,741,802	49,945,491	40,459,550	332,582,455
2015	1,050,062,244	454,490,247	87,599,325	14,905,315	60,020,501	433,046,856

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.
2016	1,132,293,259	564,621,632	164,742,627	37,018,950	34,663,423	331,246,627
2015	1,014,260,487	442,064,072	78,438,856	12,550,864	58,537,581	422,669,114

Above to be read in conjunction with Note 32 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.

20. CASH AND SHORT-TERM DEPOSITS

20.1 Favourable Cash & Cash Equivalent Balances

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Fixed Deposits	687,454,579	5,000,000	-	-
Repos	201,339,980	253,089,904	35,935,047	41,347,552
Savings Accounts	1,764,381,525	448,978,231	1,496,798,871	448,978,231
Cash in Hand and at Bank	1,004,056,071	253,079,904	65,044,721	4,266,368
	3,657,232,155	960,148,039	1,597,778,639	494,592,151

20.2 Unfavourable Cash & Cash Equivalent Balances

Bank Overdrafts (Note 17.2)	(268,592,766)	(189,726,464)	(126,295,520)	(54,154,757)
Cash and Cash Equivalents for the Purpose of Cash Flow Statement	3,388,639,389	770,421,576	1,471,483,118	440,437,394

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 Group/Company, and earn interest at the respective short-term deposit rates.

21. STATED CAPITAL

	2016		2015	
	Number	Rs.	Number	Rs.
Group/Company				
Ordinary Voting Shares (21.1)	335,000,086	2,505,000,260	335,000,086	2,505,000,260
Ordinary Non-Voting Shares (21.2)	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

21.1 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

21.2 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

21.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

22. AVAILABLE FOR SALE RESERVE

	2016 Rs.	2015 Rs.
Group/Company		
Available for Sale Reserve (Note 22.1)	(318,968,277)	(333,152,344)
	(318,968,277)	(333,152,344)

22.1 Available for Sale Reserve

As at 1 April	(333,152,344)	(338,325,183)
Gains/(Losses) arising during the Year	14,184,067	5,172,839
As at 31 March	(318,968,277)	(333,152,344)

23. FOREIGN CURRENCY TRANSLATION RESERVE

	2016 Rs.	2015 Rs.
Group		
Foreign Currency Translation Reserve (Note 23.1)	48,438,638	-
	48,438,638	-

23.1 Foreign Currency Translation Reserve

As at 1 April	-	-
Foreign Exchange Translation Differences	48,438,638	-
As at 31 March	48,438,638	-

24. DIVIDENDS PAID AND PROPOSED

	2016 Rs.	2015 Rs.
Declared and Paid during the Year:		
Dividends on Ordinary Shares:		
Final Dividend for 2013/2014: 2.00 Rupees per Share	-	774,000,172
Final Dividend for 2014/2015: 2.00 Rupees per Share	774,000,172	-

25. EMPLOYEE BENEFIT LIABILITY

25.1 Net Benefit Expense (recognised in Profit or Loss)

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
Current Service Cost	32,604,286	13,418,634	8,478,816	7,866,696
Interest Cost on Benefit Obligation	12,922,948	4,738,051	5,177,608	3,840,174
Total Expenses	45,527,234	18,156,685	13,656,424	11,706,870

25.2 Employee Benefit Liability

Changes in the present value of the defined benefit obligation are as follows:

	Group		Company	
	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.
As at 1 April	71,646,680	43,274,469	54,501,132	34,910,681
On Acquisition of Subsidiary	170,196,780	-	-	-
Current Service Cost	32,604,286	13,418,634	8,478,816	7,866,696
Interest Cost on Benefit Obligation	12,922,948	4,738,051	5,177,608	3,840,174
Actuarial (Gains)/Losses on Obligation	7,952,847	13,293,198	(5,043,721)	10,642,484
Benefits Paid	(639,150)	(3,077,672)	(323,250)	(2,758,904)
Foreign Currency Translation Differences	2,997,549	-	-	-
As at 31 March	297,681,941	71,646,681	62,790,585	54,501,132

25.3 Messrs. Actuarial & Management Consultants (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2016. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2016 and 31.03.2015 are as follows:

	2016	2015
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	6%-11.59%	9.5%
Salary Increment Rate:	10%-15%	8%-15%
Retirement Age:	55-60 years	55 years
Staff Turnover Ratio:	10% (for Management Staff) and 10%-56% (for Other Staff)	10% (for Management Staff) and 25% (for Other Staff)
Mortality Table:	A67/70 Mortality Table	A67/70 Mortality Table

25. EMPLOYEE BENEFIT LIABILITY (Contd.)

25.4 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 2016.

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 2016			Company 2016		
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 Employee 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 Employee Benefit Obligation
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
+1%	-	85,710,257	(85,710,257)	211,971,684	3,070,787	(3,070,787)	59,719,798
-1%	-	100,559,926	(100,559,926)	197,122,015	(3,397,843)	3,397,843	66,188,427
-	+1%	77,295,384	(77,295,384)	220,386,557	(3,571,107)	3,571,107	66,361,691
-	-1%	109,428,698	(109,428,698)	188,253,243	3,289,510	(3,289,510)	59,501,075

25. EMPLOYEE BENEFIT LIABILITY (Contd.)

25.5 Changes in the Defined Benefit Obligation

Group

The following table demonstrates the changes in the defined benefit obligation.

