The resilience of TRUST

LAUGFS GAS

We are a ray of hope and a source of trust for millions of Sri Lankans.

Nurturing the trust of consumers with high quality, safe and reliable LPG solutions.

Supporting our stakeholders by caring for our people and serving our communities.

The resilience of TRUST

PERSEVERANCE

Perseverance is the hallmark of resilience. But at LAUGFS Gas, our motivation to defiantly face any challenge came from the unwavering trust of our people, who counted on us to empower their lives and support their aspirations for a better tomorrow. Guided by our pioneering spirit, we ensured that our commitment to quality and safety remain steadfast, leaving no stone unturned in our quest to deliver only the best.

TRUSTED LEGACY

Today we have consolidated our position in the power and energy sector of our nation, thriving on the resilience we found in our trusted legacy. We have re-aligned our strategies and processes to put our customers first, thereby strengthening our fundamentals to stand strong amidst in any climate.

OPTIMISTIC

Moving into the future, we're optimistic that our broad presence across the value chain will help us steer our nation towards greater heights—resiliently and resolutely.

CONTENTS

ABOUT US

STRATEGIC REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

VISION MISSION VALUES

Vision

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

Mission

Be the leader in the market segments we operate in.

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

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

Ensure fair returns to all our stakeholders.

Lead by example as an exemplary Sri Lankan entity.

Values

Customer centricity

Integrity

Responsible corporate citizen

Innovativeness

Teamwork

About the Report

Our Ninth Annual Report is presented in accordance with International and Integrated Reporting Council (IIRC). The purpose of this report is to give a broad picture of our value creation and potential to provide long-term value to all of our stakeholders.

Reporting period:

1st April 2021 to 31st March 2022

Reporting Cycle:

Annual

Date of the most recent report:

1st April 2020 to 31st March 2021

OPERATING BUSINESSES

This report covers the operations of LAUGFS Gas PLC and its subsidiaries. They are fully explained on page 09 of this report. There were no restatements of information or changes for reporting during the year.

We have made various modifications to our operations as a result of new obstacles we have faced during the year in order to conquer and sustain in the industry.

The management of the LAUGFS Gas PLC reviews and prepares the contents of all reports before presenting them to the Board for approval. The Board is accountable for the information, which includes a balanced overview of performance.

FRAMEWORKS AND STANDARDS

Regulatory Frameworks Applied

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

Voluntary Frameworks Applied

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

Memberships

- World LPG Association
- LPG Operator's Association of Bangladesh.

KEY CONCEPTS USED

Materiality

The report serves as a roadmap for moving forward with the opportunities, challenges, and obstacles that affect our capacity to produce value. On pages 25 to 30, these concerns are discussed.

During our operations, the COVID-19 outbreak presented several challenges. We present the obstacles we have faced and the solutions we have come up with to combat the pandemic throughout the report.

Connectivity

The components of the corporate strategy and the capitals utilised by the Group are represented by navigating icons.

Completeness

We present both financial and non-financial performance indicators.

For any queries on the report, Please contact

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

Contact No. 011 556 8236

About Us

LAUGFS GAS PLC

LAUGFS Gas PLC is one of the leading LPG solutions provider in Sri Lanka. We have supplied affordable LPG solutions to domestic, industrial and commercial customers across the island since the commencement of our journey in 2001.

With a strong supply chain of subsidiary companies, the Group has built a solid base for procurement, transportation, storage and distribution, and logistics of LPG. This is a key success factor and provides a strong base to support the channel partners and consumers island-wide.

With the establishment of the Group's overseas operation, LAUGFS Gas PLC has optimised our strengths in trading and logistics by providing LPG solutions to a wider consumer market in both Bangladesh and Sri Lanka. This initiative has opened avenues for the Group to explore newer markets in the region supported by LAUGFS Maritime, LAUGFS Terminals and SLOGAL Energy DMCC.

LAUGFS GAS PLC

The holding company of the Group specialised in marketing and distribution of LPG.

Distributors
31

Dealers
10,507

LAUGFS GAS (BANGLADESH) LTD

Marketing and distribution of LPG and related consultancy services.

Distributors
150

Dealers
20,000

LAUGFS MARITIME SERVICES (PVT) LTD

Provides logistic services by owning and operating three LPG vessels. Provides internal and external vessel chartering services as per Group requirements.

LAUGFS TERMINALS LTD

The largest LPG terminal in South Asia with 30,000 MT of storage capacity located at the Hambantota International Port.

SLOGAL Energy DMCC

Specialises in procurement and trading of LPG.

Based in Dubai.

LAUGFS PROPERTY DEVELOPERS (PVT) LTD

Owns and manages 88,082 square feet of office space.

About Us

Our Economic, Environmental and Societal Contributions

Employment

Direct employment

344

Indirect employment

201

Infrastructure

We are the only private sector operator in Sri Lanka

Owns the largest storage terminal in South Asia

Own and charter three LPG Vessels

Own filling and storage facilities for domestic and commercial sectors located in:

- Mabima and Hambantota Sri Lanka.
- Mongla Port, Mongla, Bangladesh

Economic value addition

Economic value added

Rs. **871** Mn

Distributed

Rs. **3,084** Mn

Retained

Rs. **(2,213)** Mn

Taxes

Direct Taxes

Rs. **85** Mn

Health and Safety

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

Our Strategic Timeline

1994
Established Gas Auto Lanka (Pvt) Ltd. and entered auto gas conversion business.

1998
Obtained World LPG Association Membership.

2000
Incorporated LAUGFS Gas (Pvt) Ltd. Obtained BOI approval and signed agreement for LAUGFS Gas.

2001
Entered the LPG domestic industry.

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

2002
The first LPG vessel - LAUGFS Wega - was registered under the flag of Sri Lanka.

2007
Agreement signed between Consumer Affairs Authority and LAUGFS Gas for the price formula.

2010
Listed in the Colombo Stock Exchange.

2014
LAUGFS Maritime Services (Pvt) Ltd. acquired its first LPG vessel 'Gas Challenger'

2015
Acquired the LPG vessel 'Gas Success', further strengthening the vessel fleet of LAUGFS Maritime.

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

Commenced construction of LAUGFS LPG Terminal.

2017
LAUGFS Maritime expanded LPG vessel fleet with another addition, 'Gas Courage'.

2018
Completed construction of LAUGFS Terminal in Sri Lanka.

Signed agreement with Total Gas Bangladesh on cylinder filling.

Installed a cylinder re-qualification plant in Bangladesh.

2019
South Asia's largest LPG Transhipment Terminal by LAUGFS officially commenced operations in Hambantota International Port.

2020
Commenced the Filling and Distribution Plant operation at Hambantota Terminal Facility.

Financial Highlights

	Group			Company		
	2022 Rs.'000	2021 Rs.'000	Change	**2022 Rs.'000**	2021 Rs.'000	Change
Summary of Operations						
Revenue	**34,596,521**	35,533,768	-3%	**9,254,488**	13,711,824	-33%
Gross Profit / (Loss)	**339,274**	3,734,582	-91%	**(441,904)**	(153,561)	188%
Profit / (Loss) from Operations	**(2,276,211)**	1,313,422	-273%	**(1,612,464)**	(351,665)	359%
Other Operating Income	**501,280**	703,048	-29%	**432,367**	976,137	-56%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**(502,449)**	3,010,745	-117%	**(973,366)**	266,701	-465%
Finance Cost	**(2,298,071)**	(2,234,921)	3%	**(1,518,387)**	(1,531,306)	-1%
Loss Before Tax	**(4,570,060)**	(914,726)	400%	**(3,128,281)**	(1,880,553)	66%
Income Tax Expense	**587,587**	256,440	129%	**632,456**	386,295	64%
Loss for the Year	**(3,982,473)**	(658,286)	505%	**(2,495,825)**	(1,494,258)	67%
Total Comprehensive Income / (Loss) for the Year Net of Tax	**5,643,455**	(242,515)	-2427%	**4,645,484**	(170,691)	-2,822%
Summary of Financial Position						
Property, Plant and Equipment	**42,010,483**	27,110,241	55%	**13,955,908**	8,376,320	67%
Right of Use Assets	**1,296,282**	983,770	32%	**57,325**	79,935	-28%
Investment Properties	**3,480,507**	2,877,707	21%	**1,076,200**	900,200	20%
Investments in Subsidiaries	**-**	-	-	**35,004,287**	32,966,188	6%
Other Non-Current Financial Assets	**18,495**	10,458	77%	**18,495**	10,458	77%
Current Assets	**6,540,288**	8,175,502	-20%	**1,899,565**	3,097,575	-39%
Total Assets	**57,702,596**	42,046,148	37%	**52,011,779**	45,430,727	14%
Non Current Liabilities	**20,941,100**	17,675,202	18%	**8,114,117**	8,310,682	-2%
Current Liabilities	**30,572,404**	23,825,309	28%	**18,276,651**	16,144,518	13%
Total Liabilities	**51,513,503**	41,500,511	24%	**26,390,768**	24,455,200	8%
Shareholders' Interest						
Stated Capital	**1,000,000**	1,000,000	0%	**1,000,000**	1,000,000	0%
Fair Value Reserve of Financial Assets at FVTOCI	**(21,818)**	(22,730)	-4%	**24,863,277**	22,670,768	10%
Revaluation Reserve	**7,474,519**	804,479	829%	**4,983,381**	38,451	-
Foreign Currency Translation Reserve	**4,293,985**	1,477,139	191%	**-**	-	-
Accumulated Losses	**(7,131,205)**	(3,191,949)	123%	**(5,225,646)**	(2,733,692)	91%
Equity attributable to Equity Holders of the Parent	**5,615,481**	66,939	8289%	**25,621,012**	20,975,527	22%
Return on Equity (%)	**-73%**	-1,024%	-93%	**-10%**	-7%	37%
Net Assets Value Per Share (Rs.)	**14.51**	0.17	8289%	**66.20**	54.20	22%
Leverage						
Interest Cover (Times)	**(0.99)**	0.59	-267%	**(1.06)**	(0.23)	365%
Financial Ratio						
Gross Profit Margin	**1%**	11%	-91%	**-5%**	-1%	326%
EBITDA Margin	**-1%**	8%	-117%	**-11%**	2%	-641%
Net Profit Margin	**-12%**	-2%	521%	**-27%**	-11%	147%
Earnings /(Loss) Per Share (Rs.)	**(10.54)**	(1.77)	495%	**(6.45)**	(3.86)	67%
Dividend Payout (%)	**-**	-	-	**-**	-	-
Assets Turnover (Times)	**0.60**	0.85	-29%	**0.18**	0.30	-41%
Equity to Assets (Times)	**0.11**	0.01	727%	**0.49**	0.46	7%
Current Ratio (Times)	**0.21**	0.34	-38%	**0.10**	0.19	-46%
Quick Ratio (Times)	**0.15**	0.22	-31%	**0.08**	0.16	-51%

Non-Financial Highlights

ECONOMIC PERFORMANCE

Customers

Revenue Generated - Rs. 34,597 Mn

Suppliers

Payment to suppliers - Rs. 34,832 Mn

Business partners

Distributors
Sri Lanka - 31 | Bangladesh - 150

Distributors
Sri Lanka - 10,507 | Bangladesh - 20,000

Strengthened and expanded the distribution channel

Total Workforce

New recruits - 52

Attrition - 106

Female Representation - 10%

Total Training Hours - 3,592

Workplace Injuries - 8

Community Engagement

Funding of Rs. 3.9 Mn to support Community Groups and Societies

Conducted public digital awareness campaign on General Cylinder Usage and Safety Tips

SOCIAL PERFORMANCE

Indirect Employment

Indirect Employment - 201

40 jobs offered to outside Western Province

Value Addition

Rs. 871 Mn

Capacity Building

We are the only private sector operator in the LPG industry

Owns the largest storage terminal in south Asia

Own and charter three LPG Vessels

ENVIRONMENTAL PERFORMANCE

Materials Consumption

52,835,119 MT

Energy Consumption

57,617,857 MJ

Water consumption

15,185 M^3

Group Chairman's Message

The presence of LAUGFS Gas along the LPG value chain has been a key strength for the Group to survive during trying times while leveraging its strengths and capabilities.

Dear Shareholders,

The financial year ended 31 March 2022 has been a year unlike any other with a fresh set of challenges paving way for 'out of the box' strategies for LAUGFS Gas. The Group took all efforts to make the best out of the challenges presented due to macroeconomic conditions on a domestic and global scale. Despite the difficulties we attempted to continue the delivery of LP gas, a daily essential in many households across Sri Lanka. Our efforts were supported by the team work of our staff and supply chain partners who worked tirelessly to ensure our customer's requirements were met.

VALUE CHAIN

The presence of LAUGFS Gas along the LPG value chain has been a key strength for the Group to survive during trying times while leveraging its strengths and capabilities.

SLOGAL Energy, the Group's LPG trading arm, manages the bulk sale, transportation and storage of LPG. Combining the strengths of the subsidiary companies LAUGFS Maritime and LAUGFS Storage Terminal facilities, the trading business has been optimised for greater business success.

Sri Lanka and Bangladesh are two different markets with varying dynamics and our downstream operations were responsible for the marketing and distribution of LPG cylinders. The Sri Lankan LPG market consist of a duopoly while the Bangladeshi market is saturated with nearly 30 competitors despite which LAUGFS Gas remains one of the strongest competitors in the domestic Bangladeshi market.

LAUGFS Property currently continues to own the modern commercial space housing the Group's Head Office Building.

EXTERNAL ENVIRONMENTAL REVIEW

Global output was projected to expand by 5.5% in 2021 and contract to 4% in 2022 by the UN World Economic Situation and Prospectus 2022. Following a contraction of 3.6% in 2020, the Sri Lankan economy recorded a growth of 3.7% in 2021 according to the Central Bank Report.

The growth was supported by the easing of monetary policies, extension of moratoria to a number of businesses and adoption of several external and financial sector policies. A number of import restrictions were introduced to defend the currency which proved little support with the Sri Lankan Rupee depreciating to 33% against the US dollar at the end of the financial year.

Following repeated lobbying by the management of LAUGFS, the Government of Sri Lanka removed the price regulations imposed on LPG in October 2021. While the decision gave cause to celebrate, the macroeconomic challenges resulted in a forex crisis leading to banks being unable to open LCs for the Company. The resultant delay in ensuring a continuous supply of LPG affected the Company performance in addition to incurring additional costs and demurrage chargers.

The economy of Bangladesh was expected to grow by 6.4% in 2021/22 compared to 3.8% in 2020/21, paving way to create opportunities for growth despite continued competition from a number of new entrants to the market.

World Propane and Butane prices experienced fluctuations during the year, mainly driven by the crisis created due to the Russia-Ukraine conflict during the latter part of the financial year. As a result Saudi Aramco announced contract price of propane at US $ 895/ton and butane at US $ 920/ton for March 2022 further impacting the increase in domestic LPG prices.

PERFORMANCE

LAUGFS Group recorded a revenue dip of 3% to Rs. 34,597Mn compared to last year. Loss after tax was 505% higher than last year and amounted to Rs. 3,982Mn. Loss after tax attributable to equity holders amounted to Rs. 4,077Mn.

The price regulations during the early parts of the year coupled with macroeconomic challenges affecting the downstream operations and the inability of the banks to open LCs in a timely manner and resulting costs contributed to the losses faced by the Group. Additionally, the impact of the instability of the Sri Lankan Rupee also significantly added to increasing costs.

Our presence in the Bangladesh market which has over 30 LP Gas players was a proud reflection of our efforts to continuously improve our performance. We continued our efforts to strengthen our distribution, brand loyalty as well as visibility in the highly competitive market in Bangladesh with the expectation of drawing higher yields.

LAUGFS Maritime Service (Pvt) Ltd and LAUGFS Terminals Ltd supported to optimise the Group synergies provided by SLOGAL Energy to ensure maximum efficiency of the supply chain. The Company focus on maintaining efficient and safe operations adhering to stringent safety protocols at all times.

FUTURE PROSPECTS

The Global LPG market is forecasted to grow at a compound annual growth rate of 4.91% during 2021-2026 to reach US $ 153.146Bn in 2026 from US $ 109.493Bn in 2020, strengthening the potential of LPG as an alternative fuel. LAUGFS Gas continue the lobbying efforts with the Government to steer towards wider adoption of LPG and push the Country towards a lower carbon economy with sustainable profitability.

SLOGAL Energy continues its efforts to develop operations as a bulk seller and mitigate losses stemming from Sri Lanka operations. The Group continues to explore opportunities to arrange financial facilities from overseas banks with a focus on the UAE to facilitate LAUGFS Gas's operations in Sri Lanka. SLOGAL is also expected to facilitate the high levels of capacity utilisation of the Terminals and Maritime assets.

Financial discipline and efficient cost cutting measure will be key to navigating the year successfully and strengthen the Balance Sheet of the Group.

POWER OF PEOPLE

LAUGFS Group managed to stay afloat and pull through thanks to all its people across 5 highly specialised sectors with operations spanning over three Countries. The team at LAUGFS put in commendable effort to keep up a positive attitude employing their creativity while adapting to various new challenges and making every effort to navigate the unprecedented challenges head on. The resulting experience has strengthened the Group while supporting individual growth and instilling the confidence in our people to handle varied tasks.

ACKNOWLEDGEMENTS

On behalf of the Board I would like to thank our employees for their continued dedication and support throughout the year to deliver the best service to our customers.

I thank our Directors for their conscientious decision making to steer the Group through a challenging year. I also thank all our colleagues and our CEOs for implementing timely strategies to support business functions during expected and unexpected challenges.

I wish to thank the authorities, officials and our partners in the banking sector for their valuable support and guidance during the year to help us deliver our best.

Finally I would like to thank all our shareholders for the confidence placed in us and look forward to continued support as we strive to give our best in the coming year and increase value to all our shareholders.

Deshabandu W.K.H. Wegapitiya
Group Chairman

31st August 2022

Group Deputy Chairman's Message

LAUGFS Group's integration of the mid and downstream activities of LPG value chain continued to prove to be an effective strategic move.

Dear Shareholders,

The year under review continued to be marred by many challenges including the ripple effects of repeated lockdowns due to COVID variants and macroeconomic challenges resulting from unstable conditions on a global scale. The various challenges brought with it the need to change and adapt to new lifestyles and unconventional norms. Despite these challenges, LAUGFS Gas remained resilient and flexible to continue serving our customers with utmost professionalism and dedication, delivering the daily essential of clean cooking fuel.

IMPORTANCE OF LPG

Compared to various other widely used fuels, LPG is considered a better environmentally friendly alternative source of fuel due to its low carbon emissions and comparatively lower pollution. The minimum emission of greenhouse gases and particulate matter during the combustion of LPG makes it an ideal fuel for cooking, reducing air pollution as well reducing the incidence of lung related disease.

Although primarily used for cooking and industrial purposes, LPG is a versatile fuel with many different applications. It is increasingly used for power generation, as a marine fuel, as an autogas, for heating and industrial purposes. Its main advantage is its' clean burning compared to traditional fuel.

Data from the World Health Organisation shows that almost all of the global population (99%) breathe contaminated air containing high levels of pollutants. Low and middle income countries were recorded to be suffering from the highest exposure to poor air quality.

World LPG Association details that autogas vehicles emit 81% less particulate matter compared to diesel vehicles and 21% less carbon dioxide compared to petrol vehicles. The data coupled with the lower levels of harmful emissions and greenhouse gases from the combustion of LPG further strengthen the argument for the use of LPG compared to conventional fuel as an ideal clean fuel for both better health as well as a long term mitigating measure to combat climate change.

Sri Lanka's major focus on LPG has been as a cooking fuel, however there is significant scope to broaden the application of LPG in various industries and support the Country's transition into environmentally friendly alternative energy sources and thereby a low carbon economy that is better for its citizens.

A SNAPSHOT OF THE YEAR

A supportive and stable policy framework is essential for the promotion of LPG across different industries. The removal of price control on LPG during the third quarter of the year resulted in 12.5 kg domestic gas cylinders to be priced at market rates. However, the mutual relief on various stakeholders brought about by the removal of price control was short lived due to the macroeconomic challenges together with the forex crisis which affected the continuity of the supply chain resulting in further price revisions of LPG.

DOWNSTREAM OPERATIONS

The downstream operations in Sri Lanka incurred losses during the year due to unstable conditions in the macro economy despite the authorities removing the cap on maximum price. The operations in Sri Lanka contribute to 27% of the income of the Group and the affected downstream operations had a significant impact on the overall performance of the company.

Our operations in Bangladesh continued to face severe competition and rivalry due to the large number of new entrants. While we consider competition to be healthy, numerous unhealthy, unethical practices by many entrants has affected the ethical players in the market and resulted in a decrease in our market share in Bangladesh.

Despite the competition LAUGFS Gas (Bangladesh) continued to strictly adhere to our ethical standards.

MIDSTREAM OPERATIONS

LAUGFS Group's integration of the mid and downstream activities of LPG value chain continued to prove to be an effective strategic move. The trading operations of LPG including the buying and selling were undertaken by the fully-owned subsidiary of the Company, SLOGAL Energy DMCC Dubai. SLOGAL's lacklustre performance during the year under review was also due to the far reaching effects of the macroeconomic challenges experienced in Sri Lanka.

Our strategic move to commission the bottling plant adjacent to the storage terminal in Hambantota continued to prove to be a cost effective measure supporting the efficiency of our supply chain logistics. As a result the supply to Southern, Eastern, Uva and Sabaragamuwa Provinces were made more efficient. The commissioning of a bowser loading facility at the plant to facilitate the transport of LPG by sea and road further contributed to improve our efficiencies.

LAUGFS Maritime is the ocean transportation arm of the Group which managed a profitable performance during the year able to provide some relief to the losses experienced by the parent company. We are proud to share that LAUGFS Maritime is now a debt free service. Managing to pay off bank loans has been of some comfort during the year as interest rates have climbed high.

LOOKING FORWARD

Widespread vaccination resulted in many countries reopening borders, business picking up and economies growing, leading to increasing demand for energy. Global Energy Review 2021 predicted global energy demand to increase by 4.6% in 2021 with the demand for fossil fuels set to increase significantly. The demand for natural gas was expected to grow by 3.2% in 2021 mostly propelled by the demand in Asia, the Middle East and Russia.

In Sri Lanka too, economic stability as well as stability of the Sri Lankan Rupee is required for the uninterrupted supply of LPG. Favourable policies are required for the recognition of LPG as an environmentally and socially responsible alternative fuel. LAUGFS Gas continues its advocacy efforts for the promotion of use of LPG as a sustainable way forward for many stakeholders while providing equitable solutions.

LAUGFS Gas Bangladesh is currently well placed and is recognised as one of the largest players in the Bangladesh market. The Group's midstream operations were restructured with particular attention given to improve our bulk sales segments and emphasis placed on our adherence to safety and quality.

Despite the numerous challenges, our leadership team makes every effort to take necessary steps to improve our midstream operations through the comprehensive utilisation of assets and increasing value across our supply chain

ACKNOWLEDGEMENTS

LAUGFS Gas has enjoyed decades of success since its beginning and subsequent expansion as a public-quoted business entity with operations in three countries. These would not have been possible without the contribution of our loyal employees who have been a significant element of the Group's success story. I wish to thank them for their service, loyalty and resilience during the year.

My sincere thanks is also extended to our Chairman, fellow board members for the counsel, insights and advice shared for LAUGFS Gas to navigate the challenges across the LPG value chain and for optimal resource management during challenging conditions.

I would also like to thank our shareholders and all the stakeholders for standing with us and for the support provided during these unprecedented challenging times and look forward to better performance in the coming financial year.

U.K. Thilak De Silva
Group Deputy Chairman

31st August 2022

Group Managing Director/ Group Chief Executive Officer's Message

We continue to manage our human resources effectively bringing in the best and retaining the best to drive the Group's growth as well as to keep all our staff motivated.

Dear Shareholders,

The year under review has been one of uncertainties testing our ability to handle and overcome a number of challenges. Throughout the year, LAUGFS Group remained committed to put forward its best efforts to navigate the different variables affecting the LPG value chain and deliver our best to our customers and stakeholders.

OUR PRESENCE

Sri Lanka and Bangladesh both are important markets for LAUGFS Gas which has a strong franchise presence, supported by integrated supply chain. The Group's own sourcing arm, fleet of gas tankers, largest LPG storage and transshipment terminal in South Asia ensure the good quality of our downstream bottling and distribution operations. These hub and spoke operations enabled the Group to contribute to support cost efficiencies in the transport of LPG to other South Asian countries.

The difficulties caused due to macro-economic challenges in the Country and the world continued to constraint our downstream operations whilst inspiring the strengthening of our midstream operations. Financial restructuring, improving the financial discipline in relation to corporate structure and adhering to the necessary steps has been a key focus area during the year.

CHALLENGES DURING THE YEAR

The gas cluster experienced many challenges during financial year. For the last five years the downstream business operations in Sri Lanka was affected by the MRP (Maximum Retail Price) impacting the LAUGFS Gas profitability and performance. The continued efforts and negotiations had with the authority for the removal of price control proved beneficial since October 2021. The removal of the MRP resulted in fair pricing of our LPG cylinders and a more equitable distribution of benefits to all our stakeholders.

However the shortage of foreign currency in the market affected the importation of LPG resulting in diminished volumes, resulting in challenges when absorbing the fixed costs of the Company.

LAUGFS Gas is the parent company of the gas cluster which includes, SLOGAL, LAUGFS Maritime Services, LAUGFS Terminals and LAUGFS Bangladesh domestic business, all of which were also adversely affected during this period.

The trading arm of the business SLOGAL Energy DMCC, was not able to procure the required quantity of LPG from the global market due to the foreign currency shortages in the market which led to difficulties in obtaining LCs from banks, which was perpetuated with the down grading of the ratings of the banks resulting in the imposition of additional conditions, which adversely affected the business volume. This affected both the captive and non-captive markets and resulted in our logistics company LAUGFS Maritime Services not having enough volume for optimum utilisation of vessels creating a further cycle of challenges.

Bangladesh Government introduced a MRP halfway through the financial year in addition to an additional tax on LPG trading which led to traders losing control over the pricing. The situation was further exacerbated by volatile pricing of Saudi Arabia LPG which increased above US$ 900 rate per metric ton for the first time in nearly seven years (LPG contract price was recorded at US$ 912.50 /MT in March 2022). The sharp increase in prices coupled with the imposed price controls led to the pricing discrepancy being absorbed by retailers resulting in the Bangladesh operation having to go through a tough financial situation further impacting the entire Group.

SAFEGUARDING OUR HUMAN RESOURCE

Despite the challenges, we have taken various measures to improve the competency level and professional development of employees for both their personal growth as well as the growth of the Group. A number of development and knowledge sharing programmes were carried out with a mix of in-house and external resources sharing knowledge. We have also implemented a human resource performance management culture with specific techniques to prepare business plans, reviews and continuously monitoring of performance.

We continue to manage our human resources effectively bringing in the best and retaining the best to drive the Group's growth as well as to keep all our staff motivated. Our stringent recruitment process ensures that we have the best professionals employed, both locally and internationally, creating an environment conducive for our staff. Additionally, we have appointed new personnel to all our business head positions to ensure fresh new perspectives in navigating the various new challenges faced by the Group.

Safety of our staff remains a high priority and the LAUGFS Safety Management System continued to efficiently monitor and provide safety to our crews and external stakeholders.

ACHIEVING SUSTAINABILITY

Sustainability as well as long term cost efficiency has always been important values for the LAUGFS Group. As a result the Group has been taking steps to increase its long term cost efficiency. The bottling plant at Hambantota greatly contributed to reducing the length and time of travel to Southern, Eastern, Uva and Sabaragamuwa provinces which has contributed to reduce energy consumption while having a positive impact on cost. The Group continues to explore further areas for positive change.

The Group has made efforts to further develop the technology we use as well as to develop new concepts with the aim of taking care of the entire line of operation of LPG including downstream business.

FUTURE STRATEGY

The key driving force for LAUGFS Gas has been the adoption of a dynamic and flexible strategy to effectively mitigate the challenges resulting from the macroeconomic conditions. Our strategic plan involves utilising basics, and changing them as required to be best suited for the challenge at hand. The Group faced challenges in maintaining its pricing mechanism during the year due to the instability of the Sri Lankan Rupee against the US dollar. However the Group focused on adopting a fine balance to address the availability of LPG while maintaining pricing affordability to our customers.

LAUGFS Group has been focusing on maximising its capacities to increase the efficiency of midstream operations as well as on utilising opportunities to expand growth in Bangladesh. The Group also continues to focus on the Sri Lankan market to continue to strengthen and uphold the trust of its customers.

The Group continues to explore possible opportunities to relocate its operations and explore opportunities in new markets while remaining optimistic of the future and ready to push ahead as soon as the Country achieves political and financial stability.

ACKNOWLEDGEMENTS

I extend my gratitude to the Group Chairman, Deputy Chairman and the Board of Directors for their expert guidance in navigating a challenging year.

I thank our banks and authorities for the support extended by them throughout the year. I acknowledge the contribution of all involved in the LAUGFS Gas Group during a trying year and for giving their very best.

Finally I thank all our customers, shareholders and supply chain partners for continuously supporting us and for their patient confidence in us throughout a challenging year.

Piyadasa Kudabalage
Group Managing Director/GCEO

31st August 2022

Focus on Strategy

INPUTS TO OUR BUSINESS MODEL

FINANCIAL

- Total Assets - **Rs. 57.7 Bn**
- Total Liabilities - **Rs. 51.5 Bn**

HUMAN

- **344** employees

MANUFACTURED

- Value of PPE - **Rs. 42 Bn**

RELATIONSHIPS

- Customers, channel partners, suppliers and communities

INTELLECTUAL

- Brand equity
- Certifications
- Health and Safety

NATURAL

- Materials, Energy and Water resources

OUR BUSINESS MODEL

We create value by ensuring our products are easily accessible, affordable, and impactful to our consumers. The Group has invested in building its own supply chain from sourcing to transportation, logistics and distribution to ensure our products are available at arm's reach to consumers.

PRIMARY ACTIVITIES

Energy	Transportation and logistics	Trading	Property
Distribution and marketing of LPG in Sri Lanka and Bangladesh	Own and charter LPG vessels Own and operate LPG storage terminals	Procurement and trading of LPG	Manage rentable space of **88,082** square feet

STRONG INFRASTRUCTURE

RESOURCE MANAGEMENT

Talent management, corporate planning to optimise resource allocations

TECHNOLOGY DEVELOPMENT

Integrated IT systems

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

SUPPORT ACTIVITIES

OUTPUTS

ENERGY

- Revenue **Rs. 19,828 Mn**

TRANSPORTATION AND LOGISTICS

- Revenue - **Rs. 2,030 Mn**
- **03** vessels utilised
- **30,000 MT** of storage and filling capacity

TRADING

- Revenue - **Rs. 26,600 Mn**

PROPERTY

- Revenue - **Rs. 100 Mn**

VALUE TO STAKEHOLDERS

SHAREHOLDERS

- Operating loss **Rs. 2,276 Mn**
- Revenue growth **-3%**

BUSINESS PARTNERS

- Payments to suppliers of **Rs. 34,832 Mn**

CONSUMERS

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

EMPLOYEES

- **Rs. 1,373 Mn** in salaries and benefits

COMMUNITY ENGAGEMENT

- Rs. **3.9** Mn for CSR

IMPACT

CARBON FOOTPRINT (MT)MTCO2E

- Direct (Scope 1) **1,513,884**
- Indirect (Scope 2) **270,173**
- Other Indirect (Scope 3) **145,749**

EFFLUENTS AND WASTE

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

Delivering Value To All Our Stakeholders

Stakeholder collaboration is essential in generating long-term benefits in business. Despite a challenging year, we remained committed to work with all of our stakeholders—consumers, suppliers, channel partners, employees, and communities—to enable quick adaptation and value creation for all.

CONSUMERS

We collaborate with customers from different parts of Sri Lanka and Bangladesh. Our top concern is making sure consumers reach our products whenever they want through Distributors, Dealers, Distribution Centers, as well as other channels.

We communicate with consumers through surveys and meetings.

WHAT WE DID

Health and safety

- Products with high quality.
- Adherence to quality standards.
- Indicating safety precautions in product labels.

Affordability

- Easy payment methods.

Convenient access

- Island wide dealer network.
- Options for home delivery.
- Increase distribution capabilities.

COVID-19 RESPONSE

- Innovative distribution strategies to meet consumer demand.
- By using three-wheelers, motorbikes and other local transport networks, we improved the consumer home delivery service.
- To cater the demand, back-office workers assisted sales personnel.
- Distributors, sales, and other employees worked 24/7.
- Special customer service hotlines and customer service centre.

SUPPLIERS

In order to guarantee a steady supply of goods and services, we network with both domestic and foreign suppliers.

To ensure that the supply chain runs smoothly, we automated our operations.

WHAT WE DID

Ensure Reliable Supply

- Critical suppliers were identified.
- Supplier capabilities and compliance were assessed.
- Connection with suppliers was improved.

COVID-19 RESPONSE

- Built a robust supply chain
  - Established variable costs approaches instead of using fixed costs.
  - Variety of strategies were used to deal with variations in demand.
  - Discussed with our suppliers about maintaining an impenetrable supply chain.
- Effectively managed cash flows by
  - Lowering inventory levels.
  - Extending the credit period.
  - Making adjustments to our policies and practices.

EMPLOYEES

Through performance reviews, welfare activities, and monthly HR meetings, we stay in touch with our employees.

WHAT WE DID

- A safe and healthy workplace.
- Strict health and safety protocols.
- Health and safety policies.
- Skill Development.
- In-house training programmes.
- Establish and keep track of performance benchmarks.

Compensation

- Possibilities for professional advancement.
- Salaries and benefit schemes.

COVID-19 RESPONSE

- Conducting Covid-19 Testings
  - For all employees who are having symptoms and random sample of employees.
- Granting leave for Covid-19 positive employees as per the Government guidelines.
- Encouraging employees to get vaccinated for Covid-19 by coordinating with MOH.
- Introducing an employee work roster to mitigate the risk.
- Providing all meals by a central point to all employees.
- Increasing awareness by:
  - playing sound clips through the PA system
  - conducting regular awareness sessions through Posters on Notice Boards.
- Introducing colour coding systems/ a time slot allocation to have meals at cafeteria to mitigate the spread

CHANNEL PARTNERS

Through workshops, awareness campaigns, and on-site inspections, we establish a connection with our channel partners including distributors, dealers and retail chain stores.

WHAT WE DID

- Assured that safety regulations are followed at all dealer sites.
- Increased dealer visibility by enhancing brand perception.

COVID-19 RESPONSE

- Provided dealers with disinfectants to clean the cylinders, and uphold good health and safety standards.

OTHER STAKEHOLDERS

COMMUNITIES

By offering employment opportunities and promoting community development through CSR initiatives, we stayed in constant contact with local communities.

SHAREHOLDERS

- Press releases, reports and filings, annual general meetings, and CSE disclosures are some of the ways we engage with our shareholders.
- Discussions were held on company strategy, the road map for the upcoming year, and earnings growth during the year.

GOVERNMENT

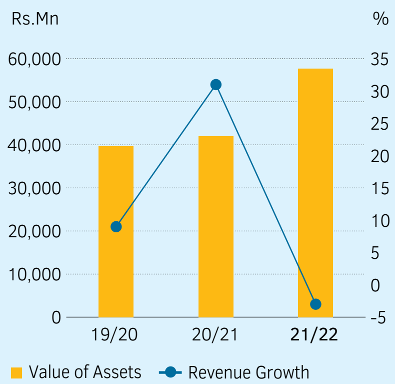
- We get in touch with decision-makers frequently. We continued the discussions about changes to the LPG pricing formula, laws and regulations, and health and safety requirements throughout the year.

Our Corporate Strategy

We focused on the four key pillars of Growth, Efficiency, Stability and Responsible Growth to ensure we remain a trusted partner to our stakeholders throughout 2021/22.

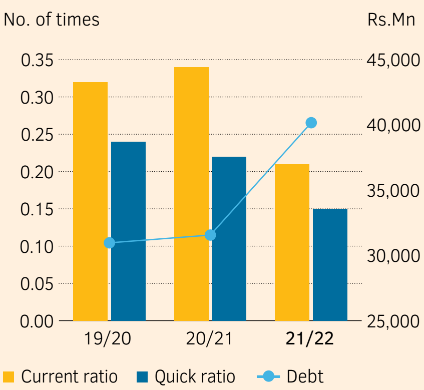
FUEL GROWTH

- → Acquire new customers.
- → Promote a second cylinder to households.
- → Strengthen and expand distribution channel.
- → Uninterrupted supply during COVID-19.
- → Nurture a trusted brand by focusing on quality, reliability and excellence.
- → Service excellence.



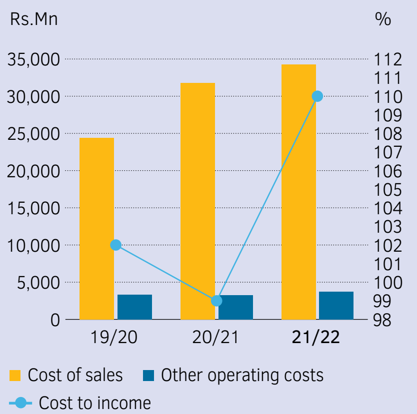
FINANCIAL STABILITY

- → Manage working capital.
- → Manage financial leverage



DRIVE EFFICIENCY

- → Automation.
- → Streamline work processes.
- → Cost savings by locating refilling centers closer to ports.
- → Improve productivity.
- → In-house cylinder re-qualification facility.



DELIVER GROWTH IN A RESPONSIBLE MANNER

- → Minimise environmental impacts.
- → Comply to environmental regulations.
- → Caring for our people and communities.
- → Electricity consumption reduced by 15% to 3,612,754 MJ.
- → Eight workplace injuries reported during the year.
- → 39 jobs offered to local communities.

Risk Management

OUR STRATEGY

Our long-term success is contingent on discovering and assessing business opportunities and threats, as well as managing them. An organised procedure is used to analyse the criticality of material challenges, including social, environmental, and economic elements. To establish a sustainable and value-creating business model, regular discussions, better monitoring, and assessment of key risk indicators were critical. LAUGFS' yearly Risk Management process entails meetings with important stakeholders, as well as the identification of risks, impacts, and preventative, investigative, and mitigative action plans.

RISK GOVERNANCE

In managing risk governance, the Audit Committee and the LAUGFS ERM process assist the Board of Directors. The Audit Committee provides assistance to the Board by analysing risk registers, examining internal audit reports, recommending corrective actions, and conducting a bi-annual risk profile evaluation. The Group's risk management structure is overseen by the Board of Directors, which determines risk appetite and examines the effectiveness of mitigation activities and systems through the Audit Committee.

With the current challenges faced by the country and the company, managing risk has become an essential activity in every corporate management meeting. Various committees and functions have been assigned to focus and manage the risks faced by the Company. Senior leadership team provides the required leadership and insights to manage the risks.

Board of Directors

↓

Audit Committee

↓

Corporate Management Team

↓

Group Risk and Control Division

↑ Internal Audit | ↑ Risk Management | ↑ Safety, Compliance and System Certification

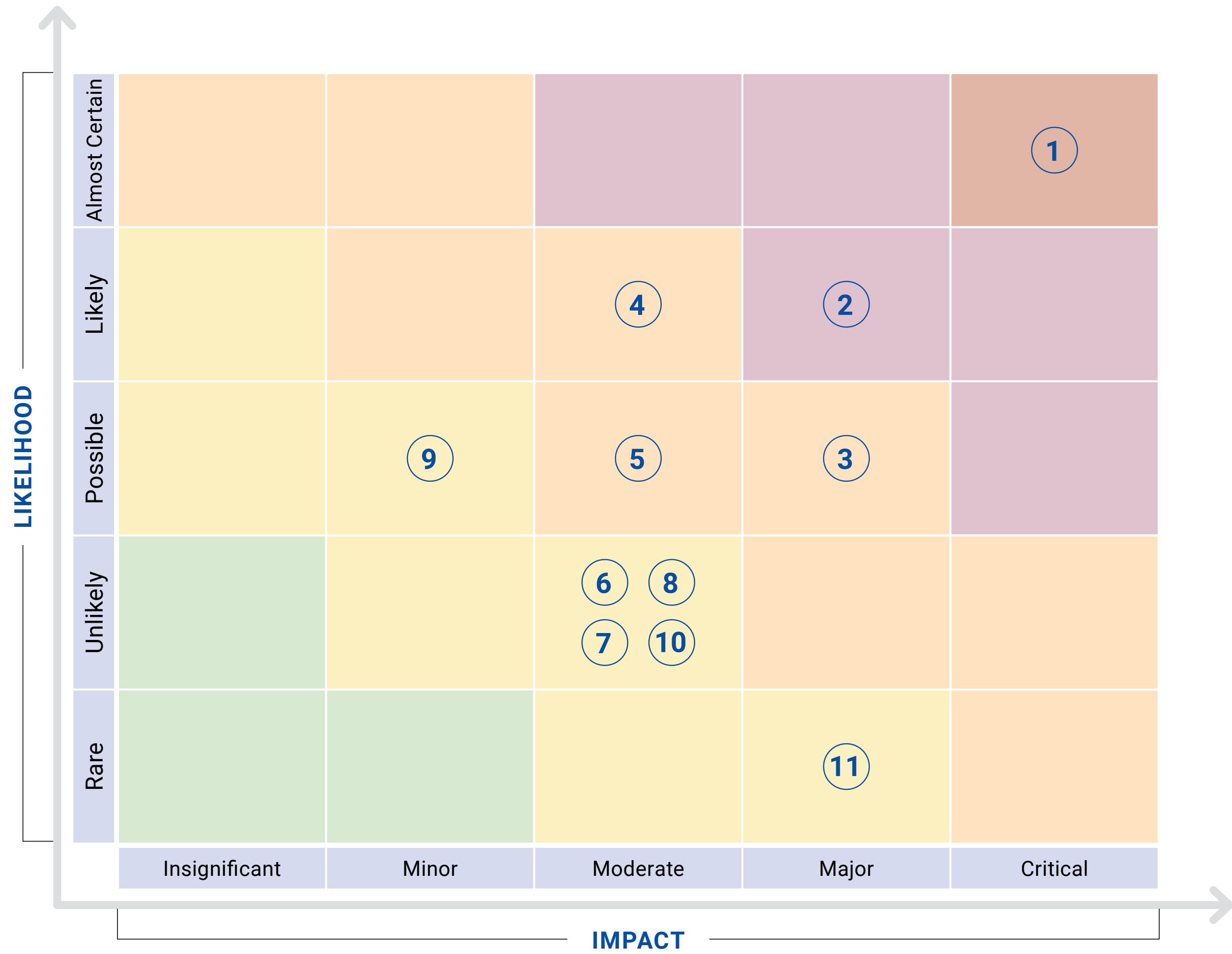
Board of Directors	Audit Committee	Corporate Management Team	Group Risk and Control
→ Approve risk management policies and procedures of the group → Uncompromising oversight over risks faced and actions taken to manage them	→ Assess the adequacy of risk management practices adopted and related internal controls → Evaluate the adequacy of actions taken to manage the risks	→ Implement the risk management policies and procedures across the Group → Prime responsibility for identifying and managing key risks	→ Assists in rolling out the risk management programme → Evaluate the effectiveness of risk management programme, actions taken to manage individual risks and related internal controls

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

Risk Management

KEY RISKS

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



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

Material topics and principal risks	Management approach	Risk Rating	Reporting standards followed
1 **Economic risk** → Foreign currency risk → Interest rate risk (Adverse impact on profitability due to the interest rate fluctuations, rupee depreciation and Challenges in managing the working capital)	→ To manage its finance risk exposures, the Group has established supporting guidelines, which include counterparty risk, liquidity risk, foreign exchange risk, and interest rate risk. → LAUGFS Gas and its subsidiaries comply with the Group Finance Policy and other relevant policies, further the Group has established a Group Finance Committee and a Group Investment Committee to govern the relevant areas. → Effective credit management carried out during the year. → Liquidity risk limits were set and approved by the Board of Directors. → Effective working capital management. → Maintain adequate liquidity by using robust inventory management systems, centralising credit management and continuously monitoring the liquidity requirements of the Group. → Managing foreign exchange/interest rate exposures with positive negotiations with banks and applying financial risk management techniques. → Group Treasury Division continuously negotiates with banks to secure best potential rates for the Group deposits and borrowings. → Maintaining strong relationships with financial institutions that will enable business to open LCs for critical imports such as LPG. → Constant approaches are made to international financial institutions to obtain credit facilities since suppliers do not wish to accept LC facilities issued by Sri Lankan financial institutions. → Growing Inflation is addressed by reflective product pricing. → Cost re-engineering measures have been discussed at senior management level & decisions have been taken to implement strategically. → Steps have been taken to restructure operations to ensure the cost is minimised.	Extreme	GRI: 201, 207
2 **Supply chain risk** (Threats to smooth and continuous conduct of business operations due to disruptions in the supply chain)	→ Our Procurement Policy ensures a robust structure for sustainable vendor management and product safety. → LAUGFS undertake an intensive detail review of new suppliers via a strong KYC (Know-Your-Customer) process. → Experienced professionals only conduct sourcing and negotiation with the LPG suppliers and an independent supply chain department has been established to improve the supply chain processes to minimise any risks. → Availability of well-balanced procurement committee. → Engage with expertise LPG traders around the World. → Nurture long-term relationships with suppliers through strategic alliances. → Cost cutting measures have been employed to counter soaring LPG prices due to Russia-Ukraine war.	High	

Risk Management

Material topics and principal risks	Management approach	Risk Rating	Reporting standards followed
3 **Political risk** (Adverse impacts on business operations due to political instability and changing policies in the country)	→ Agile business functions to face challenges arising from changing political dynamics. → Resilient business practices are actively employed to counter any challenges arising due to unfavourable political situation in the country. → Proactive engagement in government forums to become a stakeholder in government policy decisions related to the industry. → Represent industry forums/meetings together with peers, the Chamber of Commerce and other industry associations and global forums related to LPG. → Ever-changing taxation & financial regulations are adhered to by the Group to ensure compliance.	Significant	
4 **Market risk** (Inconsistent product supply due to economic condition of the country could lead to loss of the Market share)	→ Product compliance with international quality standards. → Focus on innovation. → Providing of value added services. → Convenient product access through widespread and multiple distribution channels that reach the outskirts of the country. → Conduct and review customer feedback reviews/surveys for high levels of customer engagement and to understand areas of concern. → Customer inquiry system with a sound technical support system. → Customer reach-out initiatives to strengthen dealers and distributors by providing bikes for home delivery. → Zero customer complaints over customer data breaches. → Close monitoring of competitor activities and taking appropriate actions as necessary. → Steps have been taken to ensure all market segments are served via a strategically developed planning process.	Significant	GRI: 418
5 **Social risk** (Risk of damages to business properties due to civil unrest in the country)	→ Insurance policies have been re-evaluated to ensure any adverse complications arising from theft or vandalising are mitigated. → Official public statements are issued regularly by management to educate the public regarding the causes preventing import of LPG.	Significant	

Material topics and principal risks	Management approach	Risk Rating	Reporting standards followed
6 **Health and safety risk** → Boiling liquid expanding vapour explosion (BLEVE) → Accidents → Injuries → Fatalities → Oil spills and leaks (Possibility of Employees getting exposed to accidents)	→ Our extensive Group Health, Safety, Security and Environment (GHSSE) culture is supported by proactive and comprehensive policies, frameworks and initiatives. → LAUGFS practices and maintains a safety embedded culture across the Group by absorbing the principles of sustainable development with the highest concern. **B2C –Domestic** → We ensure safety by procuring our cylinders only from certified global suppliers. → Installation of re-qualification plants in Sri Lanka and Bangladesh. → All LAUGFS products comply with ISO 9001, as the first in the industry to do so. → Constant awareness on safety instructions are being circulated through internal communications and meetings. → SLSI requirements of compositions and others are met. **B2C- Commercial & Bulk Customers** → We conduct 'On-premises' HSE audits in quarterly manner. → Proper maintenance of customer pipe-lines. → Our Incident Investigation Team is prepared to address any emergency or crisis relating to our assets that may affect our business partners. → Conducting certificate course on safety training for commercial and bulk customer representatives. **B2B- Distributors** → Safety officers conducting routine HSE audits covering all distributor locations. → Group Risk & Control Division conducts routine and follow-up OHS audits on a periodic manner. **Employees & Premises** → Robust gas leak detection monitors are in place. → Stringent adherence to the ISO 45001:2018 certification. → We conduct fire drills to gauge overall preparedness, carry out analyses of our evacuation procedures and have implemented a new headcount management system that uses Radio-Frequency Identification (RFID). **Transportation & Logistics** Sea cargo → LAUGFS Maritime Services (Pvt) Ltd strictly adheres to the Zero Tolerance Policy. → All our vessels comply with the International Safety Management Code (ISM). → LAUGFS vessels and storage terminals are certified by Lloyds Register. Land transportation → We conduct continuous road safety training along with defensive driving training sessions for all our truck drivers. → We ensure that all our trucks leaving and entering our plants are scrutinised by a well-defined checklist. → Fleet audits are conducted and reviewed quarterly. → Lean transport cost structure is adopted to counter soaring fuel prices.	Moderate	GRI: 403, 416, 417

Risk Management

Material topics and principal risks	Management approach	Risk Rating	Reporting standards followed
7 **Reputational risk** (Threats to business reputation due to allegations regarding the quality of the product and country-wide shortages due to economic situation)	→ Strict Controls are in place to ensure LPG composition does not deviate beyond acceptable limits during procurement, discharge & dispatch of LPG. → Public have been proactively kept informed regarding price changes and prolonged shortages. → Necessary measures are taken to streamline the supply of the product.	Moderate	
8 **Compliance risk** (Risks of non-compliance with applicable laws and regulations)	→ Compliance with pricing formula and all applicable laws and regulations. → Periodic reviews on ISO certification compliance. → Monitoring quality of effluents to ensure conformity with CEA requirements. → Regular review of 'Statement of Compliance' through the Audit Committee. → Effective functioning of RPTR Committee and constantly reviewing of annual recurrent transaction thresholds. → HSE Policy and continuous compliance. → Ensure compliance with environmental regulations and zero tolerance on such breach. → Discharge of waste-water through treatment plants.	Moderate	GRI: 307, 419
9 **People risk** (Possibility of losing best performers due to country's situation)	→ Availability of a competent Learning and Development Policy. → Skills are developed through continuous and well-crafted training and development programs. → Hiring the right expertise and skill set for technical positions.	Moderate	
10 **Credit risk** (Challenges in collecting overdue amounts on time)	→ The Company's credit risk management processes are aligned with the Group credit assessment process. The system is designed to identify and evaluate the credit worthiness of its external customers. → Trade and non-trade receivables are deliberated at the monthly debtor meeting. If any are highlighted, immediate actions are taken. → Strong Standard Operation Procedures which govern processes in credit management.	Moderate	
11 **Risk to business continuity** (Threats to business continuity due to unprecedented events such as a pandemic, natural disasters, travel restrictions, etc.)	→ Standby carousel at the Hambantota Terminal premises to be used in emergency situations. → Developed necessary contingency and evacuation plans especially for floods and other types of emergencies.	Moderate	

A Review of the LPG Market

GLOBAL INDUSTRY

With Liquefied Petroleum Gas (LPG) considered a relatively cleaner fuel due to its low carbon emissions and versatile use in cooking and heating, demand for LPG has been on an upward trend during the year, further fuelled by the Russian invasion of Ukraine during the latter part of the financial year.