2016

		Amounts Charged to Profit or Loss				
	01 April 2015	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	On Acquisition of Subsidiaries
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	71,646,681	32,604,286	12,922,948	45,527,234	(639,150)	170,196,780
Benefit Liability	71,646,681	32,604,286	12,922,948	45,527,234	(639,150)	170,196,780

2015

		Amounts Charged to Profit or Loss				
	01 April 2014	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	On Acquisition of Subsidiaries
	Rs.	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)	-

25.5.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2016	2015
	Rs.	Rs.
Withing the next 2 Years	8,602,201	5,201,434
Between 2 and 5 Years	64,346,366	47,723,473
Between 5 and 10 Years	224,476,830	18,721,774
Over 10 Years	256,544	-
Total Expected Payments	297,681,941	71,646,681

The average duration of the defined benefit plan obligating at the end of the reporting period is 0.93 - 7.3 years. (2015: 3.44 - 6.70 years)

	Remeasurement Gains/(Losses) in Other Comprehensive Income					
Foreign Currency Translation Difference	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 2016
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,997,549	(2,839,923)	(11,268,914)	22,061,685	7,952,847	-	297,681,941
2,997,549	(2,839,923)	(11,268,914)	22,061,685	7,952,847	-	297,681,941

		Remeasurement Gains/(Losses) in Other Comprehensive Income				
Foreign Currency Translation Difference	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.	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

25. EMPLOYEE BENEFIT LIABILITY (Contd.)

25.6 Changes in the Defined Benefit Obligation

Company

The following table demonstrates the changes in the defined benefit obligation.

2016		Amounts Charged to Profit or Loss			
	01 April 2015	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid
	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	54,501,132	8,478,816	5,177,608	13,656,424	(323,250)
Benefit Liability	54,501,132	8,478,816	5,177,608	13,656,424	(323,250)

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)

25.6.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2016	2015
	Rs.	Rs.
Within the next 2 Years	4,116,689	4,182,131
Between 2 and 5 Years	39,941,061	35,183,770
Between 5 and 10 Years	18,732,835	15,135,231
Over 10 Years	-	-
Total Expected Payments	62,790,585	54,501,132

The average duration of the defined benefit plan obligating at the end of the reporting period is 4.59 years. (2015: 4 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 2016
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(6,155,347)	2,332,508	(1,220,882)	(5,043,721)	-	62,790,585
(6,155,347)	2,332,508	(1,220,882)	(5,043,721)	-	62,790,585

	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

26. DEFERRED INCOME

	2016 Rs.	2015 Rs.
Group		
As at 1 April	403,723,138	408,107,846
On Acquisition of Subsidiaries	62,417,540	-
Deferred during the Year	424,580,296	279,900,367
Released to the Statement of Profit or Loss during the Year - Other Operating Income	(296,292,517)	(284,285,075)
Released to the Statement of Profit or Loss during the Year - Revenue	(62,417,540)	-
As at 31 March	532,010,918	403,723,138
Total Current	7,213,318	5,923,060
Total Non-Current	524,797,600	397,800,078
	532,010,918	403,723,138
Company		
As at 1 April	403,723,138	408,107,846
Deferred during the Year	424,580,296	279,900,367
Released to the Statement of Profit or Loss during the Year - Other Operating Income	(296,292,517)	(284,285,075)
As at 31 March	532,010,918	403,723,138
Total Current	7,213,318	5,923,060
Total Non-Current	524,797,600	397,800,078
	532,010,918	403,723,138

27. REFUNDABLE DEPOSITS

	2016 Rs.	2015 Rs.
Group		
As at 1 April	1,495,569,890	1,328,883,016
Additions	934,790,156	441,489,182
On Acquisition of Subsidiaries	74,003,749	-
Refunds/Transfers	(423,588,389)	(274,802,307)
Exchange Differences	1,296,009	-
As at 31 March	2,082,071,415	1,495,569,890
Refundable Deposits within One Year (Current)	200,221,746	149,556,989
Refundable Deposits after One Year (Non-Current)	1,881,849,669	1,346,012,901
	2,082,071,415	1,495,569,890
Company		
As at 1 April	1,495,569,890	1,328,883,016
Additions	929,937,608	441,489,182
Refunds/Transfers	(423,290,039)	(274,802,307)
As at 31 March	2,002,217,459	1,495,569,890
Refundable Deposits within One Year (Current)	200,221,746	149,556,989
Refundable Deposits after One Year (Non-Current)	1,801,995,713	1,346,012,901
	2,002,217,459	1,495,569,890

28. TRADE AND OTHER PAYABLES

			Group 2016 Rs.	Group 2015 Rs.	Company 2016 Rs.	Company 2015 Rs.
Trade Payables	-	Related Parties (Note 28.1)	580,336	676,190	255,154,996	-
	-	Others	886,902,051	1,486,970,167	615,665,189	1,478,487,098
Other Payables	-	Related Parties (Note 28.2)	70,838,879	12,870,909	53,180,659	33,242,291
	-	Others	215,929,982	75,673,183	-	-
			1,174,251,249	1,576,190,449	924,000,844	1,511,729,389
Provision for Workers' Profit Participation Fund			86,141,125	-	-	-
Sundry Creditors including Accrued Expenses			576,879,160	223,288,079	156,467,111	100,769,566
			1,837,271,534	1,799,478,528	1,080,467,955	1,612,498,955

28.1 Trade Payable to Related Parties

	Relationship				
LAUGFS Beverages Ltd.	Fellow Subsidiary	242,683	136,260	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	178,973	295,191	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	73,715	33,880	-	-
LAUGFS Supermarket (Pvt) Ltd.	Fellow Subsidiary	80,505	204,019	-	-
LAUGFS Restaurant (Pvt) Ltd.	Fellow Subsidiary	4,460	-	-	-
Gas Auto Lanka Ltd.	Fellow Subsidiary	-	6,840	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	255,154,996	-
		580,336	676,190	255,154,996	-

28.2 Other Payable to Related Parties

	Relationship				
LAUGFS Beverages Ltd.	Fellow Subsidiary	187,099	2,000	-	-
LAUGFS Supermarket (Pvt) Ltd.	Fellow Subsidiary	10,421,722	-	10,421,722	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	-	11,033,340	-	11,033,340
LAUGFS Holding Ltd.	Parent	58,552,432	-	42,758,937	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	-	476,350	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	1,550,549	1,315,192	-	-
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	4,853	-	-	-
LAUGFS Property Developers (Pvt) Ltd.	Subsidiary	-	-	-	22,208,951
LAUGFS Restaurant (Pvt) Ltd.	Fellow Subsidiary	28,433	11,840	-	-
Gas Auto Lanka Ltd.	Fellow Subsidiary	93,791	32,186	-	-
		70,838,879	12,870,909	53,180,659	33,242,291

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 32.
As at 31 March, the ageing analysis of trade payables, is as follows:

Group	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2016	887,482,387	627,007,734	210,629,426	1,905,309	47,939,919
2015	1,487,646,357	839,141,712	612,344,492	112,122	36,048,031

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2016	870,820,185	617,004,917	206,516,894	1,120,471	46,177,903
2015	1,478,487,098	832,181,411	611,480,748	53,605	34,771,335

29. COMMITMENTS AND CONTINGENCIES

29.1 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 2016 are as follows:

Group	2016 Rs.
Contracted but not Provided for:	
Land Development	35,000,000
Motor Vehicle	57,000,000
Plant and Machinery	520,000,000
Buildings on Leasehold Land	600,000,000
Buildings on Freehold Land	158,221,600
Solar Power Plant	4,600,000,000
Hydro Power Plant	250,000,000
LPG Terminal	11,700,000,000
	17,920,221,600

Company	2016 Rs.
Contracted but not Provided for:	
Land Development	35,000,000
Buildings on Freehold Land	32,000,000
Motor Vehicle	57,000,000
Plant and Machineries	520,000,000
	644,000,000

29.2 Contingencies

The Group does not have significant contingencies as at the reporting date except for the following:

The Company has provided corporate guarantees for several of its Subsidiaries which has been disclosed in Note 31.3.

The Group recognised a contingent liability of Rs. 15,625,250/- in the course of acquisition of Petredec Elpiji Ltd. which has been disclosed in Note 14.

30. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged 2016 Rs.	2015 Rs.	Included Under
Group				
Hotel Property of Passekudah	Primary and Secondary Mortgage	900,000,000	-	Property, Plant and Equipment
Mabima Refilling and Distribution Plant	Negative Pledge	1,468,000,000	-	Property,Plant and Equipment
Assets Located in Mabima	Negative Pledge	2,000,000,000	-	Property,Plant and Equipment
Land and Building	Primary and Secondary mortgage over Land and Building	1,100,000,000	1,094,000,000	Property, Plant and Equipment
Land and Building	Primary Mortgage over Land and Building	1,206,497,290	1,143,239,459	Property, Plant and Equipment
Equity Shares	Primary Mortgage over Equity Shares	130,000,000	-	Equity
Motor Vehicle	Primary Mortgage over Motor Vehicle	4,485,156	5,809,959	Property, Plant and Equipment
Project Assets	Primary Mortgage over Land and Building	115,711,772	122,137,698	Property, Plant and Equipment
Motor Vehicle	Mortgage Bond	7,975,000	-	Property, Plant and Equipment
Company				
Mabima Refilling and Distribution Plant	Negative Pledge	1,467,800,000	-	Property,Plant and Equipment
Assets Located in Mabima	Negative Pledge	2,000,000,000	-	Property,Plant and Equipment

31. 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 2016 and 31 March 2015, refer to Notes 19 and 28).

31.1 Transactions with the Related Parties

	Parent		Other Group Companies		Total	
Group	2016	2015	2016	2015	2016	2015
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Nature of Transactions						
Sale of Goods/Services	1,969,078	70,335	369,075,283	705,212,447	371,044,360	705,282,782
Settlement of Trade & Other Receivables	(388,878)	(70,335)	(553,545,525)	(736,526,293)	(553,934,403)	(736,596,628)
Purchase of Goods/Services	(93,973,501)	(67,200,000)	(292,771,074)	(310,532,757)	(386,744,575)	(377,732,757)
Settlement of Trade & Other Payables	12,247,924	9,856,659	347,065,427	339,529,163	359,313,351	349,385,821
Inter Company Rental	-	-	5,704,060	4,860,000	5,704,060	4,860,000
Fund Transfers Received	(861,757,700)	(525,545,642)	(72,615,966)	(8,380,155)	(934,373,666)	(533,925,797)
Fund Transfers Given	942,561,000	586,680,000	71,712,433	25,583,077	1,014,273,433	612,263,077
Intercompany Expenses To	1,967,066	59,024	29,112,084	235,830	31,079,150	294,854
Intercompany Expenses From	(578,116)	(9,832,000)	(31,436,601)	(18,374,780)	(32,014,717)	(28,206,780)
Interest Income	-	5,270,959	-	-	-	5,270,959
Purchase of Fixed Assets/Construction Work	-	-	(1,272,000)	(6,217,330)	(1,272,000)	(6,217,330)
Allocation of Cost of Computer Software	(58,972,152)	-	-	-	(58,972,152)	-
Transfer of Fixed Assets	-	-	517,760	-	517,760	-
Advance Payments	-	-	-	31,850,000	-	31,850,000
Others	-	-	(43,586)	-	(43,586)	-

31.1.1 Other Group Companies include following Companies;

LAUGFS Engineering (Pvt) Ltd.
LAUGFS Beverages (Pvt) Ltd.
LAUGFS Supermarket (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.
Southern Petroleum (Pvt) Ltd
LAUGFS International (Pvt) Ltd
Lfinity (Pvt) Ltd.