The global demand for LPG is forecasted to continue to increase as economic sanctions on Russia's gas resources are tightened increasing the demand for UAE and other sources of LPG to support global requirement.

In 2020 the LPG market was valued at US$ 130.1Bn and is expected to increase to US$ 243.4Bn in 2030.

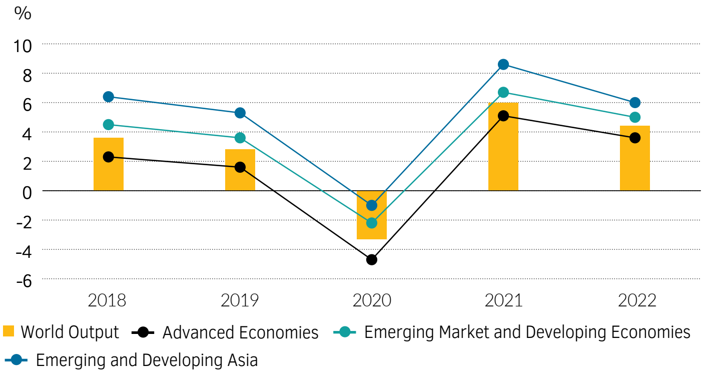
KEY INFLUENCING FACTORS

GLOBAL ECONOMIC GROWTH

Global economic growth is expected to moderate from 5.9% in 2021 to 4.4% in 2022 as a result of lingering effects of the pandemic including disruptions to supply, manufacturing and trade activities across the world.

- Advanced economies - expected to contract to 3.9% in 2022, from 5% in 2021
- Emerging markets and developing economies - expected to contract to 4.8% in 2022, from 6.5% in 2021

Global Economic Growth



RUSSIAN-UKRAINE MILITARY TENSIONS

World oil and gas prices rose sharply since Russia's invasion of Ukraine began in 2022. Russia is one of the largest exporters of oil, producing 10.58Mn BPD and exporting to many countries including China, Germany and a number of European states. Russian gas reserves were valued at 37.4tr m3 while export of natural gas amounted to US$ 55.5Bn in 2021.

Increasing sanctions and embargoes by the United States, UK and EU states on Russia resulted in European gas prices surging by 50% day-on-day on 24 February 2022 to US$ 44/MMBtu, followed by Asian LNG spot prices soaring by 30% to US$ 37/MMBtu. Similarly oil prices were heavily impacted with OPEC basket prices peaking at US$ 128.46 in early March while Brent crude oil prices peaked at US$ 127.98 around the same time. Both prices have decreased since but oil and natural gas prices are expected to remain volatile due to the uncertainty in the current situation.

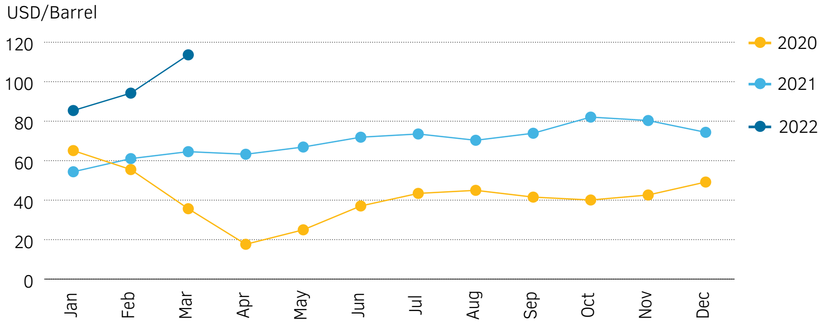
A Review of the LPG Market

GLOBAL PRICE FACTS ON OIL AND GAS

OIL PRICES

World oil prices have been on an upward trend with the OPEC Reference Basket recording an increase of US$ 11.03, or 14.8%, to settle at US$ 85.41/b in January 2022, the highest monthly value recorded since September 2014. Strong global oil market fundamentals and the increase in mobility as the world adapted to functioning in the new normal with variants of COVID-19, were the main reasons for the increase in crude oil price during the first three quarters of the financial year. The global price for oil is expected to continue on an upward trend due to higher demand on limited resources.

Oil Prices - OPEC Reference Basket



PROPANE AND BUTANE PRICES

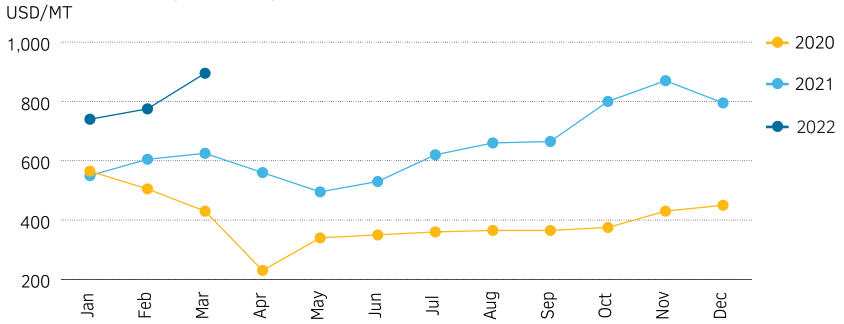
The overall prices of propane and butane increased during the third quarter of 2021, in accordance with global oil prices. Factors such as slow recovery of economic activities affected by the pandemic, political conflict and warfare contributed to the fluctuation of prices.

The demand across North American, European and Asia Pacific regions continued to increase with the highest demand seen during winter months.

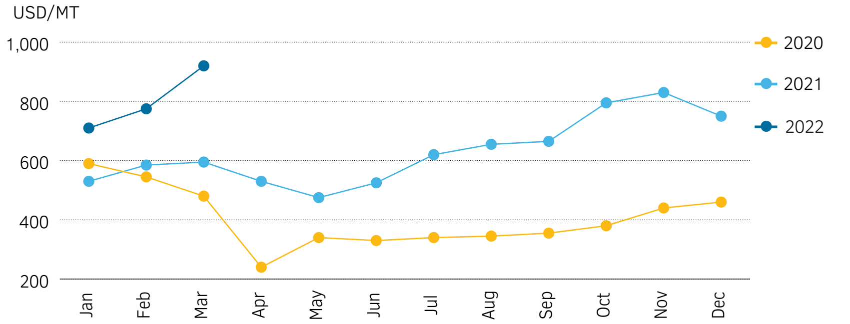
CIF Amsterdam-Rotterdam-Antwerp (ARA) recorded the highest propane and butane prices since 2014 with an increase of about US$ 250/t in June to US$ 778/t in September for propane and US$ 240/t to US$ 753/t over the same period for butane.

The upward pricing trend continued during the year with Saudi Aramco offers for the Asia Pacific region observing a number of surges as well. The prices settled at US$ 530/MT for Propane and US$ 525/MT for Butane in September, up by US$ 35/MT and US$ 50/MT in June.

Propane Price (USD/MT) - Saudi Aramco Prices



Butane Price Saudi Aramco Prices



GLOBAL LPG PRODUCTION

The overall global LPG production decreased by -1.36% to 329 MT while production in the USA and China grew by 3.4% and 9% respectively in 2021.

LPG CONSUMPTION

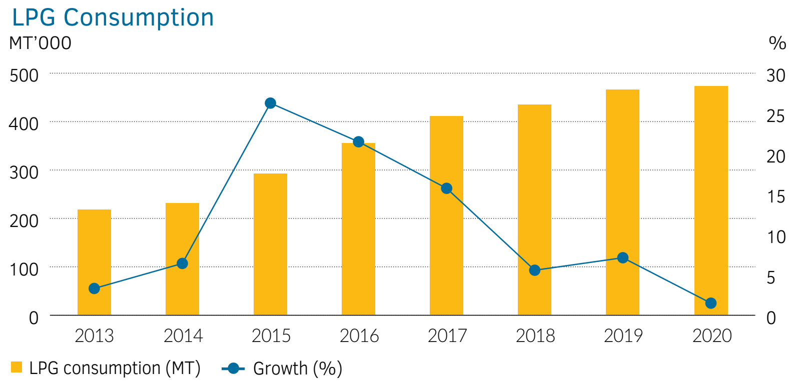
- → The overall global consumption of LPG recorded a decline of 2.6% with the demand from the domestic sector dropping by -2.3%. However, India’s domestic demand recorded a growth of 4.7% to 24.5MT.
- → The global demand for auto gas increased with the easing of lockdowns and more auto gas vehicles being added to roads compared to electric cars. China, USA and India were the top three markets for LPG in 2021.

GLOBAL SEABORNE LPG TRADE

In its latest reports, shipbroker Banchero Costa remains positive about the improvement in global LPG seaborne trade. According to vessel tracking data from Refinitiv, in 2020 global seaborne trade increased by 0.9% year-on-year to 137.5 MT. However, the growth rate was comparatively slower than the 4% increase recorded in 2019 and the 7.7% y-o-y (year-on-year) in 2018.

DOMESTIC LPG INDUSTRY

The retail prices of domestic LPG continued to climb throughout the financial year. The increase in price was due to a number of reasons with the major contributor being the previously controlled LPG pricing adjusting to market prices. Other reasons include the increase in global gas prices, changes in the domestic economy and the decision made by the Central Bank of Sri Lanka to float the dollar and increase its value resulting in higher quotations of the Sri Lankan rupee against the US$.

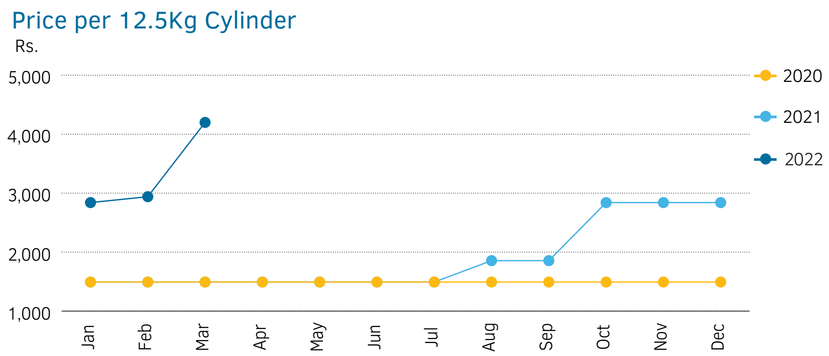


FACTORS AFFECTING THE INDUSTRY

The domestic demand for LPG fluctuated during the year due to a variety of factors. Reopening of a number of commercial establishments resulted in an increase in the demand for LPG during the year but unforeseen challenges in importing LPG due to exchange rate concerns, restricted the industry from supplying to domestic demand. The household use of LPG varied with some opting to use alternative sources to cook. The total consumption of LPG amounted to 473,000 MT during 2021.

STANDARDISING LPG

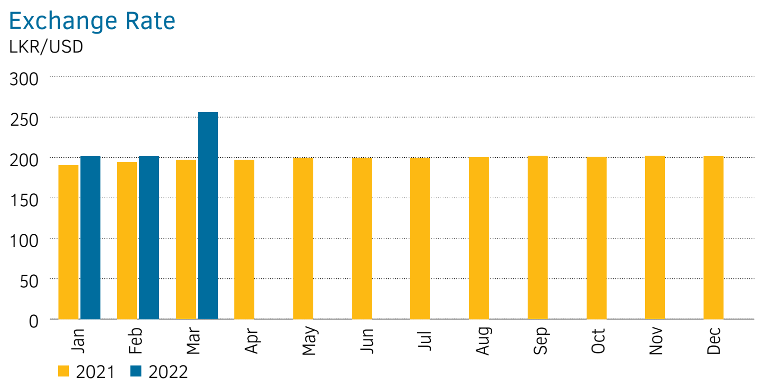
In December 2021, Sri Lanka Standards Institute (SLS) recommended a standard composition of 70% butane and 30% propane for LPG cylinders. LAUGFS has always maintained the same standard composition in all its LPG cylinders, complying with the SLS recommendation to minimise any damage due to the use of substandard LPG apparatus.



FOREX PRESSURE

The increased pressure on Sri Lanka's foreign exchange reserves had a strong influence on the availability of LPG during the latter part of the year, as increasing demand was met with limited supply due to insufficient LCs resulted from shortage of dollars in the Sri Lankan market. The inability to import sufficient quantities to meet demand was a major challenge during the year.

The Sri Lankan Rupee depreciated by 7% against the US$, at a faster pace compared to 4% in the last year.



A Review of the LPG Market

DOMESTIC LPG INDUSTRY

LPG PRICE FORMULA

In October 2021, the Sri Lankan Government decided to remove price controls on LPG. This was a welcomed decision by the industry. The Government, by way of Extraordinary Gazette Notification No. 2248/65 dated 8 October 2021, revoked the Gazette notification of 1302/24 dated 20 August 2003, which designated LPG as one of the "Specified Goods," requiring the Consumer Affairs Authority's approval before any consumer price changes could be made.

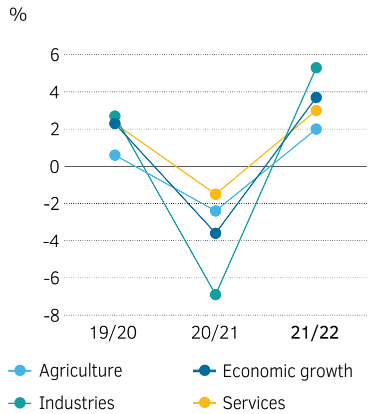
Earlier, the domestic retail LPG prices were regulated by the government in order to provide LPG at an affordable domestic rate. The new gazette revision paved the way to determine the consumer prices for LPG solely by market forces, free of any regulatory supervision by the authorities responsible.

DECELERATING ECONOMIC GROWTH

The growth in the domestic economy was at 3.7% during the year under review, resulting in a considerable growth in developmental activities.

	2019	2020	2021
Economic growth	2.3%	(3.6%)	3.7%
Agriculture	0.6%	(2.4%)	2.0%
Industries	2.7%	(6.9%)	5.3%
Services	2.3%	(1.5%)	3.0%

Economic Performance



KEY CHALLENGES FACED BY DOMESTIC LPG OPERATORS

Several factors influenced the domestic LPG operators' performance including a challenging economic situation with considerable depreciation of the Sri Lankan Rupee.

The challenging domestic economic situation resulting in a shortage of foreign currency (US$) affected the ability to import, affecting continuous supply of LPG to the domestic market, raising financial losses to the company.

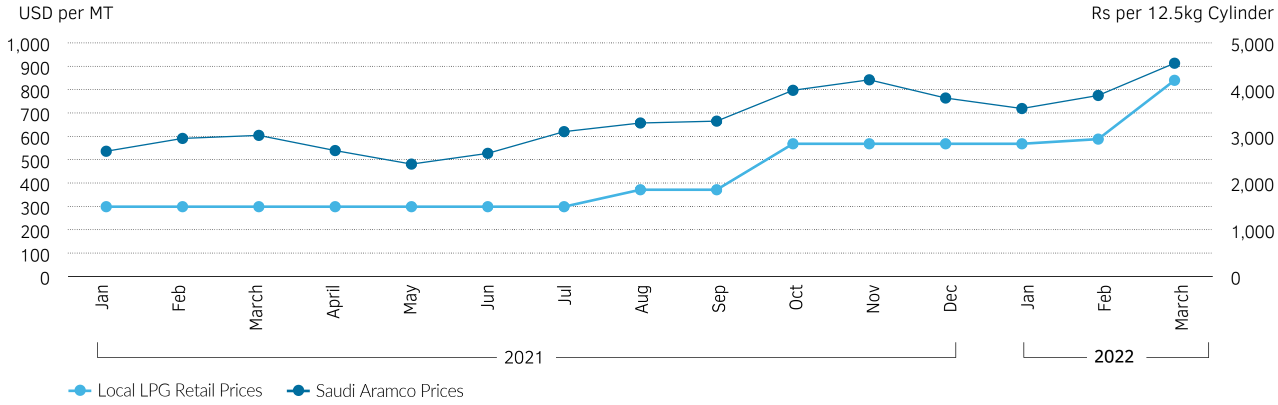
Additionally, the volatility and unpredictability of prices in the global LPG market affected the smooth functioning of downstream operations. Factors such as geo-political instability in major crude oil supplying nations affect the global demand and supply of LPG.

During the first half of the year, the company continued to be regulated by the Consumer Affairs Authority. However, the price controls were lifted during the third quarter of the year.

THE FINANCIAL IMPACT

During the first two quarters of the year, the price of LPG increased to a maximum of Rs. 1,856 for a 12.5kg cylinder under the price control. The world LPG market price at the comparable time was at US$ 656.50 per MT.

Towards the last quarter of the financial year in March 2022, prices of domestic LPG increased significantly with the removal of price control, to Rs. 4,199 per 12.5kg refill cylinder (US$ 912.50 per MT). The lifting of price control enabled the Company to maintain a cost reflective domestic LPG price.



OUR RESPONSES

Under the guidance of the management team and a committed workforce, measures were implemented to navigate the challenges as effectively as possible. The strategy has been to create a competitive edge by analysing global demand, supply trends and altering internal processes to add value to the organisation. Strategies used to optimise growth include;

- Re-strategising the procurement of LPG
- Identification of new markets
- Improving the pricing strategy
- Continuous assessment of internal processes and cost structures to improve cost efficiency

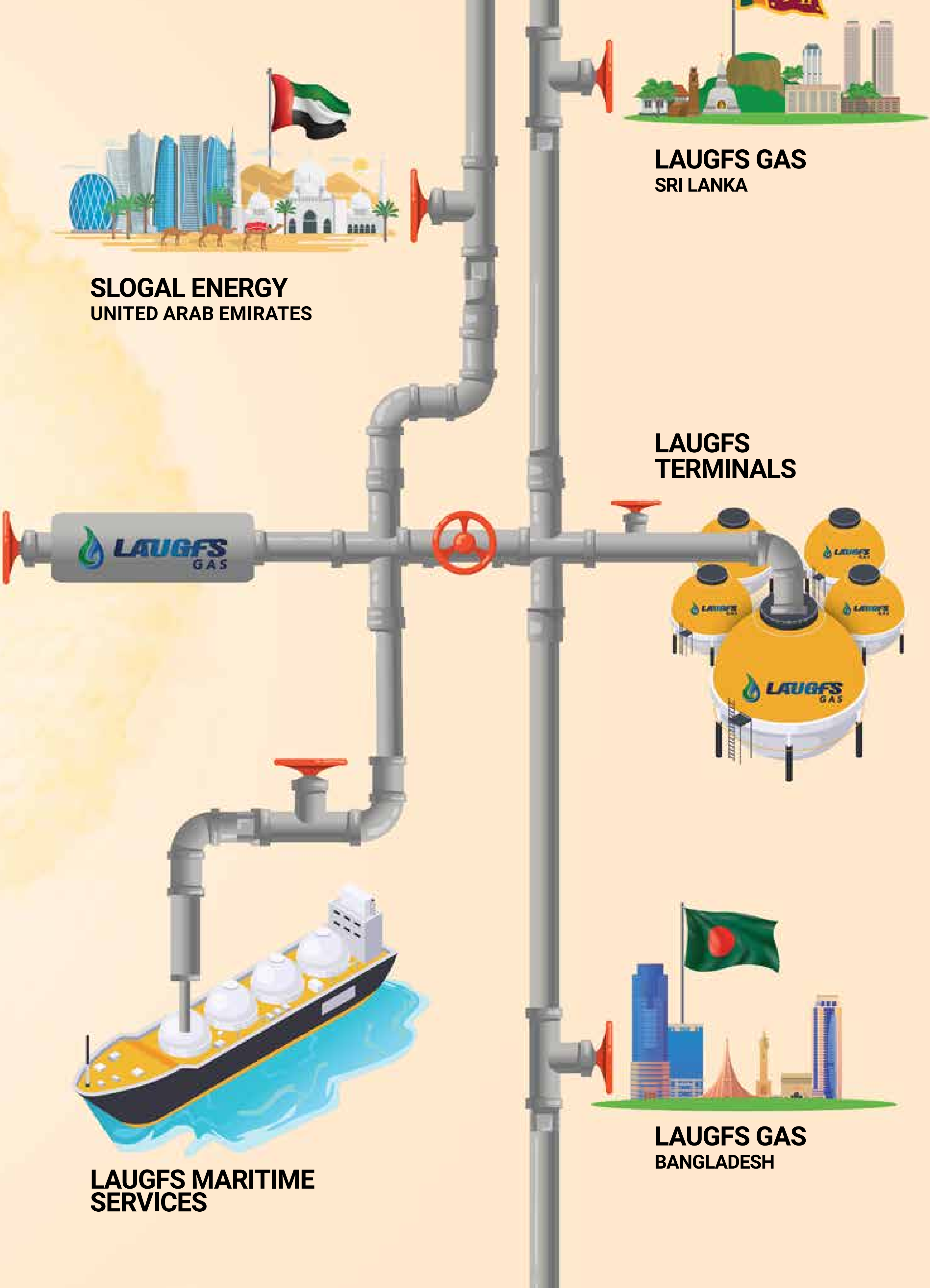
Additionally, once the Government made the decision to remove price controls, LAUGFS Gas was able to change the prices according to the world market price. The formula used to calculate the price ensured that the end product pricing remained fair by considering all stakeholders involved such as shareholders, employees and consumers. However, the price hike was not to the intended amount and the cost fluctuations during the first two quarters of the year placed a heavy impact on the company's performance.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Line Reviews

Capital Management Reports

Business Line
REVIEWS



Business Line Reviews

Energy - Sri Lanka

KEY PERFORMANCE HIGHLIGHTS

Revenue
Rs. 9,254 Mn

Assets
Rs. 52,012 Mn

Profits/(Loss)
Rs. (2,496) Mn

Distributor Network
31

Dealer Network
10,507

OUR CONTRIBUTION

Donations
Rs. 3.9 Mn

LAUGFS Gas Sri Lanka Energy business focuses on satisfying Sri Lanka's domestic, commercial, and industrial segments of LPG solution requirements through a variety of downstream activities. As a market leader in providing bespoke LPG solutions, LAUGFS has set up a reliable and efficient supplier and distributor network consisting of dealers, supermarkets, retail stores to ensure that the consumer has easy access to the LPG solutions provided. In addition, the distribution network also extends to digital purchasing platforms, mobile stores and home delivery services that are amongst the many island-wide touch points available.

ENVIRONMENT CONSERVATION

Energy saving
423,266 Kwh.

The Company's strong supply chain which includes procurement and sourcing, transportation and storage, and other related logistics is supported through a well-functioning subsidiary chain within LAUGFS Group.