31. RELATED PARTY DISCLOSURES (Contd.)

31.2 Transactions with the Related Parties

	Parent		Subsidiaries		Other Related Companies		Total	
Company	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Nature of Transactions								
As at 1 April	-	-	1,068,892,310	686,441,365	205,468,335	243,784,236	1,274,360,645	930,225,600
Sale of Goods/Services	79,649	70,335	9,143,631	11,363,260	368,266,406	704,126,324	377,489,685	715,559,919
Settlement of Trade & Other Receivables	(79,649)	(70,335)	(10,274,771)	(10,217,648)	(532,548,400)	(736,526,293)	(542,902,819)	(746,814,276)
Purchase of Goods/Services	(81,723,269)	(67,200,000)	(1,014,184,056)	(233,932,080)	(288,866,137)	(286,911,927)	(1,384,773,463)	(588,044,007)
Settlement of Trade & Other Payables	-	-	759,029,060	233,932,080	303,737,798	255,705,579	1,062,766,858	489,637,659
Investments made by the Company	-	-	(404,547,862)	(600,000,010)	-	-	(404,547,862)	(600,000,010)
Fund Transfers Received	(738,196,700)	(236,539,024)	(5,803,134,353)	(1,274,387,360)	-	-	(6,541,331,053)	(1,510,926,384)
Receivable acquired under Business Combination	-	-	48,818,654	-	-	-	48,818,654	-
Fund Transfers Given	819,000,000	303,680,000	7,671,397,479	1,904,815,339	-	20,194,586	8,490,397,479	2,228,689,925
Intercompany Expenses To	1,925,758	59,024	95,338,182	137,724	323,457	235,830	97,587,397	432,578
Intercompany Expenses From	-	-	(918,383)	(260,350)	-	-	(918,383)	(260,350)
Dividend Declared by the Subsidiaries	-	-	577,879,330	346,499,991	-	-	577,879,330	346,499,991
Inter Company Rent	-	-	-	-	5,704,060	4,860,000	5,704,060	4,860,000
Commission on Corporate Guarantee	-	-	8,982,600	4,500,000	-	-	8,982,600	4,500,000
Allocation of Cost of Computer Software	(43,764,725)	-	-	-	-	-	(43,764,725)	-
Others	-	-	(577,679)	-	(43,586)	-	(621,265)	-
As at 31 March	(42,758,937)	-	3,005,844,143	1,068,892,310	62,041,932	205,468,335	3,025,127,139	1,274,360,645

31.2.1 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.
Anantaya Wadduwa (Pvt) Ltd. (Formerly Known as Mag Consultants and Agents (Pvt) Ltd.)
Anantaya Passeikudah (Pvt) Ltd.
LAUGFS Gas (Bangladesh) Ltd.
SLOGAL Energy DMCC
LAUGFS Terminals Ltd.
IRIS Eco Power Lanka (Pvt) Ltd.
Anorchi Lanka (Pvt) Ltd.
PAMS Power (Pvt) Ltd.
Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd.

31.2.2 Other Related Companies include the following Companies;

LAUGFS Engineering (Pvt) Ltd.
LAUGFS Beverages (Pvt) Ltd.
LAUGFS Supermarket (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.
Southern Petroleum (Pvt) Ltd.
LAUGFS International (Pvt) Ltd.
Lfinity (Pvt) Ltd.

31. RELATED PARTY DISCLOSURES (Contd.)

31.3 The Company has provided corporate guarantees for LAUGFS Power Ltd., LAUGFS Maritime Services (Pvt) Ltd. and Pams Power (Pvt) Ltd. for a value of Rs.130,000,000/-, Rs.868,410,000/- and Rs.200,000,000/- for term loans. According to aforesaid corporate guarantees provided, the Company has earned a commission of Rs.8,982,600/- during the financial year.

31.4 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 2016, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (2015 - 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.

31.5 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

	2016 Rs.	2015 Rs.
Group		
Directors' Emoluments (Cash Benefits)	135,807,089	55,971,900
Non-cash Benefits	9,600,000	8,400,000
Total Compensation paid to Key Management Personnel	145,407,089	64,371,900

	2016 Rs.	2015 Rs.
Company		
Directors' Emoluments (Cash Benefits)	90,265,938	37,241,900
Non-cash Benefits	-	-
Total Compensation paid to Key Management Personnel	90,265,938	37,241,900

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

32.1 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),. 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.

The sensitivity of the income statement 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.

	2016	
Increase/(Decrease) in Exchange Rate	Effect on Income Statement Rs.	Effect on Statement of Financial Position Rs.
1%	(79,751,883)	89,642,707
-1%	79,751,883	(89,642,707)

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

32.1 Introduction (Contd.)

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 Group is exposed to credit risk from its operating activities (primarily for trade receivables). The Group minimizes credit risk towards its customers by having high level scrutiny before converting a cash customer to a credit customer. Also the Group adheres to the policy of obtaining bank guarantees from distributors and adequate cash deposits from dealers.

32.2 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.

33. 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.

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 31/03/2016	As at 31/03/2015
Market price per share		
Highest during the year	Rs.46.40 (13-10-2015)	Rs.44.90 (14-11-2014)
Lowest during the year	Rs.33.20 (09-03-2016)	Rs.31.50 (30-06-2014)
As at end of the year	Rs.36.50	Rs.35.90

LGL X

	As at 31/03/2016	As at 31/03/2015
Market price per share		
Highest during the year	Rs.41.00 (13-10-2015)	Rs.41.00 (09-01-2015)
Lowest during the year	Rs. 32.90 (10-03-2016)	Rs.26.00 (03-04-2014)
As at end of the year	Rs.35.40	Rs.34.00

Distribution of Shareholdings as at 31 March 2016

LGL N

From		To	No of Holders	No of Shares	%
1	-	1,000	7,632	2,883,378	0.86
1,001	-	10,000	1,504	4,772,168	1.43
10,001	-	100,000	201	6,205,541	1.85
100,001	-	1,000,000	35	12,446,060	3.71
Over 1,000,000	-		6	308,692,939	92.15
			9,378	335,000,086	100.00

LGL X

From		To	No of Holders	No of Shares	%
1	-	1,000	5,997	2,132,947	4.10
1,001	-	10,000	1,360	4,009,569	7.71
10,001	-	100,000	196	5,141,070	9.89
100,001	-	1,000,000	37	12,159,213	23.38
Over 1,000,000			5	28,557,201	_54.92
			7,595	52,000,000	100.00

Share Information

Analysis of Shareholders as at 31 March 2016

LGL N

Local Individuals	9,120	16,742,009	5.00
Local Institutions	213	316,340,231	94.43
Foreign Individuals	41	1,198,598	0.36
Foreign Institutions	4	719,248	0.21
	9,378	335,000,086	100.00

LGL X

Category	No of Shareholders	No of Shares	%
Local Individuals	7,389	12,869,081	24.75
Local Institutions	160	31,818,102	61.19
Foreign Individuals	38	1,165,347	2.24
Foreign Institutions	8	6,147,470	11.82
	7,595	52,000,000	100.00

Residency

LGL N

Category	No of Shareholders	No of Shares	%
Resident	9,333	332,082,240	99.43
Non Resident	45	1,917,846	00.57
Total	9,378	335,000,086	100.00

LGL X

Category	No of Shareholders	No of Shares	%
Resident	7,549	44,687,183	85.94
Non Resident	46	7,312,817	14.06
Total	7,595	52,000,000	100.00

Directors' Shareholding as at 31at March 2016

LGL N

	No. of Shares	%
Mr C Lal De Alwis	1,000	0.000
Mr T K Bandaranayake	Nil	Nil
Mr P M Kumarasinghe	4,800	0.001
Mr W K H Wegapitiya	1,320,528	0.394
Mr U K T N De Silva	1,077,897	0.322
Mr H A Ariyaratne	3,900	0.001
Mr. N M Prakash	17,000	0.005

LGL X

	No. of Shares	%
Mr C Lal De Alwis	500	0.001
Mr T K Bandaranayake	Nil	Nil
Mr P M Kumarasinghe	Nil	Nil
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr H A Ariyaratne	3,400	0.006
Mr. N M Prakash	Nil	Nil

Chief Executive Officers' Shareholding as at 31st 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 – 25.2472%

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31st March 2016		31st March 2015	
		No of Shares	(%)	No of Shares	(%)
1	LAUGFS Holdings Limited	246,057,450	73.450	243,425,400	72.664
2	Employees Provident Fund	57,897,800	17.283	57,897,800	17.283
3	Mr. W K H Wegapitiya	1,320,528	0.394	1,216,756	0.363
4	Deutsche Bank Ag-National Equity Fund	1,318,182	0.393	1,183,182	0.353
5	Mr. U K T N De Silva	1,077,897	0.322	1,077,897	0.322
6	Seylan Bank PLC / Carlines Holdings (Private) Limited	1,021,082	0.305	-	-
7	LAUGFS Sunup Supermarket (Pvt) Ltd	1,000,000	0.299	1,000,000	0.299
8	Commercial Bank of Ceylon PLC/ Dunamis Capital PLC	934,916	0.279	934,916	0.279
9	Seylan Bank PLC / Almas Organisation (Pvt) Limited	924,665	0.276	-	-
10	Gas Auto Lanka Limited	922,600	0.275	922,600	0.275
11	Mr. M K De Vos & Mrs. D J De Vos	860,000	0.257	623,000	0.186
12	Mr. G Y N Mahinkanda	779,272	0.233	671,972	0.201
13	Mr. H D M P Siriwardena	749,000	0.224	749,000	0.224
14	Bansei Securities Capital (Pvt) Ltd / Carlines Holdings (Private) Limited	599,924	0.179	-	-
15	First Capital Limited	554,445	0.166	629,446	0.188
16	Pershing LLC S/A Averbach Grauson & Co.	518,802	0.155	-	-
17	People's Leasing Finance PLC / Carlines Holdings (Private) Limited	502,500	0.150	4,365	0.001
18	Mr. B H P Kularatna	456,937	0.136	245,961	0.073
19	Deutsche Bank Ag As Trustee For Namal Acuity Value Fund	409,000	0.122	209,000	0.062
20	Deutsche Bank Ag - Namal Growth Fund	400,000	0.119	150,000	0.045
		318,305,000	95.016	310,941,295	92.818
	Others	16,695,086	4.984	24,058,791	7.182
	Total	335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31st March 2016		31st March 2015	
		No of Shares	(%)	No of Shares	(%)
1	Employees Provident Fund	18,041,300	34.695	18,041,300	34.695
2	Hsbc Intl Nom Ltd - State Street Luxembourg C/O Ssbt - Alliancebernstein Next 50 Emerging Markets (Master) Fund Sicav-Sif S.c.sp.	3,846,247	7.397	3,173,997	6.104
3	Bank of Ceylon No. 1 Account	3,420,538	6.578	3,420,538	6.578
4	Deutsche Bank Ag As Trustee For J B Vantage Value Equity Fund	2,158,696	4.151	2,158,696	4.151
5	Seylan Bank PLC / Almas Organisation (Pvt) Limited	1,090,420	2.097	-	-
6	Commercial Bank of Ceylon PLC/Dunamis Capital PLC	909,772	1.750	909,772	1.750
7	Deutsche Bank Ag As Trustee To Astrue Alpha Fund	865,155	1.664	474,270	0.912
8	Bansei Securities Capital (Pvt) Ltd/Carlines Holdings (Private) Limited	865,000	1.663	-	-
9	Pershing LLC S/A Averbach Grauson & Co.	838,108	1.612	-	-
10	Mr. A.M. Weerasinghe	813,471	1.564	813,471	1.564
11	Seylan Bank PLC / Carlines Holdings (Private) Limited	763,157	1.468	-	-
12	HSBC International Nominees Ltd-Morgan Stanley and Co. Intl PLC - Own A/C	704,271	1.354	695,016	1.337
13	Waldock Mackenzie Ltd / Mr. S N P Palihena and Mrs. A S Palihena	600,000	1.154	-	-
14	Pan Asia Banking Corporation PLC / S R Fernando	502,018	0.965	-	-
15	Mr. G H I Jafferjee	442,008	0.850	442,008	0.850
16	Gold Investment Limited	390,000	0.750	390,000	0.750
17	Mrs C N G Narayana	378,800	0.728	378,800	0.728
18	Mrs S D Amarasinghe	372,400	0.716	372,400	0.716
19	Mr. I M Dabah	347,000	0.667	347,000	0.667
20	Naratha Ventures Private Limited	308,000	0.592	308,000	0.592
		37,656,361	72.416	31,925,268	61.395
	Others	14,343,639	27.584	20,074,732	38.605
	Total	52,000,000	100.000	52,000,000	100.000