YEAR IN REVIEW

The financial year under review was one of many opportunities and challenges for the LPG sector. Whilst the continued effects of the pandemic and slowdown in the economy had negative impacts in business operations, the LPG sector received positive responses from the regulatory authority in managing the challenges. Key challenges faced by the LPG sector in 2021/22 are as follows:

World LPG Price Fluctuations

The increasing fluctuations and upward trends in the global oil and gas industry has been a concern in market planning for the domestic LPG requirement.

Macroeconomic Uncertainties

Economic slowdown combined with rising inflation, increased cost of production have impacted the overall cost and marketable price of LPG solutions.

Relaxation of LPG Prices

Moving away from the state regulated domestic LPG pricing to flexible and cost reflective pricing helped in maintaining LPG prices to reflect more accurate market rates.

Foreign Currency Instability

Being a foreign exchange dependent industry for the purchase of LPG, the low foreign reserve status of the Government has impacted timely issuance of LCs and import of LPG and related apparatus.

Standardisation of LPG

Introduction of LPG standards for use and sale by the Sri Lanka Standards Institute (SLSI) has increased the cost of testing and purchasing of LPG and its apparatus.

COVID-19 pandemic

Pandemic caused lockdown and travel restrictions led to delays and limitations to continue the business. Further, Government health guidelines also limited the number of staff working on site which hampered workforce availability.

FINANCIAL PERFORMANCE

Growth and Profitability

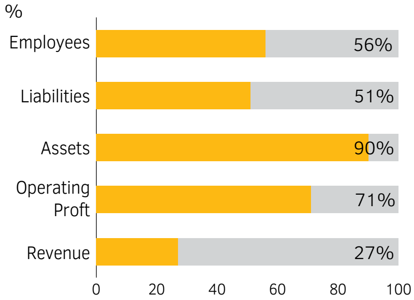
A number of factors including the government-imposed price cap on LPG used for domestic purposes, price hikes of LPG in the world market, deficiency of foreign exchange in the country and macro-economic instability of the country, all had an impact on the sector's performance.

Revenue of LAUGFS Gas (Sri Lanka) dipped by 33% from Rs. 13,712Mn to Rs. 9,254Mn in the year under review as the country's foreign currency crisis impacted the ability to supply LP gas required for sale in the domestic market. As a result, the company was unable to source sufficient LP gas requirement for the domestic market, which in turn caused a shortage of LP gas in the market. This in turn impacted heavily on the Group's incomes.

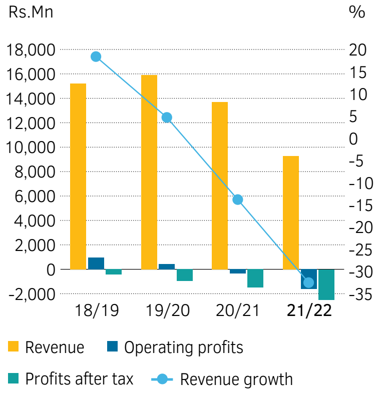
Although worldwide LPG prices rose throughout the year, the Consumer Affairs Authority maintained domestic LPG pricing in line with last year. Operating Loss of Rs. 1,612Mn were incurred due to the severe effects of fluctuating LPG prices during the year.

The cost of financing decreased by 0.8% from Rs. 1,531Mn to Rs. 1,518Mn. However, the Operating Loss had a negative influence on overall performance, and LAUGFS Gas (Sri Lanka) saw an increase in Loss Before Tax, going from Rs. 1,881Mn to Rs. 3,128Mn. The Net Loss After Tax rose by 67% to Rs. 2,496Mn.

Relevance to Group



Growth and Profitability



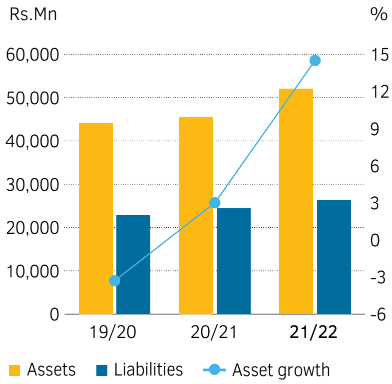
Asset Management

The value of assets grew by 14% from Rs. 45,431Mn to Rs. 52,012Mn. Non-current assets totalled Rs. 50,112Mn, an increase of 18% over the previous year. The value of current assets was Rs. 1,900Mn, decreased 39% from the previous year.

Liabilities

Sector Non-current liabilities decreased by 2% to Rs. 8,114Mn whereas current liabilities increased by 13% to Rs. 18,277Mn.

Assets and Liabilities



Business Line Reviews
Energy - Sri Lanka

OUR STAKEHOLDERS

DISTRIBUTORS

OUR DISTRIBUTION CHANNEL

Distributors
31

Prime Movers
41

Distribution Trucks
131

Island-wide dealer network
10,507

LAUGFS Gas home delivery network
738

FUTURE OUTLOOK

LAUGFS Gas Energy Sri Lanka is confident that the coming financial year will provide greater opportunities for growth. While retaining cost-conscious approach by minimising the company's overheads, the company will focus on increasing the efficiency of business in the coming year.

During the year, the company plans to strengthen the commercial and industrial business segments, whilst continuing to deliver safe and reliable LPG solutions to our numerous customers, in an easy and accessible manner.

As a precautionary measure, the company's capital expenditures will be deferred in the future. LAUGFS Gas is exploring alternate solutions as well as opportunities for partnerships with international LPG suppliers to provide required supplies to Sri Lanka.

As a key focus during the coming financial year, the company will place renewed focus on procuring, pricing and cost structures, and process strategies. These are expected to increase profitability, strengthen supply chain continuity, and improve internal efficiencies.

SWOT ANALYSIS

Strengths

- Strong brand equity amongst customers
- Company owned stable and reliable backward integration mechanism
- Qualified, competent and skilled team
- Strong partnerships with LPG suppliers
- Well represented dealer and distributor network
- Availability of a strong storage facility

Weaknesses

- State dependency on foreign exchange
- High gearing

Opportunities

- Relaxation of domestic LPG prices in Sri Lanka
- Consumer trust and confidence in the brand
- Most cost-effective household energy source
- Certified by SLSI and ISO standards

Threats

- The macro-economic instability
- High volatility of World LPG market
- Limited resources within the country
- Shifts in consumer behaviour: shift to alternative energy sources such as firewood, kerosene and electricity
- Slowdown of economic growth and industrial activities

Business Line Reviews

Energy - Bangladesh

KEY PERFORMANCE HIGHLIGHTS

Revenue
Rs. 10,573 Mn

Storage Facility
5,000 MT

Distributors
150

Dealer Network
20,000

Regional Depots
12

LAUGFS GAS (BANGLADESH)

LAUGFS Gas Bangladesh has been operating since 2015 providing essential LPG solutions to the domestic retail LPG market in Bangladesh. As one of the largest among 31 LPG players in Bangladesh, LAUGFS imports and distributes over 60,000 MT of LPG every year.

With 9 LPG stations already in operation in Dhaka and other urban towns, LAUGFS embarked on a 100 LPG station drive in the year obtaining licenses to set up auto gas stations for the auto vehicles in Bangladesh. This strategic move targets regional hubs where natural gas is scarce to cater to the increasing demand for auto gas from LPG fuelled motor vehicles.

According to Bangladesh Government estimates, the auto gas market is expected to grow 300% over the next three years from current 72,000 MT to 250,000 MT. To support this growth the Government plans to extend auto gas licenses to 2,050 new gas stations during the next two years.

Over the period, LAUGFS has established itself as a strong, reliable, and high-quality LPG solutions provider in the retail household market in Bangladesh. The Company has continued to focus on providing safe and credible LPG to Bangladesh supported by the strong supply chain of the Holdings Group which includes procurement and sourcing, transportation and storage, and other related logistics through the efficient subsidiary chain of the LAUGFS Group.

Business Line Reviews

Energy - Bangladesh

YEAR IN REVIEW

Despite the growth in demand for LPG solutions in Bangladesh and LAUGFS initiatives within the country, the LAUGFS Bangladesh business met with multiple challenges during the year that impacted forecasted growth levels. Continued impacts of the COVID-19 pandemic combined with Bangladesh state policies had a negative impact on the business. However, increasing market demand combined with portfolio expansion opportunities during the year have been encouraging. Some key influences on the LPG solutions business in 2021/22 included:

World LPG Price Fluctuations

The increasing fluctuations and upward trends in the global oil and gas industry has been a concern in market planning for the domestic LPG requirement.

Increasing Competition

Being a highly fragmented market with 31 players in LPG sector and with 23 additional players approved by the Government, Bangladesh LPG sector competition is on the rise. This has adversely impacted profit margins due to the price competitiveness of the domestic household market.

Availability of Alternate Energy Sources

Having ample sources of alternate energy such as wood and cheaper electricity rates has limited LPG price increase. The market is known to switch to other sources of energy when LPG prices are increased.

Access to Natural Gas

Bangladesh contains natural gas sources within its borders. This has been considered a potential threat for the LPG importers and distributors such as LAUGFS. However, the Government has currently limited the use of its natural gas reserves for household purposes, shifting the utilisation to electricity generation.

State Regulated LPG Price Controls

The Bangladesh Energy Regulatory Commission regulates LPG consumer prices by issuing a monthly price cap notice. As a result, suppliers face the challenge of not being able to include all overheads and distribution costs into the prices offered to end consumers. Conformity with the state price controls introduced during the 2021/22 financial year is compulsory for LPG supplier license renewal. It has directly impacted profitability.

FINANCIAL PERFORMANCE

During the 2021/22 financial year under review, LAUGFS Bangladesh was hindered from achieving expected revenue and profit targets due to unexpected price controls combined with impact of global exchange rate concerns and COVID-19 pandemic related impacts.

State regulators not including certain cost elements in consumer price calculations such as transport, portions of VAT that were introduced after reducing the regulatory price, led to a negative growth.

Revenue

Rs. **10,573** Mn

Assets

Non-Current Assets

Rs. **8,133** Mn

Current Assets

Rs. **3,515** Mn

Profit/(Loss)

Rs. **(361)** Mn

Liabilities

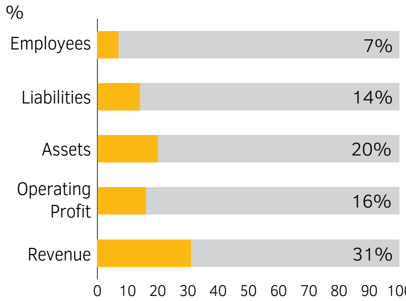
Non-Current Liabilities

Rs. **1,807** Mn

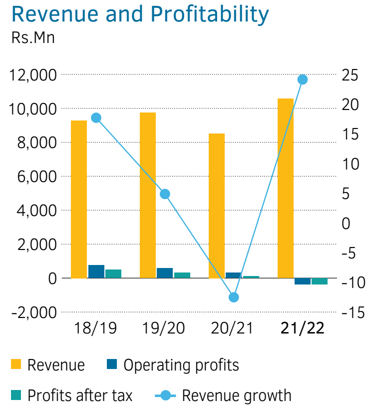
Current Liabilities

Rs. **5,336** Mn

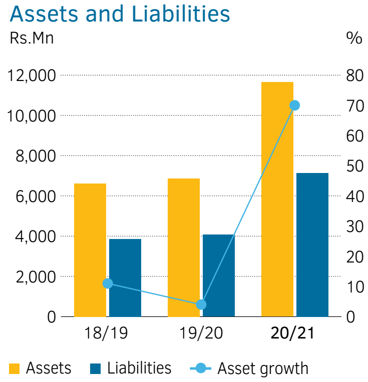
Relevance to Group



Revenue and Profitability



Assets and Liabilities



FUTURE OUTLOOK

As one of the fastest growing economies in Asia, the country's needs and demands are escalating multifold each year.

LAUGFS Energy Bangladesh is optimistic and confident that our presence in Bangladesh together with existing infrastructure, brand equity, stakeholder relations will help optimise future opportunities in the coming years.

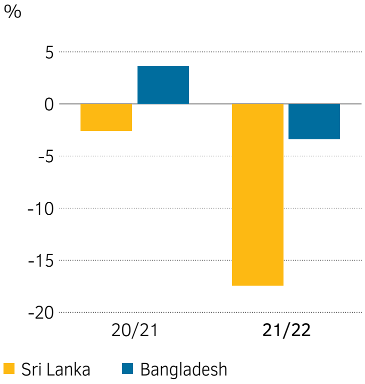
Towards this goal, we are preparing our teams, resources and systems to support this overarching goal of greater growth in this populous region.

We see our volumes growing significantly in the next year supported by the visibility and promotional campaigns planned to take the brand forward. In addition, the new auto gas stations, lubricant product sales, and cost-effective sourcing strategies would help drive revenue growth.

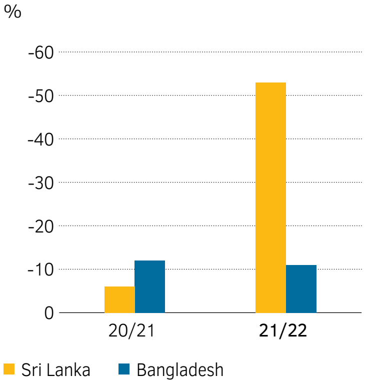
While retaining our cost-conscious approach by minimising the company's overheads, the company will focus on increasing the efficiency of our business in the coming year.

Throughout these initiatives, LAUGFS will continue to honour the company's promise of delivering safe, high-quality and reliable LPG solutions to our customers, in an easy and accessible manner.

Operating Margins



Volume Growth



Business Line Reviews

Transportation and Logistics

KEY PERFORMANCE HIGHLIGHTS

Revenue
Rs. 2,030 Mn

Assets
Rs. 24,211 Mn

Profit/(Loss)
Rs. (342) Mn

Terminal Capacity
30,000 MT

Vessels
3

Staff and Crew
114

The transport and logistics sector of the LAUGFS Group provides an efficient and reliable in-house support mechanism with the mission of further enhancement and positive evolution of the Energy Business Cluster. The sector comprise of two key business entities: LAUGFS Terminals and LAUGFS Maritime Services. Working in unison, the two operations ensure that the Energy Sector of the LAUGFS Group receives its LPG requirements in a timely and safe manner and that LPG is stockpiled in strict compliance with global industry standards until dispersed for domestic and foreign distribution. It is noteworthy that LAUGFS Terminals and LAUGFS Maritime Services have been able to cater for energy demands of our overseas clients as well. In doing so, the two subsidiaries have added immensely to the financial strength of the Group by fortifying business ties with reputed and financially sound external clients as well as regional partners, thereby facilitating influx of much anticipated foreign revenue.

With respect to operational safety and environmental protection, LAUGFS Maritime Services and LAUGFS Terminals operates under strict National and International guidelines. The two entities have maintained an unparalleled safety and environmental protection track record by implementing a zero-tolerance policy on environmental damage and pollution. Since their inception, the two operations had so far ensured that there are no pollution incidents, no deliberate release of harmful substances to the atmosphere and no oil spills or other pollutants are released to the oceans during transportation or storage of LPG.

FINANCIAL PERFORMANCE

Despite the challenges posed by the volatility of the shipping and logistics sector during the year under review, the Group's transportation and logistics arm performed well to close the year at Rs. 2,030Mn vis a vis the revenue of Rs. 2,727Mn reported last year.

LAUGFS Maritime Services

KEY PERFORMANCE HIGHLIGHTS

Revenue
Rs. **1,569** Mn

Profit/(Loss)
Rs. **227** Mn

Assets
Rs. **4,272** Mn

Liabilities
Rs. **1,348** Mn

LAUGFS Maritime Services (Pvt) Limited is in the business of providing a reliable, quality and professional ship management services to its fleet of LPG tanker vessels and efficient marine transportation and logistical services including vessel operation in the South Asian and South-East Asian regions. We support the LAUGFS group in particular the “LPG Cluster” in logistical operation to achieve group goals.

LAUGFS Maritime Services (Pvt) Limited was established on 26th August 2014 in order to cater for logistical requirements of LAUGFS Gas PLC. Currently, the company owns three LPG tanker vessels, engaged in internal and external transportation of LPG. ‘Gas Challenger’, ‘Gas Success’ and ‘Gas Courage’ were purchased in 2014, 2015 and 2017 respectively.

Under its numerous services offered, ship owning/management comprises functions including pre-purchase inspections, acquiring ships, maintenance of ship and equipment, providing technical support and services and operating ships efficiently and effectively in an environment friendly manner.

LAUGFS Maritime Services has maintained an impeccable reputation within the shipping community as a ship owner and a technical/commercial ship manager and has been performing to the satisfaction of all stakeholders such as investors, charterers, flag states, port states, classification societies, seafaring community and the Marine Industry taken as a whole.

The Company envisions to be the leading logistical provider in the South Asian Region by providing sustainable shipping solutions while upholding international best practices and strict industry standards, thereby to be in par with internationally reputed LPG Carriers.

Business Line Reviews

Transportation and Logistics

Challenges faced

- Crew changes was a major challenge faced during the year under discussion
- Statutory requirements of IMO
- Issues related to COVID-19 situation: imposition of travelling restrictions

Opportunities

- Expansion to other Asian countries
- Ability to ensure environmentally friendly and highest standard product delivery

Initiatives

Growth

By entering into spot markets in Singapore and the Far East, you can explore external chartering options.

Cost Reduction

Focus on vessel maintenance, personnel management, procurement, and shore-based services to increase efficiency.

LOOKING FORWARD

In order to maintain a healthy and operational fleet, LAUGFS Maritime Services intends to invest in increasing its current fleet with to meet the transportation demands of the sector. The fleet restructure aim to increase operating efficiency, boost fleet capacity and lower the fleet's average age. The Company which intends to source funding for a new vessels with a capacity of about 22,000 MT to be chartered out, will eye an IPO in the Colombo Stock Exchange to support its growth in 2022/23 FY.

In addition, the company plans to invest in technology that provides cutting-edge fleet management solutions to improve crew management efficiency and lower fleet maintenance and operating costs.

The Company is aggressively strategising its marketing and sales efforts in the external market to attract new international clients to SLOGAL and would explore the potential of the international spot market as well.

LAUGFS Terminals

KEY PERFORMANCE HIGHLIGHTS

Revenue
Rs. **461** Mn

Profit/(Loss)
Rs. **(569)** Mn

Assets
Rs. **19,939** Mn

Liabilities
Rs. **16,089** Mn

LAUGFS Terminals commenced operations in 2020, with a vision to become an integrated regional LPG supplier, by establishing a central LPG hub within Sri Lanka that can import, re-export, and cater to LPG retailer needs.

With approximately a 30,000 MT storage facility at Hambantota International Port, LAUGFS Terminals own and manage the largest LPG Trans-shipment terminal in South Asia. The facility ensures high quality LPG filling and bottling conforming to international standards.

Challenges faced

- Domestic USD and LC opening issues that hampered supply
- Reliance on a single supplier and customer
- Unanticipated state regulations and policies
- Unpredictable price fluctuations in the global market

Opportunities

- Being the largest South Asian storage facility
- High skills and knowledge base of staff in line with international standards
- Access to a LPG source region through the subsidiary company SLOGAL

Business Line Reviews

Trading

SLOGAL Energy DMCC

KEY PERFORMANCE HIGHLIGHTS

Revenue
Rs. **26,600** Mn

Assets
Rs. **4,511** Mn

Profit/(Loss)
Rs. **(1,878)** Mn

KEY PERFORMANCE HIGHLIGHTS

SLOGAL Energy DMCC was established in Dubai to strengthen the Group's supply chain and logistic services. As an industry relying on natural resources predominantly available in the UAE, this trading arm of the LAUGFS Group has allowed it to better source and transport energy requirements to international markets in addition to captive markets in Sri Lanka and Bangladesh.

As a strategic subsidiary of the Group, SLOGAL Energy DMCC has enhanced the Group's global presence; facilitated efficient energy trade; increased access to competitive LPG prices; and expanded LAUGFS' supplier network in the UAE as well as in South East Asia as potential supplier of LPG.

The main focus area of SLOGAL Energy DMCC is to purchase bulk quantities of LPG from the main suppliers and to onward sell to LAUGFS' own downstream companies: LAUGFS Gas Sri Lanka and LAUGFS Gas Bangladesh and to third party customers. The Company manages the total LPG procurement for the domestic and international trade business.

FINANCIAL PERFORMANCE

Despite the benefits received from the increase in SLOGAL's international customer base in the last year, revenue in the current financial year decreased by 8% to Rs. 26,600Mn from Rs. 28,838Mn reported last year due to the banks being unable to support the operation due to the foreign currency constraints in the banking system in Sri Lanka, which the Company predominantly was relying on. The strategic decision to aggressively seek international clients for the trading business resulted in external customers contributing to a significant portion to SLOGAL's revenue while supply for the captive markets in Sri Lanka and Bangladesh accounted for Rs. 12,386Mn during the year.

PROFITABILITY

SLOGAL reported a loss of Rs. 1,050Mn during the year compared to the profit of Rs. 647Mn reported in the last financial year.

ASSETS AND LIABILITIES

The company's assets reduced by 23%, from Rs. 5,870Mn to Rs. 4,511Mn, whereas liabilities increased by 10%, from Rs. 5,393Mn to Rs. 5,934Mn.

OUTLOOK

With the anticipated increase in demand for energy from the UAE, SLOGAL sees new opportunities unfolding in the global business arena for the trading company. In the coming financial year, the Company plans to explore and exploit these opportunities to strengthen its position as a reliable supplier of energy. At the same time, the company will focus on further expanding the external client base during the year.

The Company will continue to support the LAUGFS Groups' midstream supply chain and continue to play a vital role in commercialising the operations of the Gas Cluster.

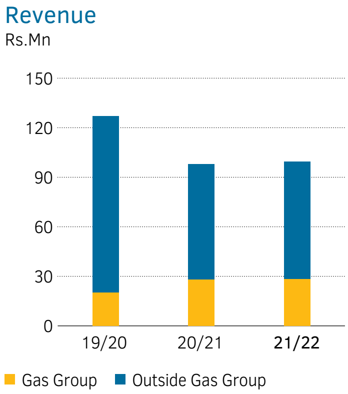
Steps will also be taken on a strategic level to minimise impact of challenges faced due to reliance on domestic financial institutions for foreign currency facilitation for the international trading business. A strategic approach to establish facilities in international banks for trading will be explored during the year.

With the intention of stabilising SLOGAL's presence in the UAE, the Company has appointed a full-time, resident manager to lead the trading business in Dubai. This is partly in keeping with Dubai's state regulatory requirement to maintain a minimum staff working within the Country.

Business Line Reviews

Property

LAUGFS Property Developers



KEY PERFORMANCE HIGHLIGHTS

Revenue

Rs. **100** Mn

Assets

Rs. **3,013** Mn

Profit/(Loss)

Rs. **378** Mn

Sq.Ft.

88,082

Value of Investment Property

Rs. **2,576** Mn

LAUGFS Group invested in real estate in 2008/09, to support the group's expanding business space requirements. Today, the property investment in Havelock Town, one of Colombo's top sites, comprises 88,082 square feet of space given out to companies within the Gas group and other subsidiary companies of LAUGFS Holdings.

FINANCIAL PERFORMANCE

As at March 31, 2022, the investment property was worth Rs. 2,576Mn. LAUGFS Property Developers reported a 1% increase in revenue of Rs. 100Mn during the 2021/22 FY vis a vis Rs. 98Mn reported last year.

RENTAL INCOME

The Company's main income which is from rental earnings from external clients increased by 1% to Rs. 71Mn during the period.

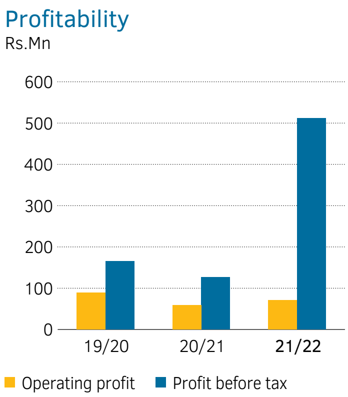
Rental income from subsidiary companies of the Group increased by 1% to Rs. 29Mn during the year.

The increase in rental income led to a growth in operating profits for the property segment as increased to Rs. 100Mn.

PROFITABILITY

Despite the appreciation of the property market and the rented commercial space market, the pandemic and work from home practices led commercial property rentals to be less sought after during the year. As a result, the property maintenance and overhead expenditure increased during this period although rental income was constant compared with last year.

Profit for the property segment of the Group was at Rs. 378Mn as a result increase in fair value gain on Investment Properties to Rs. 456Mn during the financial year under discussion.



ASSET

Assets increased by 19% to Rs. 3,013Mn with the value of the investment property increased by 22% to Rs. 2,576Mn.

Capital Management Reviews

Financial Capital

The 2021/22 FY performance must be viewed in the context of the overall country situation and ability to meet LP gas import requirements. The year has challenged the LP gas sector as the country's economic downturn put pressure on the domestic foreign exchange reserves. As the only private sector LP gas supplier to the local market, LAUGFS Gas faced severe shortages in meeting the local demand on the insufficiency of foreign currency for LPG purchase.

PERFORMANCE

Group Revenue
Rs. **34,597** Mn
Rs. 35,534 Mn - 2020/21

Gross Profits
Rs. **339** Mn
Rs. 3,735 Mn - 2020/21

Operating Profit/(Loss)
Rs. **(2,276)** Mn
Rs. 1,313 Mn - 2020/21

Earnings / (Loss) Before Interest and Tax
Rs. **(2,272)** Mn
Rs. 1,320 Mn - 2020/21

Loss Before Tax
Rs. **4,570** Mn
Rs. 915 Mn - 2020/21

MARGINS

Gross Margins
1%
11% - 2020/21

EBITDA Margins
-1%
8% - 2020/21

EBIT Margins
-7%
4% - 2020/21

GROUP ASSETS

Rs. **58** Bn
37% - Increase

LIQUIDITY

Cash and Short-term Deposits
Rs. **811** Mn

Current Ratio
Rs. **0.21**
0.34 - 2020/21

GROUP LIABILITIES

Rs. **52** Bn

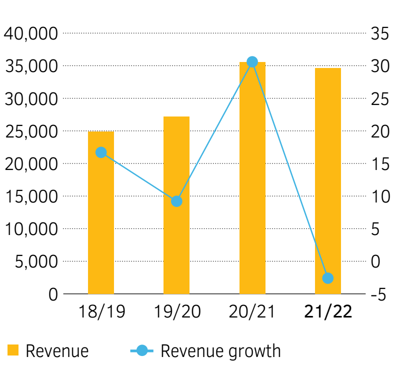
FINANCIAL PERFORMANCE

The year under review has challenged the LP gas sector as the country's economic downturn put pressure on the domestic foreign exchange reserves. LAUGFS Gas being the only private sector LP gas supplier to the Sri Lankan market faced severe shortages in meeting the local demand on the insufficiency of foreign currency for LPG purchase. This negatively reflected on the overall financial performance of the Company and the Group as sales and distribution activities were limited to available supplies. The 2021/22 FY performance therefore needs to be viewed in the context of the overall country situation and ability to meet LP gas import requirements.

REVENUE

The Group's revenue decreased by 3% to Rs. 34,597Mn compared to last year as shortage of LP gas imports restricted sales and distribution activities. This was mainly due to the country's foreign exchange crisis which limited imports as the Government attempted to manage their US dollar reserves. However, lifting of state controlled LP gas cylinder pricing in Oct 2021 was a welcomed move by the industry that helped improve revenue in the last quarter of the financial year. This allowed prices of LP gas cylinder to be revised in keeping with market rates.

Revenue Growth



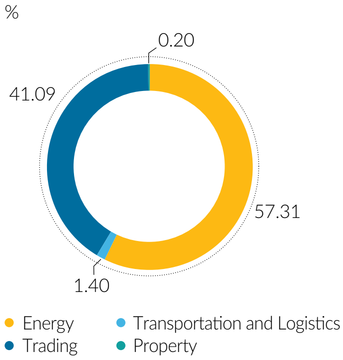
The Energy sector continued to be the backbone of the Group and accounted for 57% of the Group revenue.

The trading operations (SLOGAL) of the Group contributed 41% to Group revenue compared to 37% last year. External revenue from trading operations expanded during the year to Rs. 14,214Mn compared to Rs. 13,184Mn last year.

Revenue from the energy sector declined by 11% to Rs. 19,828Mn. Revenue from LAUGFS Gas (Sri Lanka) declined by 33% to Rs. 9,254Mn while LAUGFS Gas (Bangladesh) increased by 24% to Rs. 10,573Mn.

External revenue from the transportation and logistics sector increased to Rs. 484Mn compared to Rs. 51Mn last year.

Segmental Revenue



GROSS PROFITS

Consolidated gross profits decreased by 91% to Rs. 339Mn and Group gross margins decreased to 1% from 11% last year.

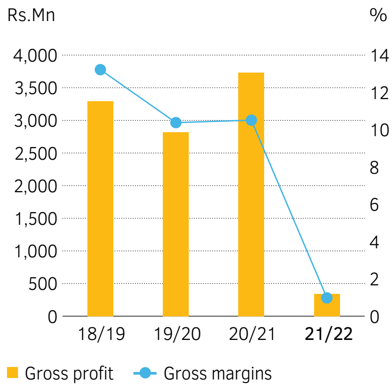
The costs of the Group were affected by several factors during the year. The currency depreciation, the volatility of contract prices in the world market.

Under the price control for the first two quarters of the year, the retail price of LPG recorded to a maximum of Rs. 1,856 for a 12.5kg cylinder. At the same time, the price of LPG on the global market was US$ 656.50 per MT.

Prices for domestic LPG considerably surged once the price restriction was lifted in October 2021, reaching Rs. 4199 per 12.5kg refill cylinder (US$ 912.50 per MT). The lifting of price control enabled the Company to maintain a cost reflective domestic LPG price.

Owing to these reasons, gross profit margins dropped to (5%) compared to (1%) in the same period last year in LAUGFS Gas (Sri Lanka).

Gross Profit



Capital Management Report

Financial Capital

FINANCIAL PERFORMANCE

OPERATING PROFITS

Operating profits decreased due to reasons discussed above for the decrease in Gross Profits and due to higher foreign currency exchange loss which was at Rs. 913Mn compared to a gain of Rs. 33Mn last year. This impacted the overall operating profits of the Group which reported a decrease of 273% over the same period last year.

Earnings Before Interest and Taxes (EBIT) was at Rs. (2,272Mn) compared to Rs. 1,320Mn last year. Operating margins dipped to 7% in 2020/21 compared to 4% last year.

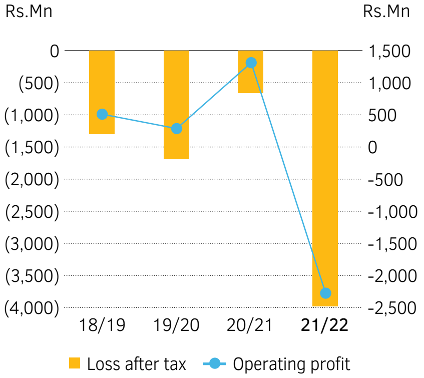
Other operating income declined by 29% to Rs. 501Mn.

Selling and distribution costs decreased by 19% to Rs. 1,784Mn in the Group while LAUGFS Gas reported a 48% decrease in selling and distribution. Marketing and promotional activities were lower during the last year due to limited supply and pressures from exchange rate on supply.

Administration costs declined by 4% to Rs. 1,020Mn benefiting from a VRS offered to staff in previous year that led to staff costs decrease in the current year in LAUGFS Gas .

Exchange loss amounted Rs. 914Mn and reversed the exchange gain of Rs. 33Mn reported last year.

Profitability



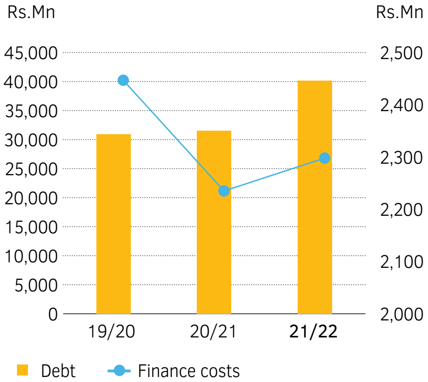
BORROWINGS AND FINANCE COST

Total debt increased to Rs. 40Bn as foreign currency borrowings in overseas operations and LAUGFS Terminals was impacted by the exchange rate floating by the Government. Group Borrowings revalued as at reporting date in keeping with new exchange rate and accounted for approximately Rs. 6Bn loss from exchange rate difference.

However, finance costs increased by 3% to Rs. 2,298Mn due to exchange rate impact in foreign currency borrowing and borrowings in overseas operations.

Net finance costs increased marginally as against last year at Rs. 2,294Mn.

Finance Costs



PRE-TAX AND POST TAX PROFIT

Loss before tax significantly increased to Rs. 4,570Mn compared to Rs. 915Mn last year. This was mainly due to supply shortage, foreign currency shortage for LC opening, and other macro economic factors that slowed Sri Lanka's economic activities.

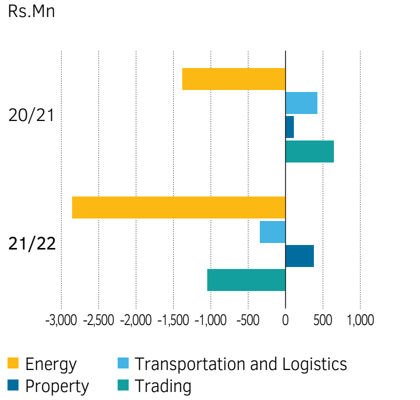
Loss after tax was 505% higher than last year and amounted to Rs. 3, 982Mn. Loss after tax attributable to equity holders amounted to Rs. 4,077Mn.

Loss per share amounted to Rs. 10.54 compared to Rs. 1.77 last year. Loss after tax of the energy sector increased by 106% to Rs. 2,857Mn.

The trading sector reported a loss after tax amounting to Rs. 1,050Mn compared to the profit of Rs. 647Mn previous year.

The transportation and logistics segment reported a loss after tax of Rs. 342Mn compared to profit of Rs. 427Mn last year.

Profit/ (Loss) by Segment



FINANCIAL POSITION

ASSETS

Total assets of the Group increased by 37% to Rs. 57,703Mn. Non-current assets, forming 89% of Group assets increased to Rs. 51,162Mn.

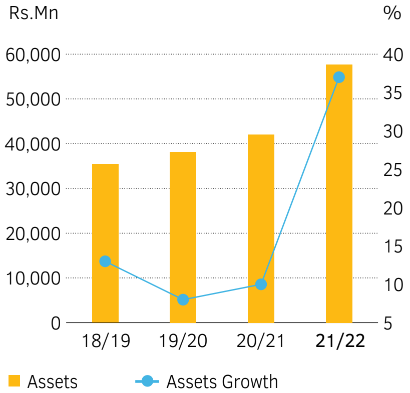
The net book value of property, plant and equipment amounted to Rs. 42, 010Mn, an increase of Rs.14,900Mn due to revaluation of assets and benefiting from foreign currency appreciation.

Other non-current assets

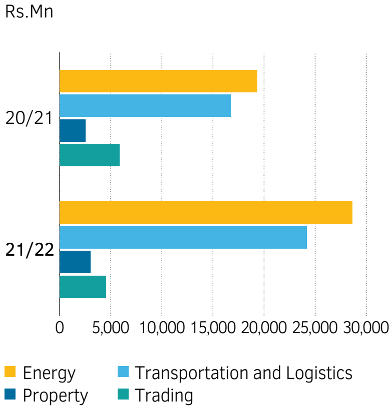
- Value of Investment property increased by 21% to Rs. 3,481Mn.
- Intangible assets increased by 51% to Rs. 4,357Mn.

Current assets primarily driven by inventories and trade and other receivables decreased by 20% to Rs. 6,540Mn. Value of inventory decreased to Rs. 1,941Mn compared to Rs. 2,956Mn. Trade and other receivables declined by 24% to Rs. 3,420Mn.

Asset Growth



Asset by Segmental



CASH FLOW AND WORKING CAPITAL MANAGEMENT

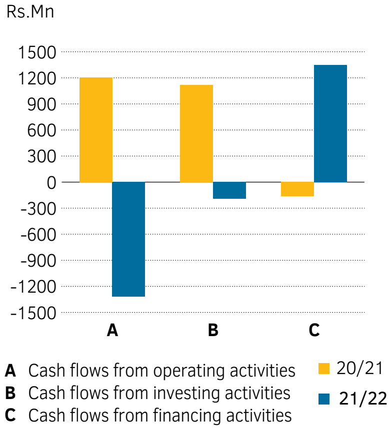
Cash and short-term deposits of the Group increased by 160% to Rs. 811Mn.

Due to limited revenue generated during the year from lower sales and distribution, cash flows was utilised to service operational activities. As a result, cash flow from operating activities was at (Rs.1,319Mn) compared to Rs. 1,207Mn last year.

However, cash flows from investing and financing activities of (Rs. 194Mn) and Rs. 1,347Mn impacted overall cash flows leading to net cash outflow of Rs. 166Mn during the year.

The current ratio of the Group decreased to 0.21 times. The quick assets ratio of the Group declined to 0.15 times compared to 0.22 times last year.

Cash Flows



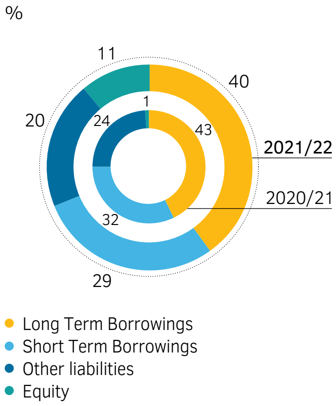
CAPITAL STRUCTURE

Total liabilities of the Group increased by 24% to Rs. 51,514Mn. Non- current liabilities accounting for 41% of total liabilities grew by 18% to Rs. 20,941Mn as a result of foreign exchange losses on currency conversion as at reporting date.

Current liabilities increased by 28% to Rs. 30,572Mn as trade payables, interest bearing loans and borrowings and income tax payables increased during the financial year.

Equity grew by 1,034% to Rs. 6,189Mn for the year under discussion.

Funding Mix - Group



Capital Management Report

Social & Relationship Capital

The LAUGFS Group's social and relationship capital is founded on the confidence and trust built over decades with our valued stakeholders. We constantly support and strengthen our stakeholders in keeping with our philosophy of 'Growing Together'. Our stakeholder support ensures that we care for our employees, support our communities, provide for our consumers, and protect our shareholders by provision of high quality, safe and reliable LPG solutions.

While the pandemic restricted movements and limited our activities during the year, the Group ensured that continued quality of products, services and stakeholder relations were nurtured throughout the year.

OUR STAKEHOLDERS

CONSUMERS

Our consumers consist of the retail domestic, industrial bulk, and commercial customers of LAUGFS LPG solutions.

SUPPLIERS

Our suppliers are the LPG solutions providers who have continued to maintain their high standards of product, as well as our partner subsidiaries who supply our logistic services

EMPLOYEES

Our employees are the teams within the Group who ensures that our business continues to achieve our corporate targets and objectives.

BUSINESS PARTNERS

Our business partners include the state regulatory authorities, banks and other funding partners

COMMUNITIES

Our communities include the distributors and dealers who ensure that our products reach the end customer

SHAREHOLDERS

The shareholders are the key investors who have continued to provide stability to our business

CONSUMERS

Quality	→ Cylinders with a branded logo and a quality assurance certificate (SLS 1178:2013) → Consumer-service and complaint-handling technical teams → The quality of the products is up to par with international standards. → Standards for storage, filling, and distribution (SLS 1196 / SLS 1178/NFPA 58 / ISO 9001:2015 / ISO 45001-2018)
Easy Access	→ Activated home delivery options during the lockdown → Mobile gas stores visited high density areas to serve consumers during lockdown. → Centralised customer hotline 1345 → Online ordering and payment options
Availability	→ Island-wide presence → Product availability is ensured by a reliable supply network. → Despite quarantine and lockdown periods, consistent product delivery is maintained. → Continuous business partnership with major retail businesses. → Easy access through digital platforms for purchasing through Daraz, Kapruka and BuyAbans websites
Health and Safety	→ Safety instructions are clearly mentioned on the labels in all three languages. GRI: 417-1 → Purchasing branded cylinders → Conducting regular health and safety audits → Providing precise and explicit safety instructions

Capital Management Report

Social & Relationship Capital

COMMUNITIES	GRI: 413-1
Financial benefits	→ Financial assistance to a value of Rs. 3.9Mn
Network	→ Maintains a strong network with distributors and dealers
Training and Development	→ Training was provided to improve knowledge, skills and increased awareness of safety procedures → Total Training Hours ⦿ Health & Safety: 1543.5 hours ⦿ Other trainings: 2049 hours → 191 trained during the year → Tool box - 523 hours, Safety - 21 hours
Health and Safety	→ Health and safety training was provided → Safety instructions are clearly mentioned on the labels in all three languages. → Purchasing branded cylinders and apparatus → Conducting regular health and safety audits → Providing precise and explicit safety instructions → Public digital awareness campaign on general cylinder usage and sharing of safety tips through dealers' public campaign

BUSINESS PARTNERS

Compliance	→ Complying with regulatory requirements in production and supply of our products and services → Complying with fair trade and pricing policies as per requirement → Sharing information on accounting policies and annual accounts and audits → Provision of corporate information → Abiding by state health and safety guidelines
Availability	→ Ensuring availability of the management for discussion on industry matters
Revenue generated	→ Timely settlement of taxes and other levies to the Government

SHAREHOLDERS

Financial benefits	→ Maintaining a strong share value
Accountability	→ Quarterly reports to shareholders on business progress → Annual General Meeting held for the Shareholders → Submission of annual performance reports of the Group inclusive of accounts and audit reports. → Frequent disclosures to CSE in complying with CSE listing rules.
Health and Safety	→ Implementation of virtual meetings option

EMPLOYEES

→ Detailed description of employee relations have been captured under Human Capital section on pages 64 to 69.

Fulfilling social responsibility

Supporting community groups and societies with funding value of

Over Rs. 3.9Mn

Capital Management Report

Manufactured Capital

LAUGFS Gas manufactured capital is the backbone of our business providing the infrastructure, equipment and machinery, and the logistics to be a leading integrated LPG solutions provider in Sri Lanka and Bangladesh.

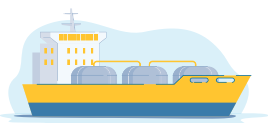
During the year, the Group invested Rs. 293Mn in vessel dry docking and strengthened the transport and logistics operations whilst increasing our capabilities to process and deliver LPG solutions more efficiently.

The Group's strategy was to maintain and optimise its assets under the manufactured capital to ensure higher return on investments, whilst upgrading and replacing assets that have been in long use.

MONETISED VALUE OF OUR MIDSTREAM BUSINESS

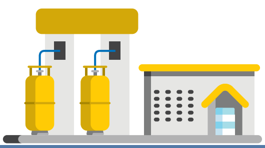
LAUGFS Maritime Services	LAUGFS Terminals	SLOGAL
Rs. **4,272** Mn	Rs. **19,939** Mn	Rs. **4,511** Mn

MIDSTREAM



Transportation

Three LPG tankers



Storage

30,000 MT

Trading

MONETISED VALUE OF OUR DOWNSTREAM BUSINESS

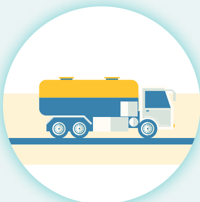
LAUGFS Gas (Sri Lanka)	LAUGFS Gas (Bangladesh)
Rs. 52,012 Mn	Rs. 11,648 Mn

DOWNSTREAM

Distribution centers
Sri Lanka
31

Bangladesh
150

Delivery vehicles
Distribution vehicles
374



Storage
8,150 MT

Ordering platforms
Online ordering

Centralised hot-lines

WhatsApp

ASSETS BY TYPE

Investment Properties
Rs. **3,481** Mn

88,082
Square Feet rentable space

Land and Building
Rs. **2,946** Mn

Plant and Machinery
Rs. **20,396** Mn

Other
Cylinders in hand and in circulation
Rs. **15,154** Mn

Vessels
Rs. **3,125** Mn

Capital Management Report

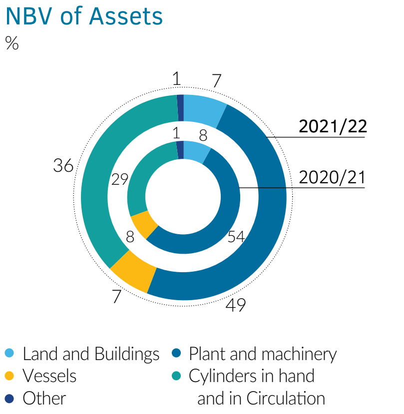
Manufactured Capital

NBV OF PPE BY TYPE

The net book value of the Group Property, Plant, and Equipment (PPE) increased due to revaluation of assets.

The key factors influencing the value of PPE.

- Investments amounted to Rs. 327Mn.
- Disposals of PPE of Rs. 0.9Mn.
- Depreciation increased by 3% to Rs. 1,634Mn.
- Revalued by Rs. 8,491Mn.
- Other adjustments such as transfers and exchange differences.

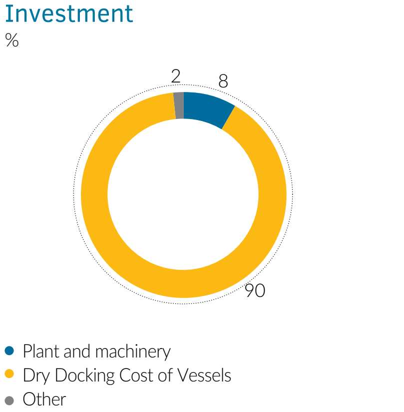


INVESTMENTS

Capital expenditure

The Group invested Rs. 293Mn for dry docking of vessels.

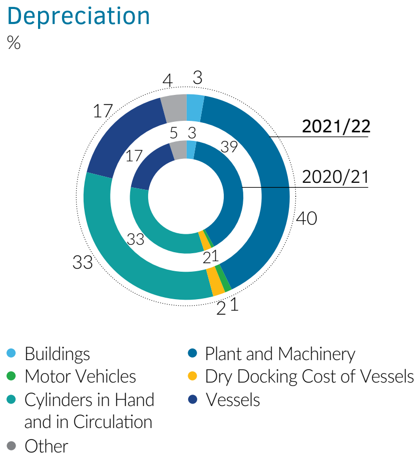
- A predominant part of capital expenditure was incurred by the transportation and logistics sector.



DEPRECIATION

The total depreciation of the Property, Plant and Equipment increased by 3% to Rs. 1,634Mn.

- The energy sector accounted for 59% of the Group depreciation charge followed by the transportation and logistics segment.



Capital Management Report

Intellectual Capital

Our intellectual capital is a vital contributor in differentiating LAUGFS Gas PLC and in giving us a competitive advantage in the industry.

LAUGFS Gas PLC's intellectual property consists of the LAUGFS brand, brand reputation, leadership experience and knowledge, employee skills and expertise, technology know-how, strategic capabilities, trusted network, accreditations and certifications, and value chain synergies which are our strengths.

BRAND AND BRAND REPUTATION

Our LAUGFS brand has been trusted by consumers in Sri Lanka and Bangladesh as a reliable Liquefied Petroleum Gas (LPG) solution provider for over 28 years. Our success is based on our business values, governance policies, and company culture. Throughout our journey, they have adapted to meet the challenges and overcome them successfully.

DYNAMIC BUSINESS MODEL

We've upgraded our services and created new ways to reach out to customers. We have remained dynamic to be able to adjust in response to the challenging environment, which has provided opportunities for growth.

By investing in technology and innovating our traditional process, we have maintained market position even during the challenging COVID-19 period. Some of our efforts to innovate has led LAUGFS Gas to outsource distribution of LPG whilst ensuring customers have easy access to their LPG cylinders through home deliveries.

Our teams and business partners were the key resources and contributors in smoothly transitioning to face the challenges through swift adaptations of our business model.

INDUSTRY KNOW-HOW

With years of experience, we are a well-developed business model with world-class assets and expertise. Our industry know-how extends from the technology we use to the people we employ, the quality of our service and products, and the industry benchmarks we follow. Our success is reliant on the importance we place on:

- Capacity development
- Training and development of staff
- Quality improvement projects
- Compliance with international standards
- To manage our customer interactions, supply chain, and employee performance, we use up-to-date technology and systems.
- The SAP ERP system helps us manage our supply chain activities.

GROUP LINKAGES

LAUGFS Gas PLC has its unique strength of the subsidiary companies that complement the overall business through their specialised supply chain focus. (GRI 102-9) The five subsidiaries include key operational areas such as procurement, transportation, and logistics. These services have been extended to external clients who have concluded a cumulative business value of Rs. 14,698Mn during the year. It is a 11% increase over the previous year.

Their contributions have strengthened the supply chain, expanded revenue sources and reduced risks for LAUGFS Gas. We make several changes regularly in order to improve its efficiency by using digitalisation to improve processes and to build relationships. There were no significant changes to the organisation and the supply chain during the year.

GRI: 102-10

STRATEGIC RELATIONSHIPS

One of LAUGFS Gas's most valued fortes is the network of long-term relationships built through engagements with our communities, distributors, dealers, and suppliers over a number of years. Several initiatives were launched to strengthen the trust among these parties and the continued relationship among the different parties despite the current crisis is a testament to the trust and reliability built among them.