Value Added Statement

For the Year ended 31 March	2016 Rs. '000	%	2015 Rs. '000	%
Revenue	**13,299,979**		11,521,800	
Other Income	**548,226**		389,063	
	13,848,205		11,910,863	
Cost of Material & Services Provided	**(9,845,460)**		(8,667,510)	
Value addition	**4,002,745**	**100**	3,243,353	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	**1,142,500**	**29**	746,852	23
To Providers of Funds				
Dividend Paid	**817,807**	**20**	774,000	24
Interest Cost	**441,563**	**11**	125,701	4
To Government				
As Taxes & Levies	**372,082**	**9**	392,530	12
	2,773,952	**69**	2,039,083	63
To Expansion & Growth				
Depreciation and Amortization	**709,797**	**18**	530,209	16
Profit After Dividend	**518,996**	**13**	674,061	21
	1,228,792	**31**	1,204,270	37
	4,002,745	**100**	3,243,353	100

Five Year Summary

For the year ended 31 March	2012 Rs.	2013 Rs.	2014 Rs.	2015 Rs.	2016 Rs.
Summary of Operations					
Revenue	9,107,268,054	10,563,163,026	11,631,029,941	11,521,800,102	**13,299,978,832**
Gross Profit	1,700,049,292	1,726,972,513	2,501,716,821	3,294,443,218	**3,663,442,651**
Earnings Before Interest Tax, Depreciation and Amortization	1,297,595,782	1,621,404,132	2,009,867,346	2,496,501,052	**2,860,243,646**
Depreciation and Amortization	(270,246,461)	(307,710,485)	(357,426,111)	(530,209,023)	**(709,796,794)**
Profit Before Finance Cost	1,027,349,321	1,313,693,647	1,652,441,235	1,966,292,029	**2,150,446,851**
Profit Before Tax from Continuing Operations	1,025,927,459	1,308,640,629	1,632,717,086	1,840,590,583	**1,708,884,010**
Income Tax Expense	(196,484,634)	(258,364,508)	(323,355,445)	(392,529,879)	**(372,081,611)**
Profit for the Year from Continuing Operations	829,442,824	1,050,276,121	1,309,361,641	1,448,060,705	**1,336,802,398**
Profit/(Loss) after Tax for the Year from Discontinued Operations	(6,959,511)	-	-	-	**-**
Profit for the Year	822,483,314	1,050,276,121	1,309,361,641	1,448,060,705	**1,336,802,398**
Attributable To:					
Equity Holders	822,483,314	1,050,276,121	1,309,361,641	1,448,060,705	**1,284,803,630**
Non-Controlling Interests	-	-	-	-	**51,998,768**
	822,483,314	1,050,276,121	1,309,361,641	1,448,060,705	**1,336,802,398**

	2012 Rs.	2013 Rs.	2014 Rs.	2015 Rs.	2016 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**
Available for sale reserve	(292,748,056)	(321,209,089)	(338,325,183)	(333,152,345)	**(318,968,277)**
Foreign Currency Translation Reserve	-	-	-	-	**48,438,638**
Retained Earnings	3,038,703,667	3,524,190,615	4,254,470,118	4,929,317,530	**5,395,273,403**
	6,030,955,871	6,487,981,786	7,201,145,195	7,881,165,445	**8,409,744,024**
Non-Controlling Interests	-	-	-	-	**1,195,843,601**
Total Equity	6,030,955,871	6,487,981,786	7,201,145,195	7,881,165,445	**9,605,587,625**

Five Year Summary

	2012 Rs.	2013 Rs.	2014 Rs.	2015 Rs.	2016 Rs.
Assets and Liabilities					
Current Assets	3,962,636,638	3,181,978,543	3,441,664,005	3,371,250,449	**7,657,503,875**
Current Liabilities	2,387,405,835	2,110,840,405	2,722,120,902	2,876,835,095	**6,257,915,892**
Net Current Assets	1,575,230,803	1,071,138,136	719,543,103	494,415,353	**1,399,587,983**
Property Plant & Equipment and Investments Properties	6,139,648,680	7,156,366,386	9,449,737,335	11,783,468,623	**16,368,154,231**
Other Non Current Assets	144,855,040	208,084,422	207,550,969	204,337,770	**244,538,417**
Intangible Assets	53,211,690	63,203,385	67,258,446	63,948,925	**3,043,068,904**
Non Current Liabilities	1,881,990,342	2,010,810,545	3,242,944,658	4,665,005,226	**11,449,761,910**
Net Assets	6,030,955,871	6,487,981,786	7,201,145,195	7,881,165,446	**9,605,587,625**

	2012 Rs.	2013 Rs.	2014 Rs.	2015 Rs.	2016 Rs.
Summary of Cash Flows					
Net Operating Cash Flows	1,912,925,324	1,137,254,774	1,827,011,808	1,367,870,537	**(107,913,459)**
Net Cash Used in Investing Activities	(1,347,434,270)	(1,394,268,287)	(2,639,027,515)	(2,811,682,507)	**(5,138,288,923)**
Net Cash Used in/(from) Financing activities	(424,394,060)	(426,061,362)	882,688,364	679,409,456	**7,864,420,196**
Financial Ratio					
GP Margin	19%	16%	22%	29%	**28%**
EBITDA Margin	14%	15%	17%	22%	**22%**
NP Margin	9%	10%	11%	13%	**10%**
Earnings / (Loss) per Share from Discontinued Operation(Rs.)	(0.02)	-	-	-	**-**
Earnings per Share from Continuing Operation(Rs.)	2.14	2.71	3.38	3.74	**3.32**
Current Ratio (Times)	1.66	1.51	1.26	1.17	**1.22**