HEALTH AND SAFETY

Our primary goal is to keep our work environment free of risks. Plan, implement, check, and act are the four levels that we evaluate when it comes to health and safety. We follow all health and safety laws by identifying hazards, assessing risks, and controlling risks.

GRI: 403-2

- As a responsible organisation, we provide health and safety training to all our employees. We attempt to avoid injuries, illnesses, and any loss of lives with our health and safety programs.
- We implemented emergency evacuation plans and periodic emergency drills as a part of our health and safety protocol in accordance with national and international safety and health requirements.
- During the pandemic, we encouraged our employees and their families to be fully vaccinated.

GRI: 403-1

CERTIFICATIONS AND STANDARDS

We ensure compliance with international standards in the areas of health and safety, LPG operations, quality of processes and products among others. Our certifications include:

Technical

- NFPA; ASME; ASTM; API; ADR; BS
- SLS; Factories Ordinance

Product/Service Quality

- ISO 9001
- SLS

Health and safety

- OSHAS quality certifications
- ISO 45001
- ISO 14001
- Certifications from Lloyds Registry
- International Safety Management Code (ISM)
- Safety of Life at Sea (SOLAS) regulations
- Marine Pollution Regulations (MARPOL)
- Standards of Training Certification and Watch keeping (STCW)
- Maintenance of standards of Oil Companies International Marine Forum (OCIMF) and verification of compliance process through regular SIRE inspections

MEMBERSHIPS

GRI:102-13

- Registered with the Lloyds Registry UK
- Member of World Liquid Petroleum Gas Association (WLPGA)
- Member of LPG Operators Association of Bangladesh (LOAB)
- Bagerhat Chamber of Commerce membership

HEALTH AND SAFETY INCIDENTS

Accidents

	2021/22
LTA (Loss Time Accidents)	1
MTC (Medical Treatment Cases)	2
Transporter vehicle accidents	3

Incidents at Dealers' premises

	2021/22
Distributor-Vehicle accidents	3
Dealer fire incidents	1

Zero

Oil spills, accidents, and other pollution incidents

Fully compliant with International Maritime Organisation's (IMO) MEPC regulations and standards.

Capital Management Report

Human Capital

Our Human Capital is the driving force behind our success and resilience during the challenging years. The dedicated workforce of our company plays a vital role in creating value in the current financial year. The strength of the team of dedicated and loyal employees has ensured that the Group's goals were achieved amidst various challenges.

The Group's human capital focuses on employees, their welfare, career growth, health and safety among others. Our human capital efforts are aligned with the United Nations Sustainable Development Goals:

Goal 3	Goal 5	Goal 8	Goal 10
Good Health and Well-being	Gender Equality	Decent Work and Economic Growth	Reduce Inequalities

SNAPSHOT OF OUR WORKFORCE

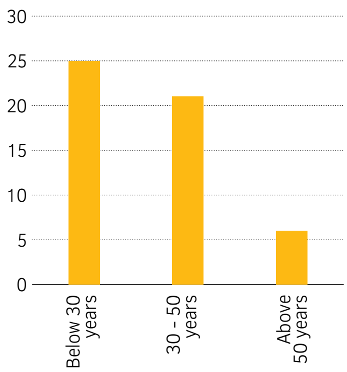
GRI: 102-8

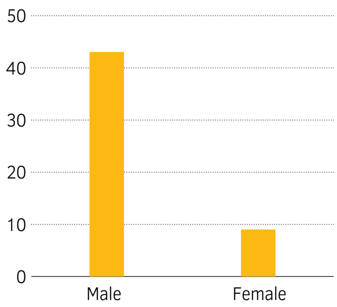
Permanent	Probation	Contract wise	By Geography	By Activity
Male 282	Male 19	Male 9	Sri Lanka 254	Downstream 279
Female 26	Female 6	Female 2	Bangladesh 88	Midstream 59
			UAE 2	Services 6

No part-time members in our cadre.

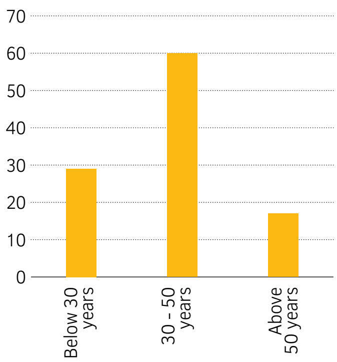
MOVEMENTS IN OUR CADRE

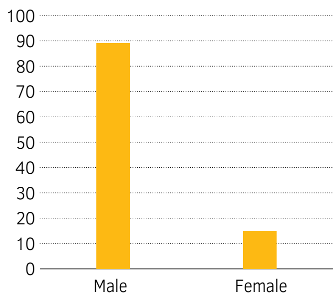
Recruitments
52



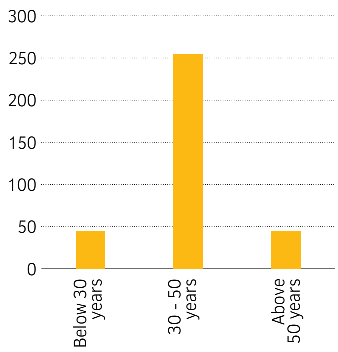


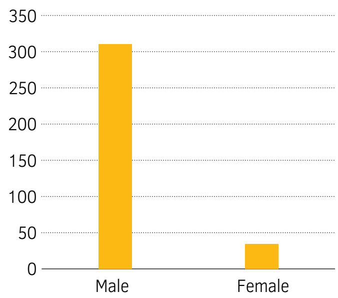
Attrition
106





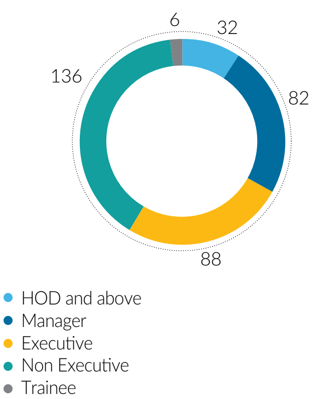
Total workforce
344



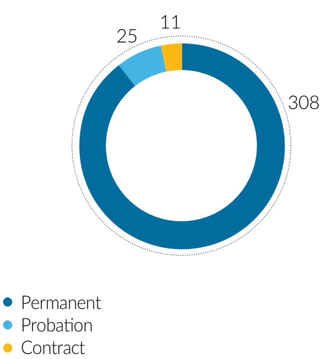


Note : Details given based on the headcount.

Employees by Category
Nos.



Employees by Employment Contract
Nos.



Trainees and Interns numbers included.

Currently, region-wise data are not tracked.

Capital Management Report
Human Capital

Our HR Policies

Strong Governance

LAUGFS Holdings' HR framework is adopted by LAUGFS Gas PLC. LAUGFS Gas' human resource management is handled by the Director/Group Chief Human Resource Officer (DCHRO) and five HR partners who oversee the Group's subsidiary businesses. The DCHRO and the HR business partners convene monthly HR review sessions.

Policy Framework

Our solid policy framework includes 20 policies that address all major aspects of human resource management, such as recognition, health and safety, and ethics. Our framework also incorporates the Group's core principles and the Employee Code of Conduct, which includes a disclosure agreement.

Employees' human rights and freedom of association are also respected. There were no parental wage bargaining agreements signed throughout the year, and no cases of child labour, labour compelled labour, or incidences of corruption or discrimination were documented. GRI: 406-1

Ethics

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

Talent Development and recognition

- Learning and Development Policy
- Internal Job Posting Policy

Health and Safety

- Health and Safety Policy
- Medical Insurance Policy

Remuneration and benefits

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

Challenges during the year

The pandemic situation that prevailed in the country brought upon a negative impact in the development of human resources. Extra efforts had to be made to bear up an additional cost to safeguard our employees from the pandemic by taking several measures including providing them with protective equipment and safety items such as sanitizers and face masks. Making sure that all employees were vaccinated and caring for the affected employees and their family members were high on the HR agenda during the year under review.

The pandemic situation obstructed the training programmes planned for the staff members with the objective of enhancing their working capacity and productivity. Owing to the fact that, gatherings were restricted as a containment measure of the pandemic, certain employee engagement activities were cancelled during the year. In addition, the recruitment of new employees was affected by the macro-economic challenges faced by the domestic LPG industry.

Our HR Strategy

Our HR strategy aims to maximise the full potential of human capital in order to meet our broader commercial goals. Having a strong HR strategy aids the company in many ways: to reduce turnover, boost employee productivity by improving employee engagement, implement better policies and minimise business disruptions. We have planned our HR strategy focusing on several sectors while prioritising the health and safety of our workforce. GRI: 403-6

Gender Balance

Female representation in our workforce is quite low compared to the number of male employees. Yet, we highly value their commitments to achieving the company's goals. The company holds separate International Women's Day celebrations at the Plant and the Head Office engages in various activities to commemorate the day.

Health and Safety

In our industry, adhering to tight health and safety regulations is critical. We have put in place a number of safeguards to secure the health and safety of all parties involved in the value chain. Employees in both geographical regions, including Sri Lanka and Bangladesh, are informed of policies, processes, and guidelines. GRI: 403-1

The committees of our joint management worker health and safety consisted of: GRI: 403-4

- HSE team **51** members - **7** members on the steering committee and **46** members on the joint safety committee.
- Emergency response team - **47** members
- Fire- fighting team - **74** members
- First aid team – **62** members

In addition to quarterly safety checks, we invested **1,543.5** hours in health and safety training.

There were **150** people in attendance. GRI: 403-5

Average Training Hours by Gender

Male Training Hours
1,486.5

Female Training Hours
57

Reported injuries GRI: 403-9	2020/21
First aid injuries	8
Rate of injuries	0.08%
Work-related injuries	8
Absentee rate	0.003
Lost day rate	0.002
Work-related fatalities	0

Special Initiatives to contain COVID-19 GRI: 403-7

- Regular checks – body temperature of each and every employer and outsider checked at the entrance regularly
- Sanitization
- Provision of employees with protective items including face masks, face shields, sanitizers and hand-wash
- Facilitating the office-related staff team to work from home
- Provision of transport facilities for the staff members during the periods of lockdowns and quarantine
- Introducing a colour coding system to mitigate the risk

Employee Satisfaction

A satisfied employee approaches work with a pleasant attitude. They are proactive, productive, and dedicated to achieve the company's objectives. Keeping our employees happy and contented is valuable to LAUGFS. Prioritising employee satisfaction boosts the company's bottom line revenues, improves staff turnover, and enhances overall performance and productivity. As a result, employee satisfaction is important as it motivates them to perform their best and contribute to a positive work environment.

Fair Remuneration

Salaries and benefits paid to employees totalled Rs. 1,373Mn for the year. All of our subsidiaries met the Wages Boards Ordinance's minimum wage requirements. Due to the COVID-19 situation, we also allowed executive staff members to work from home.

Benefits Schemes and Employee Welfare

Permanent employees receive the following benefits:
GRI: 401-2

- Gas vouchers and complimentary meals for workers at LAUGFS Gas (Sri Lanka)
- Comprehensive health insurance schemes
- Claims for educational assistance and professional membership
- Gift vouchers for achievers
- Special risk allowance for critical services
- Free Uniforms
- Birthday gift
- Wedding gift
- Festival advance
- Death donation - Rs. 50,000/= for a passing away of a close family member
- Gift for new child-birth
- Annual book donation for families having more than two children (20-30 families benefitted from this last year)
- Scholarship programme for the higher education of employee's children

We conducted a number of programmes in the year towards staff welfare, uplifting the satisfaction level of the staff members.

Three days of paternity leave and 84 working days of maternity leave. GRI: 401-3

Reported injuries GRI: 403-9	2020/21
Employees entitled to parental leave	344
Employees on parental leave	8
Employees who returned to work during the period after parental leave	8
Return to work rate of employees on parental leave	100%

Capital Management Report

Human Capital

Training and Development

Despite the hurdles we faced throughout the year, we were able to successfully launch the LAUGFS Top Gun Programme, the first domestically created and facilitated management development programme. This unique talent development programme aimed to improve the required levels of LAUGFS Leadership skills. This effort has cultivated a culture of positive learning and growth that is based on shared ownership. With the emergence of COVID-19, continuous awareness and guidance programmes enabled staff to quickly transition to the Group's new business model.

41 staff spent a total of 2049 hours in training.

We offered the following types of programmes: GRI: 404-2

- Leadership programmes
- Soft-skills programmes
- Technical programmes
- Carrier Development programmes : Supervisor development, Executive development programmes

Average Hours of Training 2021/22

GRI: 404-1

Male Training Hours	Female Training Hours
293.6	**0**
Executive and above	Non-Executive
160.3	**248**
Total Hours of Training	Average hours per employee
2,049	**293.98**

We had to make new changes in the production line with the introduction of a number of developments during the period. To raise awareness regarding those changes to our employees, we conducted:

- Minor Training Sessions
- Tool Box Meetings
- Pocket Meetings
- Discussions with employees
- Small team training to do inspections on gas-related explosions

Recognition

Throughout the year, we continued to deploy online performance management systems (PMS) to track employee performance and key performance indicators, with the PMS covering 100% of our staff.

We also kept working on the followings:

- Moderations in performance
- Moderations in promotion
- Performance-based compensation and benefits

We have a very successful objective-driven system and clear and precise Key Performance Indicators (KPI) have been specified to do measurements for recognition purposes. Based on them we elevate our employees to different levels and also we reward them annually.

Future Outlook

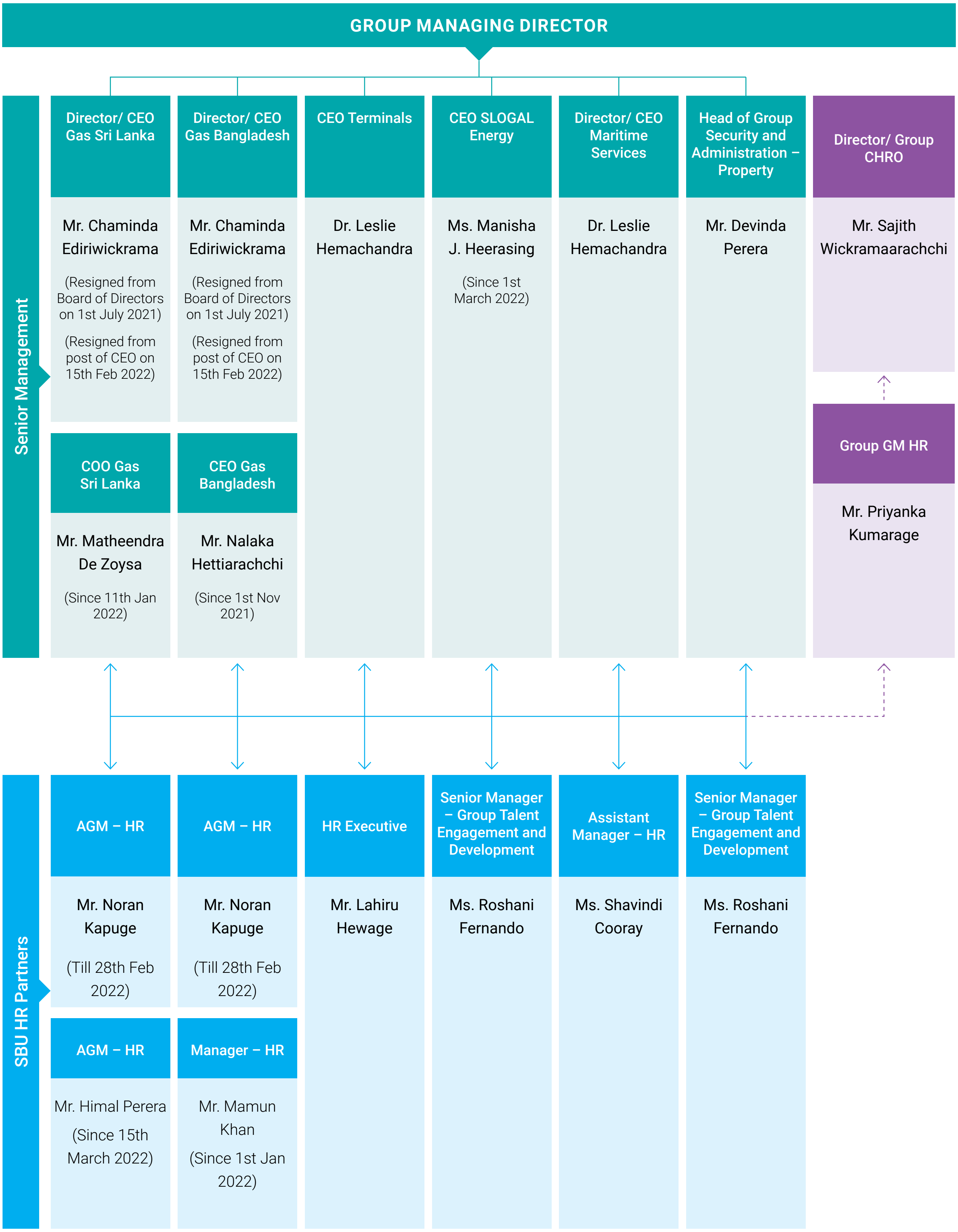
We plan to focus on three areas in the upcoming year:

1) **Employee Engagement**
2) **Employee Welfare**
3) **Training and Development**

Employee Engagement: Our Company possesses an Engagement Plan. We intend for 3/4 team building activities such as cricket matches, and karaoke nights/ evenings every three months. We expect to strengthen team bonding and the collective feeling of our employees through these activities which are still at the planning stage.

Employee Welfare: We provide breakfast and lunch for the employees working in the morning shift from 6.00 a.m. to 2.00 p.m. and dinner as well for the workers employed in the night shift. We are responsible for maintaining the standards of food hygiene and we have promoted the use of standard personal protective equipment (PPE). In addition, the employees are provided with branded drinking water. The Company will continue these measures in the future.

Training and Development: We mainly focus on middle management development in the forthcoming year. Instead of performing operational activities, goal-setting and decision-making, middle management is in charge of governing a company. Its responsibilities include supervising lower grade managers and carrying out senior management directions. They must be diligent and informed of all company events in order to achieve organisational objectives. To enhance their capacity to accept any challenge, supervisory level development programmes will be conducted.


GROUP MANAGING DIRECTOR
Senior Management
Director/ CEO Gas Sri Lanka
Mr. Chaminda Ediriwickrama
(Resigned from Board of Directors on 1st July 2021)
(Resigned from post of CEO on 15th Feb 2022)
COO Gas Sri Lanka
Mr. Matheendra De Zoysa
(Since 11th Jan 2022)
Director/ CEO Gas Bangladesh
Mr. Chaminda Ediriwickrama
(Resigned from Board of Directors on 1st July 2021)
(Resigned from post of CEO on 15th Feb 2022)
CEO Gas Bangladesh
Mr. Nalaka Hettiarachchi
(Since 1st Nov 2021)
CEO Terminals
Dr. Leslie Hemachandra
CEO SLOGAL Energy
Ms. Manisha J. Heerasing
(Since 1st March 2022)
Director/ CEO Maritime Services
Dr. Leslie Hemachandra
Head of Group Security and Administration – Property
Mr. Devinda Perera
Director/ Group CHRO
Mr. Sajith Wickramaarachchi
Group GM HR
Mr. Priyanka Kumarage
SBU HR Partners
AGM – HR
Mr. Noran Kapuge
(Till 28th Feb 2022)
AGM – HR
Mr. Himal Perera
(Since 15th March 2022)
AGM – HR
Mr. Noran Kapuge
(Till 28th Feb 2022)
Manager – HR
Mr. Mamun Khan
(Since 1st Jan 2022)
HR Executive
Mr. Lahiru Hewage
Senior Manager – Group Talent Engagement and Development
Ms. Roshani Fernando
Assistant Manager – HR
Ms. Shavindi Cooray
Senior Manager – Group Talent Engagement and Development
Ms. Roshani Fernando

Capital Management Report

Natural Capital

As a green energy company, our natural capital plays an important role in the success and growth of LAUGFS Gas PLC. Emphasis on our natural capital is embedded in every aspect of our business from product to delivery.

The Group's natural capital includes LPG, renewable energy products, our environmental policies, strategies and initiatives which contributes toward a sustainable environment. Our natural capital efforts are aligned with the Sustainable Development Goals (SDGs – Goal 7) of Affordable and Clean Energy, thereby ensuring access to affordable, reliable, sustainable, and modern energy for all.

HIGHLIGHTS

Energy consumed

57,617,857 MJ

Water consumed

15,185 M^3

OIL SPILLS

None

CARBON EMISSIONS

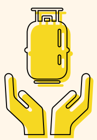
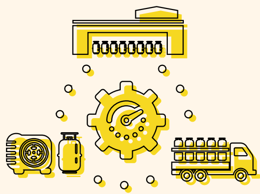
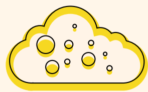
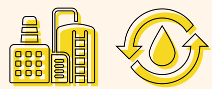
Direct emissions declined by

66% to 1,513,884 MT

LPG

The year under review has challenged the LP gas sector as the country's economic downturn put pressure on the domestic foreign exchange reserves. LAUGFS Gas being the only private sector LP gas supplier to the Sri Lankan market faced severe shortages in meeting the local demand on the insufficiency of foreign currency for LPG purchase. This negatively reflected on the overall financial performance of the Company and the Group as sales and distribution activities were limited to available supplies. The 2021/22 FY performance therefore needs to be viewed in the context of the overall country situation and ability to meet LP gas import requirements.

When compared to other fossil fuels, our LPG has a favourable environmental impact.

			
Easy and safe handling	High efficiency	Improves air quality and reduces emissions as LPG produces comparatively less CO_2 emissions when burnt	Low carbon and clean burning. Compared to other fossil fuels, LPG is relatively low carbon. It also has no black carbon (or PM) emissions

The Group Sustainability Committee nurtures an environmentally-conscious culture through awareness and implementation of sound health, safety and environmental (HSE) policies.

Capital Management Report

Natural Capital

OUR INPUTS

We consider this under five parts; materials, energy, water, biodiversity, and environmental compliance.

MATERIALS

We used 45,351,208 MT of renewable materials and 7,483,911 MT of non-renewable materials throughout the year. Our primary raw material, steel, is a fully recyclable resource and recycled input materials accounted for 86% of our material use.

MT	2021/22
Material used by weight - Renewable GRI: 301-1	45,351,208
Materials used by weight - Non-Renewable GRI: 301-1	7,483,911
Recycled input materials used by weight GRI: 301-2	45,351,208
% reclaimed products and their packaging materials GRI: 301-3	None

WATER

The National Water Supply Board is our primary supplier of water. Water usage by the Group decreased by 82% to 15,185 m3 throughout the year, and was mostly consumed in the business's day-to-day operations. (GRI 303-1)

We amount both water footprint and water-related impact, such as wastewater. (GRI 303-4)

Moreover, management of water wastage and installation of water treatment plants minimised the water impact on the environment of the Group.

Water consumed (m3)	2021/22	2020/21
Water is withdrawn by source GRI: 303-3		
Surface water	1,621	2,171
Municipal water	10,510	12,338
Other	3,054	3,825
Water consumed GRI: 303-5	15,185	18,334

BIODIVERSITY

We have reserve inland water with bio-variety that covers half of our 30 acres of land.

Our leased land includes:

- 5 HA of surface land from the Hambantota Port Authority (HIPG).
- 4.24 HA of surface land from the Port Authority in Bangladesh.

Initiatives we have taken toward the protection of biodiversity

- Our operational sites do not fall into the zone of protected areas and we are located within a safe distance of high biodiversity values. GRI: 304-1
- LAUGFS Gas Sri Lanka dedicated 50% of its 12.14 hectares of land to inland waters with biodiversity.
- We have not recorded any significant impacts on biodiversity. GRI: 304-2
- Our operations have had no negative impact on IUCN Red list species and national conservation list species in the areas we operate in. GRI: 304-4

ENERGY

Group Energy usage is 57,617,857MJ over the year due to our efforts to have a low carbon emission impact.

Our primary energy sources are electricity, diesel and renewable sources such as solar energy. Solar energy is used for the minimum part.

Electricity, fuel, and renewable energy sources such as solar energy which is a small amount of consumption are our principal energy sources.

To improve our energy efficiency, we implemented procedures such as eliminating processes such as forklifts and prime mover shunting at our filling plants in Mabima.

Energy consumed outside the organisation which accounted for 576,163 Ltrs. during the year.

Energy consumed by the Group	2021/22
Energy consumed within the organisation GRI: 302-1	
Electricity (MJ)	3,612,754
Fuel (MJ)	54,002,347
Non-renewable energy consumed	57,617,857
Energy consumed outside the organisation (Ltrs.) GRI: 302-2	576,163
Energy intensity Only calculated for LAUGFS Gas (Company) (Energy consumed (MJ)/ materials consumed (MT). GRI: 302-3	382

ENVIRONMENTAL COMPLIANCE

We regard environmental compliance to be a priority within our operational area because we are bound by required environmental laws and regulations. Furthermore, we have incorporated environmentally responsible procedures voluntarily. To reduce the risk to the environment, we installed a treatment plant.