Real Estate Portfolio

Owning company and location	Building in (Sq.Ft) Free Hold	Leasehold	Land in acres Freehold	Leasehold	Net book value 2016 Rs.'000	2015 Rs.'000
PROPERTIES IN COLOMBO						
LAUGFS Gas PLC						
No 112A, Kumarathunga Munidasa Mawatha, Colombo 03.	-		0.25	-	**340,000**	330,000
No 02, Havelock Place, Colombo 05.	3,200		0.22	-	**308,700**	294,000
LAUGFS Property Developers (Pvt) Limited.						
No 101, Maya Avenue, Colombo 06. *	87,049		0.30	-	**315,000**	315,000
PROPERTIES OUTSIDE COLOMBO						
LAUGFS Gas PLC						
Biyagama Road, Mabima.	35,752		31.84	-	**765,436**	766,102
Biyagama Road, Mabima.	-		1.02	-	**47,400**	46,500
Matara Road, Galupiadda, Galle.	680		0.18	-	**39,400**	38,000
Katuwawala, Borelasgamuwa	9,813		-	0.40	**4,774**	5,211
LAUGFS Eco Sri (Pvt) Limited - Fixed Centre						
Anuradhapura	1,292		-	0.24	**1,129**	1,862
Balapitiya	1,038		-	0.19	**463**	1,061
Bellanthota	3,242		-	0.46	**4,343**	6,077
Embuldeniya	5,783		-	0.25	**4,121**	6,022
Galle	2,854		-	0.50	**3,203**	4,653
Kaduwela	1,895		-	1.00	**3,165**	5,180
Kaluthara	3,063		-	0.73	**3,183**	4,853
Kandy	2,673		-	0.40	**2,081**	3,274
Katunayaka	2,496		-	0.38	**2,416**	3,687
Kegalle	1,770		-	0.47	**699**	1,055
Kiribathgoda	2,652		-	0.50	**3,984**	5,895
Kottawa	2,554		-	0.48	**2,611**	3,919
Kotikawatta	2,342		-	0.38	**2,889**	4,363
Kurunagala	2,673		-	0.25	**2,305**	3,598
Matale	2,652		-	0.38	**3,534**	5,601
Matara	1,427		-	0.36	**514**	400
Miriswatta	2,820		-	0.47	**3,180**	4,902
Polannaruwa	988		-	0.39	**857**	1,553
Rathnapura	2,452		-	0.37	**2,451**	3,769
LAUGFS Eco Sri (Pvt) Limited - Fabricated Plants						
Akkaraipattu	540		-	0.12	**108**	137
Akurana	960		-	0.02	**772**	335
Ampara	712		-	0.16	**361**	455
Athurugiriya	1,096		-	0.09	**404**	483
Avissawella	380		-	0.02	**243**	295
Baddegama	274		-	0.15	**1,017**	604
Badulla	2,058		-	0.03	**956**	1,012
Bandarawela	3,844		-	0.10	**408**	630
Batticaloa	2,101		-	0.20	**513**	690
Chilaw	432		-	0.16	**103**	146

Real Estate Portfolio

	Building in (Sq.Ft)		Land in acres		Net book value	
Owning company and location	Free Hold	Leasehold	Freehold	Leasehold	2016 Rs.'000	2015 Rs.'000
Chunnakkam	540		-	0.24	**417**	468
Dambulla	803		-	0.10	**202**	291
Diulapitiya	2,224		-	0.08	**407**	509
Elpitiya	4,093		-	0.22	**137**	194
Embilipitiya	3,000		-	0.09	**531**	661
Eppawala	320		-	0.10	**656**	769
Gampola	1,716		-	0.09	**195**	234
Horana	1,232		-	0.14	**891**	1,100
Ja Ela	3,061		-	0.21	**1,003**	1,205
Jaffna	320		-	0.13	**505**	660
Kadawatha	525		-	0.18	**99**	124
Kalmunai	1,692		-	0.08	**197**	272
Kamburupitiya	3,300		-	0.18	**-**	28
Kosswatta	1,530		-	0.04	**1,550**	1,854
Kotahena	640		-	0.01	**75**	57
Kuliyapitiya	1,352		-	0.02	**42**	39
Kundasale	3,115		-	0.07	**15**	49
Lindula	784		-	0.02	**194**	228
Mahiyanganaya	2,655		-	0.32	**718**	78
Makola	4,844		-	0.15	**926**	1,016
Matugama	2,538		-	0.07	**379**	363
Meegoda	3,114		-	0.18	**300**	451
Monaragala ii	2,180		-	0.16	**237**	336
Negambo	133		-	0.03	**2,114**	2,483
Nittambuwa	2,476		-	0.16	**579**	681
Orugodawatta	839		-	0.02	**286**	345
Panadura	674		-	0.05	**2,874**	3,307
Pannala	2,696		-	0.19	**-**	-
Pelmadulla	2,622		-	0.23	**198**	324
Piliyandala	830		-	0.06	**954**	1,084
Pugoda	1,064		-	0.09	**772**	939
Puttalam	1,406		-	0.08	**243**	327
Rajagiriya	200		-	0.15	**2,493**	2,828
Tangalle	2,345		-	0.14	**134**	274
Tissamaharama	968		-	0.06	**108**	168
Trincomalee	1,508		-	0.09	**422**	535
Udugampola	1,563		-	0.06	**331**	420
Vavniya	495		-	0.19	**289**	356
Warakapola	2,030		-	0.09	**213**	329
Wariyapola	3,392		-	0.25	**256**	365
Wattala	465		-	0.08	**909**	1,172
Welimada	2,294		-	0.11	**254**	316
Wennappuwa	2,350		-	0.30	**498**	788
Bambalapitiya Stores	-		-	0.18	**1,360**	257
Bellanthota Training Centre	-		-	-	**77**	95

Owning company and location	Building in (Sq.Ft) Free Hold	Leasehold	Land in acres Freehold	Leasehold	Net book value 2016 Rs.'000	2015 Rs.'000
Borella	232	-	-	0.12	**1,909**	2,137
Wellawaya	165	-	-	0.09	**961**	1,093
Ragama	80	-	-	0.20	**47**	541
Nochchiyagama	152	-	-	0.13	**1,573**	1,741
Nuwaraeliya	125	-	-	0.06	**2,077**	1,792
Neluwa	120	-	-	0.13	**718**	25
Melsiripura	165	-	-	0.22	**935**	1,050
Ambalangoda	192	-	-	0.43	**1,391**	-
Balangoda	640	-	-	0.33	**2,089**	-
Beruwala	125	-	-	0.17	**1,218**	-
Kurunegala 2	152	-	-	0.14	**1,294**	-
Mawathagama	192	-	-	0.24	**1,744**	-
Meerigama	192	-	-	0.13	**1,106**	-
Nikawaratiya	200	-	-	0.25	**254**	-
LAUGFS Gas (Bangladesh) Ltd						
Mongla,Bangladesh	-	3,499	-	10.47	**15,040**	-
LAUGFS Leisure Limited.						
Karukupane, Bangadeniya, Chilaw	140,607	-	17.95	-	**1,644,577**	1,668,854
Anantaya Wadduwa (Pvt) Ltd						
Wadduwa	-	-	15.00	-	**500,000**	500,000
Anantaya Passekudah (Pvt) Ltd						
Coconut Board Road, Passekudah	-	-	-	18.25	**79,164**	110,000
LAUGFS Power Limited						
Marathenna, Pabagolla, Pinnawala, Balangoda.**	3,803	-	1.25	1.65	**32,379**	14,653
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd						
Thiniyagala, Ginigathhena.***	978	-	-	7,755	**-**	-
Anorchi Lanka (Pvt) Ltd	-	-	-	44	**-**	-
Baruthankanda, Hambanthota						
Iris Eco Power Lanka (Pvt) Ltd	-	-	-	44	**-**	-
Baruthankanda, Hambanthota						
PAMS Power (Pvt) Ltd	-	-	1.02	19,491.13	**-**	-
Dagampitiya, Thiniyagala.						

* Presently building is under construction and incurred cost is Rs. 891,497,291 as at 31 March 2016.

** 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.

*** Presently building is under construction and incurred cost is Rs. 15,000,000 as at 31 March 2016. relevant deed and lease agreement due to processing stage.

Notice of Meeting

Notice is hereby given that the 06th Annual General Meeting of LAUGFS Gas PLC will be held on 29th June 2016 at 3.00pm at the "Empire Ballroom" of the Mount Lavinia Hotel for following purposes;

Routine Business

1. To receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2016 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 authorise the Directors to determine and make donations.

6. To re-appoint Auditors M/s. Ernst & Young and to authorise the Directors to determine their remuneration.

By Order of the Board
LAUGFS Gas PLC

Corporate Advisory Services (Private) Limited
Secretaries

1 JUNE 2016

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, 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 29th June 2016 at 3.00pm at the “Empire ballroom” of the Mount Lavinia Hotel and at any adjournment thereof and at every poll which may be taken in consequence thereof .

	For	Against
Routine Business		
1. To receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2016 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 authorise the Directors to determine and make donations.		
6. To re-appoint Auditors M/s. Ernst & Young and to authorise the Directors to determine their remuneration.		

Signed this .... day 2016

*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, 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 29th June 2016 at 3.00pm at the “Empire Ballroom” of the Mount Lavinia Hotel and at any adjournment thereof and at every poll which may be taken in consequence thereof .

Signed this .... day 2016

*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.

Notes

Notes

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 (Pvt) Ltd. LAUGFS Leisure Ltd. LAUGFS Property Developers (Pvt) Ltd. LAUGFS Power Ltd. LAUGFS Maritime Services (Pvt) Ltd. LAUGFS Termminals Ltd. LAUGFS Gas (Bangladesh) Ltd. Slogal Energy DMCC - Dubai
Sub Subsidiaries	:	LAUGFS Hotel Management Services (Pvt) Ltd. Anantaya Wadduwa (Pvt) Ltd. Anantaya Passekudah (Pvt) Ltd. Anorchi Lanka (Pvt) Ltd. Iris Eco Power Lanka (Pvt) Ltd. Pams Power (Pvt) Ltd. Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd.
Principal Activities & Nature of Operations	:	LAUGFS Gas PLC - Downstream Business of Liquefied Petroleum Gas & other related Products & Services. LAUGFS Eco Sri (Pvt) Ltd. - Operating Vehicle Emission Testing Centres to issue Vehicle Emission Test Certificates for Motor Vehicles. LAUGFS Leisure Ltd. - Operating a Luxury Hotel, Anantaya Resort & Spa, Chilaw. LAUGFS Hotel Management Services (Pvt) Ltd. - Managing the operations of Hotels LAUGFS Property Developers (Pvt) Ltd - Real Estate Developments LAUGFS Power Ltd - Hydro Power projects Anantaya Wadduwa (Pvt) Ltd. - Holding and managing a beach front property at Wadduwa Anantaya Passekudah (Pvt) Ltd. - Holding and managing a beach front property at Passekudah LAUGFS Maritime Services (Pvt) Ltd. - Shipping operations LAUGFS Gas (Bangladesh) Ltd - Downstream Business of Liquefied Petroleum Gas & other related Products & Services Slogal Energy DMCC - Trading of Liquified Petroleum Gas and other Petrolium Products Anorchi Lanka (Pvt) Ltd. - Solar Power projects Iris Eco Power Lanka (Pvt) Ltd. - Solar Power projects Pams Power (Pvt) Ltd. - Hydro Power projects Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd. - Hydro Power projects LAUGFS Terminals Ltd. - Providing of LPG storage facilities
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
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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