Following are the environmental laws, certifications, standards and guidelines complied by the Group. During the year, we have not incurred any fines or monetary sanctions for non-compliance with environmental laws or regulations. (GRI 307-1)

LAUGFS Maritime

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

LAUGFS Gas (Sri Lanka)

- Central Environmental Authority and all environmental regulations from local bodies

LAUGFS GAS (Bangladesh)

- Environmental Authority and Bangladeshi environmental regulatory requirements

Capital Management Report

Natural Capital

APPROACH TO SUSTAINABLE ENVIRONMENT

We are aware of our waste discharge and are taking the required steps to control it. Solid waste and wastewater are our key considerations. Our water purification systems have been established at our filling and bottling facilities. Furthermore, we dispose of our solid waste in a secure manner through a registered supplier.

OUR ENVIRONMENTAL IMPACTS	INITIATIVES TO MINIMISE THE IMPACTS
EMISSIONS	**We strive to reduce greenhouse gas emissions (GHG) through:** → We provide our valued customers with clean and low-carbon LPG solutions, and by purchasing our goods, they are also helping to safeguard the environment. → We follow all the environmental laws and regulations and emission guidelines. → We confirm that our value chain adheres to all safety regulations. The zero-tolerance policy of LAUGFS Maritime ensures the safety of our LPG tankers and minimises the likelihood of spills and leakages. → In order to confirm there are no gas leaks at plants and distributor locations, we conduct periodic assessments, audits and gas leak detecting equipment. → We safeguard our activities have no impact on ozone-depleting substances and other significant air emissions → During the year, the direct emissions (scope 1) of the Group is 1,513,884 MT. → Indirect emissions (scope 2) reduced by 49% to 270,173 MT
EFFLUENTS AND WASTE	→ We reuse and recycle wastage. Also, we dispose of them safely to make sure there is no negative environmental impact. → Ballast water treatment plants are installed in LPG vessels. GRI: 306-2
WASTEWATER	→ Water was treated before being discharged to water bodies with wastewater treatment plants established in filling and bottling industries. → We guaranteed that the discharge of water had no impact on water bodies throughout the year. GRI: 303-2
SOLID WASTE	→ Paper, plastic and food were safely disposed of through registered suppliers → No hazardous waste was generated or transported during the year → No incidents of oil spill

Effluents and waste	2021/22	2020/21
Non-Hazardous waste (Kg)	5,841	6,603
Hazardous waste (Kg)	0	0

GRI: 306-3

Emissions (MT) $MTCo_2e$	2021/22
Direct (scope 1) GRI: 305-1	1,513,884
Indirect (scope 2) GRI: 305-2	270,173
Other indirect (scope 3) GRI: 305-3	145,749

GRI Content Index

				Page Numbers
Organisational profile				
GRI 102	General Disclosures	102-1	Name of the organisation	8
GRI 102	General Disclosures	102-2	Activities, Brands, Products, and Services	9
GRI 102	General Disclosures	102-3	Location of Headquarters	11
GRI 102	General Disclosures	102-4	Location of operations	9 - 11
GRI 102	General Disclosures	102-5	Ownership and legal form	126
GRI 102	General Disclosures	102-6	Markets served	9
GRI 102	General Disclosures	102-7	Scale of the organisation	12 - 13
GRI 102	General Disclosures	102-8	Information on employees and other workers	65
GRI 102	General Disclosures	102-9	Supply Chain	54 - 62
GRI 102	General Disclosures	102-10	Significant changes to the organisation and its supply chain	7 - 62
GRI 102	General Disclosures	102-11	Precautionary principle or approach	25
GRI 102	General Disclosures	102-12	External initiatives	7
GRI 102	General Disclosures	102-13	Membership of associations	63
Strategy				
GRI 102	General Disclosures	102-14	Statement from senior decision maker	14
Ethics and integrity				
GRI 102	General Disclosures	102-16	Values, Principles, Standards, and norms of behaviour	6
Governance				
GRI 102	General Disclosures	102-18	Governance structure	90
Stakeholder engagement				
GRI 102	General Disclosures	102-40	List of stakeholder groups	22
GRI 102	General Disclosures	102-41	Collective bargaining agreements	64
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	22
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	22
GRI 102	General Disclosures	102-44	Key topics and concerns raised	22
Reporting practice				
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	7
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	7 -25
GRI 102	General Disclosures	102-47	List of material topics	25
GRI 102	General Disclosures	102-48	Restatements of information	7
GRI 102	General Disclosures	102-49	Changes in reporting	25
GRI 102	General Disclosures	102-50	Reporting period	7
GRI 102	General Disclosures	102-51	Date of most recent report	7
GRI 102	General Disclosures	102-52	Reporting cycle	7
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	7
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI standards	7
GRI 102	General Disclosures	105-55	GRI content index	76 - 79
GRI 102	General Disclosures	102-56	External assurance	80 - 81

				Page Numbers
Management Approach				
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundary	25
GRI 103	Management Approach	103-2	The management approach and its components	25
GRI 103	Management Approach	103-3	Evaluation of the management approach	25
Specific Disclosures- Economic Topics				
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	216
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	70
GRI 202	Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	54
GRI 202	Market Presence	202-2	Proportion of senior management hired from the local community	54
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	55
GRI 206	Anti-competitive Behaviour	206-1	Legal actions for anticompetitive behaviours	57
GRI 207	Tax	207-1	Approach to tax	126
GRI 207	Tax	207-1	Approach to tax	126
GRI 207	Tax	207-3	Stakeholder engagement and management of concerns related to tax	126
GRI 207	Tax	208-4	Country by country reporting	126
Environmental Topics				
GRI 301	Materials	301-1	Materials used by weight or volume	72
GRI 301	Materials	301-2	Recycled input materials used	72
GRI 302	Energy	302-1	Energy consumption within the organisation	73
GRI 302	Energy	302-3	Energy consumption outside of the organisation	73
GRI 302	Energy	302-3	Energy intensity ratio for the organisation	73
GRI 303	Water and Effluents	303-1	Interactions with water as a shared resource	72
GRI 303	Water and Effluents	303-2	Management of water discharge related impacts	72
GRI 303	Water and Effluents	303-3	Water withdrawal	72
GRI 303	Water and Effluents	303-4	Water discharge	72
GRI 303	Water and Effluents	303-5	Water consumption	72
GRI 304	Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	72 - 73
GRI 304	Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	72-73
GRI 304	Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	72-73
GRI 305	Emissions	305-1	Direct (scope 1) GHG Emissions	75
GRI 305	Emissions	305-2	Energy indirect (scope 2) GHG emissions	75
GRI 305	Emissions	305-3	Other indirect (scope 3) GHG emissions	75
GRI 306	Waste	306-1	Waste generation and significant waste related impacts	74

GRI Content Index

				Page Numbers
GRI 306	Waste	306-2	Management of significant waste related impacts	74
GRI 306	Waste	306-3	Waste generated	75
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	73 -74
Social Topics				
GRI 401	Employment	401-1	New employee hires and employee turnover, by age, gender and region	64
GRI 401	Employment	401-2	Benefits provided to fulltime employees that are not provided to temporary or part-time employees	65
GRI 401	Employment	401-3	Parental leave	67
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	67
GRI 403	Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	67
GRI 403	Occupational Health and Safety	403-3	Occupational health services	67
GRI 403	Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	67 – 68
GRI 403	Occupational Health and Safety	403-5	Worker training on occupational health and safety	67
GRI 403	Occupational Health and Safety	403-6	Promotion of worker health	66
GRI 403	Occupational Health and Safety	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	67
GRI 403	Occupational Health and Safety	403-8	Workers covered by occupational health and safety management systems	67
GRI 403	Occupational Health and Safety	403-9	Work related injuries	67
GRI 404	Training and Education	404-1	Average hours of training per year per employee by gender and category	67 – 68
GRI 404	Training and Education	404-2	Programmes for upgrading employee skills and transition assistance programmes	67
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	67

				Page Numbers
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	66
GRI 407	Freedom of Association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	54
GRI 408	Child Labour	408-1	Operations and suppliers considered to have significant risk for incidents of child labour	54
GRI 409	Forced or compulsory labour	409-1	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labour	54
GRI 410	Security practices	410-1	Security personnel trained in human rights policies and procedures	55
GRI 411	Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	55
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	55
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	54
GRI 413	Local Communities	413-2	Operations with significant actual and potential negative impact on local communities	54
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	54
GRI 415	Public Policy	415-1	Political contributions	55
GRI 416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	55
GRI 416	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	55
GRI 417	Marketing and labelling	417-1	Requirements for product and service information and labelling	55
GRI 417	Marketing and labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	55
GRI 417	Marketing and labelling	417-3	Incidents of non-compliance concerning marketing communication	55
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55
GRI 419	Socio economic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	55

Independent Assurance Report

Building a better working world

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

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

Independent Assurance Report to the Board of Directors of LAUGFS Gas PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2021/22

Scope

We have been engaged by the management of LAUGFS Gas PLC ("the Company") to perform an independent assurance engagement, as defined by the Sri Lankan Standard on Assurance Engagements, on the sustainability reporting criteria presented in the Integrated Annual Report for the year ended 31 March 2022 (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 GRI Standards: Core option.

Criteria applied by LAUGFS Gas PLC

The sustainability reporting criteria presented in the Report has been prepared in accordance with The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at GRI's global website www.globalreporting.org.

This Report has been prepared in accordance with the GRI Standards: Core option (the "criteria").

LAUGFS Gas PLC's responsibilities

LAUGFS Gas PLC's management is responsible for selecting the criteria, and for presenting the Report in accordance with the said criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to support the sustainability reporting process of the Report, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Report in accordance with the GRI Standards: Core option based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard on Assurance Engagements

SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka and the terms of reference for this engagement as agreed with LAUGFS Gas PLC in the engagement letter dated 13 June 2022.

The standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Report in order for it to be in accordance with the criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our Independence and Quality Control

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

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

Description of procedures performed

We performed our procedures to provide an independent assurance engagement in accordance with SLSAE 3000.

Procedures performed in the reasonable assurance engagement depend on our judgement, including the assessment of the risks of material misstatement whether due to fraud or error. In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the reasonable assurance Indicators in order to design the assurance procedures that are appropriate in the circumstances. Our procedures also included assessing the appropriateness of the reasonable assurance indicators, the suitability of the criteria in preparing and presenting the reasonable assurance indicators within the Report and obtaining an understanding of the compilation of the financial information to the sources from which it was obtained.

Procedures performed in the limited assurance engagement consisted of making inquiries, primarily of persons responsible for preparing the Report and related information and applying analytical and other appropriate procedures. These procedures vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

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

We also performed the below procedures as we considered necessary in the circumstances:

- Perform a comparison of the content of the Report against the Global Reporting Initiative (GRI) - GRI Standards guideline.
- Interviewing relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Review and validation of the information contained in the Report.
- Check the calculations performed by the organisation on a sample basis through recalculation.
- Advice, make recommendations and suggestions on the Sustainability Reporting indicators to improve the presentation standard.
- Independently review the content of the Report and request changes if required.
- Express an independent assurance conclusion on the performance indicators presented in the Sustainability Reporting criteria.

Emphasis of matter

Social, natural and intellectual capital management data/information are subjected to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

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

Restricted use

This report is intended solely for the information and use of LAUGFS Gas PLC and is not intended to be and should not be used by anyone other than the specified party.

Conclusion

Based on our procedures and the evidence obtained, we conclude that:

- The information on financial performance as specified on page 216 of the Report is properly derived from the audited financial statements of the Company for the year ended 31 March 2022.
- 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 the GRI Standards: Core option.

Ernst & Young

Chartered Accountant
Colombo

31st August 2022

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statutory Reports

STEWARDSHIP

Board of Directors

1 **Deshabandu W. K. H. Wegapitiya**
Group Chairman

2 **Mr. U. K. Thilak De Silva**
Group Deputy Chairman

5 **Mr. R. Selvaskandan**
Independent Non-Executive Director
(Appointed w.e.f. 09.06.2022)

6 **Mr. P. M. B. Fernando**
Independent Non-Executive Director
(Appointed w.e.f. 09.06.2022)

3 **Mr. P. Kudabalage**

Group Managing Director/GCEO

4 **Prof. S. P. P. Amaratunge**

Independent Non-Executive Director

7 **Mr. K. R. Goonesinghe**

Independent Non-Executive Director

(Appointed w.e.f. 09.06.2022)

Board of Directors

1

DESHABANDU W. K. H. WEGAPITIYA

Group Chairman

Mr. W. K. H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the Parent Company of LAUGFS Gas PLC, one of the highly-diversified business groups in Sri Lanka, having its presence in a wide business spectrum, such as LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacturing of salt, and manufacturing of industrial solid tyres.

He functioned 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, and as a part of the Group management succession plan, handed over the role of Group CEO to the newly-appointed Group MD, and currently functions as Group Chairman.

He holds a degree in (B.Sc) Business Administration from the University of Sri Jayewardenepura, 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).

In 1995 he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of now diversified LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extraordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours 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 recognised 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" organised by a variety of organisations. 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 Council member of University of Sri Jayewardenepura.

.

2

MR. U. K. THILAK DE SILVA

Group Deputy Chairman

Mr. Thilak De Silva served as the Group Managing Director of LAUGFS Holdings Ltd. and all its subsidiaries from the inception in the year 1995, until the new Group MD was appointed as a result of the Group management succession plan. Thereafter, he is presently serving as the Group Deputy Chairman of this highly-diversified business conglomerate. The Group is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, vehicle emission testing, property development, leisure and hospitality with ownership and management of star class hotels, consumer retail chains, fast food chains, manufacture and export of solid tyres, manufacture and export of pharmaceuticals and IV solutions, hydro, solar and other types of renewable energy generation.

He was instrumental in the phenomenal growth of "LAUGFS", one of the most recognised household brands in Sri Lanka over 50,000 customers across the country looking forward for its products and services on a daily basis for their varying needs. Mr. De Silva's untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma have driven the business operations to greater heights and 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 with business interests from southern Sri Lanka, having had its lucrative operations in the south and in the central highlands. He had his primary and secondary education in the country and moved to the United Kingdom for his undergraduate studies in the sphere of engineering technology in the first instance, followed by a study in operations management. Having qualified from the prestigious institutions in the United Kingdom in both disciplines he returned to Sri Lanka to take up the mantle of the family business as its Executive Director. However in the year 1995 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 convert vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

Mr. De Silva has been a member, mover and a participant of number of entrepreneur and management development programmes conducted in the country and overseas. He was a recipient of a scholarship from the Association for Overseas Technical (AOTS) programmes 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.

3

MR. PIYADASA KUDABALAGE

Group Managing Director/GCEO

Mr. Piyadasa Kudabalage was appointed as the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited and all its subsidiary companies with effect from 21st May 2020. He performs the overall provision of supervisory and leading the management of all the subsidiary companies under LAUGFS Holdings Limited.

Mr. Kudabalage has an extensive and impressive career spanning well over 35 years, both in public and private sector organisations. He has rendered his expertise to a diverse landscape of businesses including plantation management, insurance, banking and finance, leisure and hospitality, power and energy and industrial manufacturing.

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

In consideration of his outstanding career achievements, the "Professional Excellence Award" was awarded to Mr. Kudabalage by the Institute of Chartered Management Accountants of Sri Lanka in year 2014 and also "Prasada Sambawana" award was granted to him by the University of Kelaniya in year 2014 for the excellent service rendered to the Government of Sri Lanka.

Board of Directors

4

PROF. S. P. P. AMARATUNGE

Independent Non-Executive Director

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

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

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

5

MR. R. SELVASKANDAN

Independent Non-Executive Director

(Appointed w.e.f. 09.06.2022)

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

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

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

6

MR. P. M. B. FERNANDO

Independent, Non-Executive Director
(Appointed w.e.f. 09.06.2022)

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

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

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

7

MR. K. R. GOONESINGHE

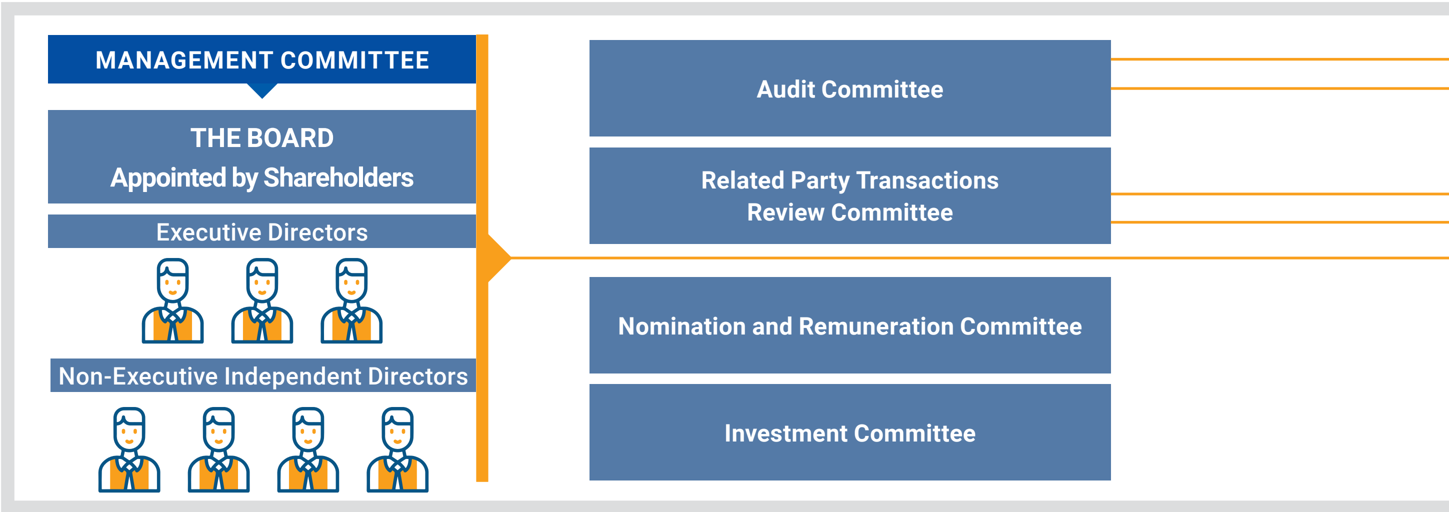
Independent, Non-Executive Director
(Appointed w.e.f. 09.06.2022)

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

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

Corporate Governance

With numerous challenges posing the LPG industry during the year, the role of strategic leadership and a potent corporate governance framework was key to remaining stable and maintaining the industry leadership position. The Board took steps to escalate its functions and resource allocations whilst adapting its strategy to meet the needs of the swift changes in the operating environment. Throughout this process, the Board ensured that stakeholder interests and concerns were prioritised as it strived to align the strategies and resources to face the challenges of the pandemic and the economic downturn.



LEGAL REQUIREMENTS

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

VOLUNTARY CODES ON GOVERNANCE

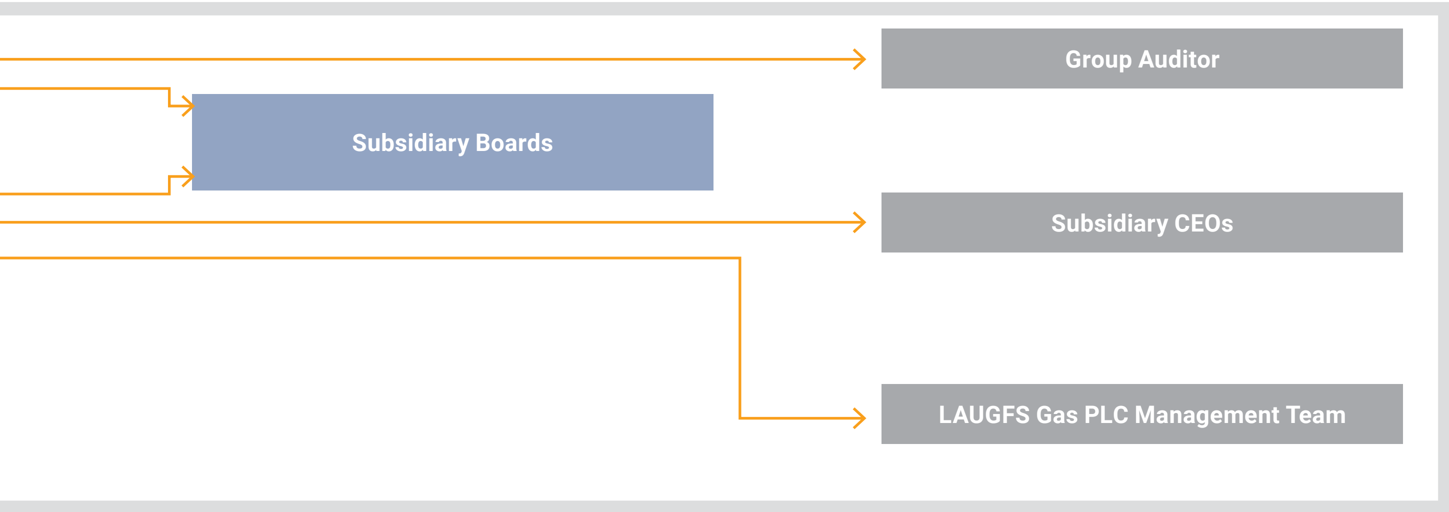
- Code of Best Practice on Corporate Governance

A SUSTAINABLE MINDSET

- Integrated Reporting Framework
- GRI Standards

2021/22 Highlights

- Appointment of the following Directors:
  - Mr. R Selvaskandan (Appointed w.e.f. 09th June 2022)
  - Mr. P. M. B. Fernando (Appointed w.e.f. 09th June 2022)
  - Mr. K. R. Goonesinghe (Appointed w.e.f. 09th June 2022)
- Resignation of the following Directors:
  - Mr. N. M. Prakash (Resigned w.e.f. 31st May 2022)
  - Mr. Dilshan Perera (Resigned w.e.f. 20th April 2021)
  - Mr. T.K. Bandaranayake (Resigned w.e.f. 30th June 2021)
  - Mr. C.D. Ediriwickrama – (Resigned w.e.f. 1st July 2021)
  - Mr. L. Withana – (Resigned w.e.f. 28th March 2022)
  - Mr. A. Tittawella – (Demised on 28th February 2022)



In view of enabling the Group's operations in accordance with the statutory requirements and the Code of Best Practice on Corporate Governance LAUGFS Gas has implemented a competent corporate governance framework whereas other frameworks support the tone and alignment of priorities for the Board. Hence, we designed the Corporate Governance report compliant with the codes' criteria.

Code of Best Practice on Corporate Governance

THE COMPANY		SHAREHOLDERS	
The Board 7 Principles	Directors' Remuneration 3 Principles	Institutional Investors 2 Principles	Other Investors 2 Principles
Relations with Shareholders 2 Principles	Accountability & Audit 4 Principles	Internet of Things & Cyber Security 5 Principles	Sustainability Reporting

A. THE BOARD

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

Corporate Governance

As of March 31, 2022, the LAUGFS Gas PLC Board of Directors has five members, two of whom are Independent Non-Executive Directors. The presence of two chartered accountants throughout the year establishes a sufficient level of financial intelligence on a collective basis. Corporate Advisory Services (Pvt) Ltd and PW Corporate Secretarial (Pvt) Ltd., both major firms in the area, function as Company Secretaries and Registrars, respectively. The Company Secretaries give secretarial support to Board meetings and keep track of Board minutes and other documents.

Mr. W. K. H. Wegapitiya is the Group's Chairman, while Mr. U. K. Thilak De Silva is the Group's Deputy Chairman, and Mr. P. Kudabalage is the Group's Managing Director/Group Chief Executive Officer. The Chairman of the Board, with the active participation of both Executive and Non-Executive directors and appropriate regard for their ideas, opinions, and professional judgment, is responsible for the proper operation of the Board. The Group MD/GCEO is responsible to the Board for implementing strategic plans approved by the Board, as well as delivering timely and sufficient information on progress on agreed-upon key performance metrics, regulatory compliance, and compliance with Board-approved rules and procedures.

The Board consists of sub-committees made up of a smaller number of directors who support the Board in carrying out its responsibilities. They are as follows:

Board Committee & Composition	Mandate
Audit Committee	
It is made up of Non-Executive, Independent Directors, at least one of whom is a current member of a reputable professional accounting organisation. The following are the current members: → Mr. T. K. Bandaranayake (resigned w.e.f. 30th June 2021) → Mr. N. M. Prakash (resigned w.e.f. 31st May 2022) → Prof. S. P. P. Amaratunge → Mr. A. Tittawella (demised on 28th February 2022) → Mr. L. Withana (resigned w.e.f. 28th March 2022) → Mr. P. M. B. Fernando (appointed w.e.f. 09the June 2022) (Chairman) → Mr. R. Selvaskandan (appointed w.e.f. 09th June 2022) → Mr. K. R. Goonesinghe (appointed w.e.f 09th June 2022)	Oversight of; → the Company's external financial reporting responsibilities, including those imposed by the Colombo Stock Exchange Listing Rules, the Securities and Exchange Commission's Rules/Regulations, and the Companies Act No. 7 of 2007. → Examine and assess the internal audit function's and risk management's performance. → Preparation, presentation, and appropriateness of financial statement disclosures in conformity with Sri Lankan accounting standards. → Maintaining an effective internal control system, as well as complying with legal and regulatory obligations that may have a major impact on the Company and its financial statements. Compliance with the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (ICASL) Code of Best Practices on Corporate Governance (CA Sri Lanka). → Evaluating and reviewing the External Auditors' independence. Making a recommendation to the Board on the External Auditor's appointment, reappointment, dismissal, service length, and audit fee. → All auditing and non-audit services undertaken by the external audit firm must be pre-approved.
Nomination and Remuneration Committee	
There are three non-executive directors on the board, all of whom are independent. The following are the current members: → Mr. T. K. Bandaranayake (resigned w.e.f. 30/06/2021) → Mr. N. M. Prakash (resigned w.e.f 31/05/2022) → Prof. S. P. P. Amaratunge (Chairman) → Mr. A. Tittawella (demised on 28/02/2022) → Mr. R. Selvaskandan (appointed w.e.f. 09/06/2022) → Mr. K. R. Goonesinghe (appointed w.e.f 09/06/2022)	→ Determine the Group's remuneration policy, including incentives and equity options. → Ensure that performance appraisal procedures are implemented effectively and in accordance with the Remuneration Policy. → Chief Executive Officer, Managing Director, and Chief Executive Officers of Subsidiary Companies are evaluated on their performance. → Key Management Personnel Appointment and Succession Planning → Determining remuneration in the event of an Executive Director's early retirement or resignation.

<table>
<tr><th>Board Committee & Composition</th><th>Mandate</th></tr>
<tr><td colspan="2">Related Party Transactions Review Committee</td></tr>
<tr><td>There are four Non-Executive Directors on the board, including the Chairman, who is also a Non-Executive, Independent Director. The following are the current members:
→ Mr. T. K. Bandaranayake (resigned w.e.f. 30/06/2021)
→ Mr. N. M. Prakash (resigned w.e.f 31/05/2022)
→ Mr. A. Tittawella (demised on 28/02/2022)
→ Mr. L. Withana (resigned w.e.f 28/03/2022)
→ Prof. S. P. P. Amaratunge (appointed w.e.f 09/06.2022)
→ Mr. P. M. B. Fernando (appointed w.e.f 09/06/2022) (Chairman)
→ Mr. R. Selvaskandan (appointed w.e.f 09/06/2022)
→ Mr. K. R. Goonesinghe (appointed w.e.f 09/06/2022)</td><td>→ In order to monitor and regulate Related Party Transactions in the best interests of the shareholders, the Group's Related Party Transactions will be monitored and regulated in accordance with the requirements of Section 09 of the CSE listing Rules.</td></tr>
<tr><td colspan="2">Investment Committee</td></tr>
<tr><td>Three Executive Directors and Three Non-Executive Director make up the Board of Directors:
→ Mr. U.K. Thilak De Silva (Chairman)
→ Mr. W. K. H. Wegapitiya
→ Mr. P. Kudabalage
→ Mr. A. Tittawella (demised on 28/02/2022)
→ Mr. N. M. Prakash (resigned on 31/05/2022)
→ Mr. R. Selvaskandan (appointed w.e.f 09/06/2022)
→ Mr. P. M. B. Fernando (appointed w.e.f 09/06/2022)
→ Mr. K. R. Goonesinghe (appointed w.e.f. 09/06/2022)</td><td>→ With effect from this year, the group meets once a week.
→ Taking a look at possible investment options.
→ Monitoring the project's return on investment on a regular basis.
→ The Group's overall direction.
→ Results of business operations are reviewed.</td></tr>
<tr><td colspan="2">Management Committees</td></tr>
<tr><td>Comprises of three Executive Directors and one Independent Non-Executive Director:
→ Mr. W. K. H. Wegapitiya (Chairman)
→ Mr. U. K. Thilak De Silva
→ Mr. P. Kudabalage
→ Mr. R. Selvaskandan</td><td>→ Making recommendations to the Board of Directors on the Group's overall strategic direction.
→ Results of business operations are reviewed.</td></tr>
</table>

Corporate Governance

The Chairman of the Board and the respective committees contribute to the agenda, which is produced in collaboration with the committee secretaries, who are in charge of convening meetings and organising administrative matters related to the conduct of Board and Sub-Committee Meetings. The Chairman is also responsible for ensuring that the Board papers are received by the Directors at least one week before to the Board meeting, giving them enough time to prepare for the meeting. This is accomplished through an in-house built infrastructure for the secure transmission of Board materials.

ATTENDANCE

Director	Board Meetings	Audit Committee	Related Party Transactions Review Committee
Mr. W. K. H. Wegapitiya	5/5	4/4	4/4
Mr. U. K. Thilak De Silva	5/5	2/4	2/4
Mr. N. M. Prakash (resigned w.e.f 31st May 2022)	5/5	4/4	4/4
Prof. S. P. P. Amaratunge	5/5	3/4	-
Mr. P. Kudabalage	5/5	3/4	3/4
Mr. R. Selvaskandan (appointed w.e.f 09th June 2022)	-	-	-
Mr. P. M. B. Fernando (appointed w.e.f 09th June 2022)	-	-	-
Mr. K. R. Goonesinghe (appointed w.e.f 09th June 2022)	-	-	-

ROLE AND RESPONSIBILITIES OF THE BOARD

The Board of Directors' and the Company Secretary's roles and responsibilities are outlined below. The Company Secretaries are available to all Directors for advice and explanation, and the decisions regarding their appointments and removals are made by the entire Board. When deemed appropriate, Directors can obtain independent professional assistance at the expense of the Company, improving the quality of information considered in making decisions.

On clearly specified matters, authority has been given the opportunity to the Group Managing Director/GCEO and Corporate Management to facilitate the implementation of Board-approved initiatives. Alongside is a schedule of affairs reserved for the Board.

SPECIAL FUNCTIONS OF THE BOARD OF DIRECTORS

- Significant investments, acquisitions, and dispositions.
- Revision of the scope of Group's activities
- Significant expenditure on capital
- Appointment and dismissal of KMPs
- Appointment and removal of the Company Secretary
- Loans of a significant amount
- CEO performance evaluation

DUTIES AND OBLIGATIONS OF THE BOARD

- Inputs strategic plans, including resource allocation, to enable the achievement of business goals, and provides strategic direction for the Group.
- Putting in place strong governance structures and a good policy framework to ensure compliance with local regulatory requirements and industry best practices in the countries where we operate.
- Effective risk management and stewardship of the Company's resources through adequately effective internal control systems
- Assuring that the corporate management team possesses the necessary skills, expertise, and knowledge to carry out the strategy.
- Review and approval of major acquisitions, dispositions, and capital expenditures
- Maintaining high standards of disclosure, reporting, ethics, and integrity across the Group and effective shareholder communication

COMPANY SECRETARIES

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

RECOGNITION OF THE DIRECTORS' INDEPENDENCE

In compliance with the CSE's Continuing Listing Rules, independent directors filed signed declarations of independence, which were utilised to determine their independence.

Name of Director/ Capacity	Shareholding	Management/ Director[1]	Material Business Relationship[2]	Employee of Company[3]	Family Member a Director or CEO	Nine Years of Continuous service
Executive Directors						
Mr. W. K. H. Wegapitiya	Yes	Yes	Yes	Yes	No	Yes
Mr. U. K. Thilak De Silva	Yes	Yes	Yes	Yes	No	Yes
Mr. P. Kudabalage	No	Yes	No	No	No	No
Non-Executive Independent Directors						
Mr. N. M. Prakash (resigned w.e.f. 31/05/2022)	No	No	No	No	No	No
Prof. S. P. P Amaratunge	No	No	No	No	No	No
Mr. R. Selvaskandan	No	No	No	No	No	No
Mr. P. M. B. Fernando	Yes	No	No	No	No	No
Mr. K. R. Goonesinghe	No	No	No	No	No	No

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

PERFORMANCE EVALUATION OF THE BOARD

The Board conducts a yearly self-assessment in accordance with the Code's standards, and the summarised results are reviewed with the Board at the first meeting of each financial year. At a bare minimum, evaluations should include:

- Roles and responsibilities are defined clearly.
- Effectiveness of Board/Procedures of Committee
- Participation
- Areas for improvement

DIRECTORS' REMUNERATION

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

SHAREHOLDER RELATIONS

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

ACCOUNTABILITY & AUDIT

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

Corporate Governance

The Remuneration Committee is responsible for providing the assistance to the Board in defining the policy and the remuneration of the Directors. Key management remuneration is designed to attract and retain excellent individuals while also motivating high levels of performance to help our company's expansion. The total remuneration of Executive Directors and executives is balanced between fixed and variable components, reflecting the company's risk appetite. There are currently no employee stock ownership plans in place.

The Remuneration Committee recommends non-executive director compensation to attract and retain directors with suitable expertise and skills, taking into account the time commitment involved in deciding fees. Fees paid to NED/IDs are approved by the Board and reviewed annually by the Remuneration Committee to ensure that they are equivalent to those paid to comparable companies. The total remuneration paid to Directors is stated on page 200 of this report.

In accordance with the CSE's standards, we seek to offer reliable and accurate information to shareholders in a timely way, reflecting the Company's and Group's quarterly and yearly performance. To guarantee adequate coverage of the subject, concise explanations are provided on material matters. Announcements and price sensitive information regarding the Group are quickly communicated to the CSE and, as appropriate, released to shareholders, the press, and employees.

The AGM notice, agenda, and Annual Report are sent to shareholders 15 working days before the meeting and are also available on the Company's Investor Relations website at http://www.laugfsgas.lk/investmentrelated. The Chairman makes sure that the Chairmen of the Board Committees, including the Audit Committee, are available to answer any questions that shareholders may have. If the Company's net assets fall below half of its shareholders' funds, shareholders will be notified, and an extraordinary resolution on the proposed course of action will be enacted.

REPORTING ON FINANCE AND BUSINESS

In compliance with the Companies Act No 07 of 2007 and the CSE Continuing listing requirements, the Board is responsible for delivering a balanced assessment of the Group's financial status, performance, and prospects. The financial statements included in this report have been audited by the External Auditors nominated by the Shareholders and are produced and presented in line with Sri Lanka Accounting Standards. The GRI Standards for Sustainability Reporting are also followed in the Annual Report. The Global Reporting Initiative issued the Accordance – Core option, and the International Integrated Reporting Council published the Integrated Reporting Framework.

This Annual Report additionally includes the following specialised information requirements:

- The Annual Report of the Board of Directors on the Affairs of the Company given on pages 107 to 110 cover all areas of this section.
- The "Statement of Directors' Responsibilities" is given on page 111.
- The Directors' Statement on Internal Controls is given on page 108.
- The "Independent Auditors' Report "on pages 115 to 117 for the Auditor's responsibility.
- The Capitals Report on pages 50 to 75.

RISK MANAGEMENT AND INTERNAL CONTROL

For the Group's effective operation, the Board is responsible for building a strong system of internal controls and a competent risk management system. The Audit Committee, which is made up of Non-Executive Independent members, aids the Board by analysing and recommending financial reports, reviewing internal and external audit reports, creating an acceptable audit program, and maintaining effective monitoring of the finance function. The Group's Internal Audit function offers assurance to the Audit Committee and Board on the effectiveness of internal controls in accordance with the Audit Committee's authorised audit program.

To identify, evaluate, and manage significant risks in a structured manner, a Group-wide risk management framework has been created. The Audit Committee aids the Board by thoroughly reviewing risk reports before they are presented to the Board. The full Risk Management report on pages 25 to 30 of the Annual Report explains the Group's risk management approach as well as the significant risks threatening the Group's strategic business objectives.

The declaration of compliance with laws and regulations and the declaration of material interests in contracts affecting the Company and a confirmation that they would not vote on subjects in which they have a significant interest are available in the Directors' Report on pages 107 to 110. Related party transactions are reported on pages 198 to 200.

COMMITTEE OF AUDITORS

As previously announced, the Board has created an Audit Committee consisting of three non-executive independent directors, and information about its work can be found in the Audit Committee Report on pages 103 and 104.

CODE OF BUSINESS CONDUCT & ETHICS

The Group has a Code of Conduct and Ethics, which all workers and Directors are obligated to follow. It requires employees and directors;

- to perform their duties with honesty, objectivity, and due diligence,
- to maintain the confidentiality of commercial and price sensitive information,
- to work within applicable laws and regulations,

- to protect the Company's assets, and
- to avoid conduct that will negatively reflect on them or the company's image.

It also deals with concerns such as,

- Conflicts of interest
- 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

Declarations of interest are submitted by all Directors prior to their appointments and annually afterwards. Accordingly, they are well-informed on their persistent responsibility to assess if they have a possible or actual conflict of interest deriving from outside associations, interests, or personal relationships that could sway their judgment in key matters that the Board examines on occasions.

CORPORATE GOVERNANCE DISCLOSURES

With the aim of ensuring that Financial Statements are prepared in compliance with the Companies Act No.7 of 2007, Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the ICASL and the requirements of the CSE and other applicable authorities, the Board of Directors has taken feasible measures.

The Company and its subsidiaries follow all of the mandatory rules and regulations set forth in the CSE's Corporate Governance Listing Rules (revised in 2014). The Group has also fully concerned the ICASL's Best Practice on Corporate Governance Reporting requirements, complying as much as possible with the applicable provisions.

INSTITUTIONAL SHAREHOLDERS

E.1 Shareholder votings

E.2 Evaluation of Governance Disclosures

OTHER INVESTORS

F.1 Investing and Divesting Decisions

F.2 Shareholder voting

INTERNET OF THINGS & CYBERSECURITY

G.1 Identify exposure to cyber risks

G.2 Appointment of CISO

G.3 Allocate time for discussion of cyber risk management

G.4 Assess effectiveness of cyber risk management

G.5 Disclose process to identify and manage cyber risk

On the Company's website, shareholders can find sufficient financial and other pertinent information to help them make decisions about their investments. Annual Reports and Interim Financial Statements are distributed to all registered shareholders and the Colombo Stock Exchange within the time-frames specified. The Group's dedication to excellence in Annual Reporting has been recognised by the Institute of Chartered Accountants of Sri Lanka's awarding of Gold medals for the industry for the past seven years.

The Annual General Meeting is open to all shareholders, and they are encouraged to attend and vote on the issues presented to them on page 219.

The IT Governance Framework at LAUGFS is based on the following industry standards, resulting in an industry-standard IT Governance Framework:

a. Information Security Management system

b. Disaster recovery and business continuity

c. PMBOK 5.1 for IT projects management

IT services are a centralised function that serves the entire organisation. Internal vulnerability and penetration testing is carried out using a paid tool, and corrective action is done to increase the Group's cyber resilience. The Board has determined that information security management is necessary, and the Group Senior Manager, who reports to the Group Managing Director, is in charge of it. The weekly IT Steering committee's agenda item is information security, which is also the focus of the weekly IT security meeting. The Group's IT and Cyber security is a topic on the agenda of the Group's annual statutory financial statement audit.

Corporate Governance

LAUGFS Gas PLC Group is compliant with a solid information security management system. The LAUGFS computer network is protected by a tiered security architecture that includes Virtual LANS, Active Directory-based authentication to get access to any machine on the network, credential-based authentication for applications, and two-factor authentication for essential systems. Through the use of CISCO layer 2 switches, access to the LAUGFS wired network is restricted to known/registered MAC addresses. WIFI access to the network is also available on all floors, with network segregation and I - AAA (Identification, Authentication, Authorisation, Accountability). Separate SSIDs have also been set up to separate personnel and guests, limiting guest traffic on the corporate network. Guest access is controlled by a captive portal with time, content, and bandwidth limits. Endpoint security and device encryption are also in place as part of a strong BYOD policy to protect information. The network can only be accessed by authorised devices. Through regular monitoring, the system administrator has the ability to prohibit any device recognised as unauthorised by blocking the device's MAC address.

APPOINTMENT OF A CHIEF INFORMATION SECURITY OFFICER (CISO)

A Chief Information Security Officer (CISO) has been newly appointed and under his supervision, a Security Operations Centre manages the Group's information security risk management by performing security operations and developing a security strategy. The risk detection, evaluation, and treatment procedures are all in line with the Information Security Management system. Every year, the Group IT Steering Committee reviews the information security policies and approves any revisions.

Risk assessment is carried out by Group IT on the basis of the assessed basis. A process-based risk assessment is carried out. We examine the financial impact, operational impact, and CIA (Confidentiality, Integrity, Availability) for asset-based risk identification, based on which the criticality of the asset is determined, followed by an appropriate risk treatment plan. A vulnerability assessment is performed for each asset identified by the procedure, along with a list of preventive controls. The overall risk rating is derived based on the likelihood of occurrence and impact. If the risk is rated 6 or above, the decision is made to minimise, accept, avoid, or transfer the risk.

ALLOCATE SUFFICIENT TIME FOR DISCUSSION OF CYBER RISK MANAGEMENT

The Board allocates time to address cyber risk management and receives updates from the Group's IT steering committee on:

- Current and potential threats to IT security, as well as preventive and remedial actions, and their implementation and development.
- Initiatives in the business strategy connected to information security, as well as the state of their implementation.
- Incidents involving information security, if any, and related corrections, root causes, and corrective measures taken
- Checklist of software versions and compatibility, as well as related patch updates
- Review of change requests and their approvals

ENSURING EFFICACY OF CYBER-SECURITY RISK MANAGEMENT

The information security risk management is an integral aspect of the information security management system that complies with – whose active state can only be ensured through a periodic surveillance audit.

Describe the procedure for identifying and managing cyber-security threats

As stated previously, compliance was achieved.

ENVIRONMENT, SOCIETY & GOVERNANCE REPORTING

The LAUGFS Gas Annual Report includes information on environmental, social, and governance issues to help stakeholders understand how ESG elements affect the Group's activities. IIRC's Integrated Reporting Framework and the GRI Standards for Sustainability Reporting have been utilised in the preparation of this report.

The specific concerns raised in this section of the Code are discussed under followings:

- Environmental factors – Natural Capital Report on page 70
- Social factors – Social & Relationship Capital Report on page 54 and Human Capital Report on page 64
- Governance – Corporate Governance Report on page 90 together with the Committee reports on pages 99 to 106 and the Risk Management Report on pages 25 to 30.

Investment Committee Report

The Investment Committee as at 31st March 2022 comprised Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya. Mr. Anil Tittawella (demised on 28.02.2022), Mr. N. M. Prakash (Resigned on 31.05.2022), Mr. P. Kudabalage. Mr. R. Selvaskandan, Mr. P. M. B. Fernando, and Mr. K. R. Goonesinghe were appointed w.e.f. 09.06.2022.

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

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

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

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

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

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

vi. Review and recommend investment policies to the Group.

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

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

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

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

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

U.K. Thilak De Silva
Chairman
Investment Committee

31st August 2022

Management Committee Report

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

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

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

31st August 2022

Remuneration Committee Report

COMPOSITION

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

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

With the demise of Mr. Anil Tittawella (Independent/Non-Executive Director) – 28th February 2022 and the subsequent resignation of Mr. Laith Withana (Independent/Non-Executive Director) with effect from 28th March 2022, Mr. R. Selvaskandan and Mr. K. R. Goonesinghe, Independent/ Non-Executive Directors was appointed as members with effect from 09th June 2022.

KEY RESPONSIBILITIES

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

ACTIVITIES IN 2021/22

In spite of the consequential challenges the cluster had to encounter due to the post covid pandemic and the subsequent economic crisis, the business was compelled to ensure that due focus and attention was given towards the retention of critical talent across all levels and emphasis on cost optimisation initiatives as a measure to support the continuity of the business under the prevailing uncertainties.

Identified Key Challenges

1. Cost optimisation for the sustainability of the business
2. Critical talent identification and retention
3. Basic salary anomalies rectification of identified mission & functionally critical positions
4. Annual performance evaluation across the Group in view of driving the performance culture.

1. Cost optimisation for the sustainability of the business

- → Due to the uncertain volatility created due to the post Covid 19 pandemic, and the on-going economic crisis in the country, all aspects of HR Costs including all recruitments were critically reviewed across the entity as a measure of supporting the Business.

2. Critical talent identification and retaining of identified mission & functionally critical positions

- → Critical roles at senior levels was reviewed to identify prospective internal talent who are capable of shadowing such positions. External talent mapping was done simultaneous where internal talent was absent mitigating the risk factor.
- → All mission critical, functionally critical positions, top performers and talent with high potential was revisited to ensure transparency and accuracy in the mapping process. Such was isolated from the rest to ensure a high level of customised focus is given when developing retention strategies.
- → A comprehensive succession planning framework was designed supporting the talent management and development endevours.
- → Talent and cost optimisation programs will continue to be a focal point in the post pandemic efficiency building measures across the entity in the years ahead.

Remuneration Committee Report

3. **Basic salary anomalies rectification of identified mission & functionally critical positions**

→ Basic salary anomalies of Key Management Personnel and critical talent identified through the talent mapping process was rectified as a retention strategy.

→ The said anomalies was bridged to be in par with the current market anchors and a comprehensive salary survey was conducted by the Group HR Team to facilitate the foundation of the process.

4. **Annual performance evaluation across the Group to drive forward the performance culture**

→ Despite the many business challenges faced, the Annual Performance Evaluations of all employees across the Group was successfully concluded.

Convening periodic meetings to reorganise KMP deliverables/ expectations with due attention is scheduled to take place commencing the new financial year.

Prof. Sampath Amarathunga
Chairman
Remuneration Committee

31st August 2022

Audit Committee Report

REPORT OF THE BOARD AUDIT COMMITTEE

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

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

ROLE OF THE COMMITTEE

The Audit Committee's primary responsibility is to assist the Board in carrying out its oversight duties in areas such as the risk management process, effectiveness of the prevailing internal control system, regulatory and statutory compliance and the integrity of financial reporting of LAUGFS Gas PLC and its subsidiaries, in accordance with Sri Lanka Accounting Standards. The Audit Committee is also in charge of evaluating the quality of audit conducted by the external auditor, as well as the independence and objectivity of the external auditor, and making a recommendation to the Board on the external auditor's appointment or reappointment. The Committee also assesses the adequacy and performance of the Internal Audit function, established by the company.

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

MANDATE

To review and monitor:

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

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

COMPOSITION OF THE AUDIT COMMITTEE

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

Name of the KMP	Directorship status	Remarks
Mr. Mayura Fernando	Chairman/Non-Executive Director	Appointed from 09.06.2022
Prof. Sampath Amarathunga	Member/Non-Executive Director	
Mr. Rajaratnam Selvaskandan	Member/Non-Executive Director	Appointed from 09.06.2022
Mr. Kamal Goonesinghe	Member/Non-Executive Director	Appointed from 09.06.2022
Mr. N Murali Prakash	Member/Non-Executive Director	Resigned W.E.F 31.05.2022
Mr. Lalith Withana	Chairman/Non-Executive Director	Resigned W.E.F 28.03.2022
Mr. Anil Tittawella	Member/Non-Executive Director	Deceased on 28.02.2022
Mr. Tissa Bandaranayake	Chairman/Non-Executive Director	Resigned W.E.F 30.06.2021

The Board is satisfied that together, the members of the Committee, as set out in their biographical details on pages 86 to 89, bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and backgrounds, and as a whole have competence relevant to the sectors in which the Group operates. The Chief Internal Auditor, Mr. Prasenna Balachandran serves as the Secretary of the committee.

Audit Committee Report

COMMITTEE MEETINGS

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

Name of the Board Committee member	Attended/ Eligibility
Mr. Murali Prakash	4/4
Mr. Lalith Withana	3/3
Mr. Anil Tittawella	3/3
Prof. Sampath Amarathunge	3/4
Mr. Tissa Bandaranayeka	1/1

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

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

FINANCIAL REPORTING

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

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

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

INTERNAL AUDIT

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

- reviewed and approved the Group Internal Audit function's charter, strategy and annual plan;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Internal Audit function on the delivery of the 2021/22 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- considered the impact of remote versus on-site auditing in certain jurisdictions as a result of COVID-19 travel restrictions;

EXTERNAL AUDIT

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

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

The Committee also reviewed the arrangements made by the Auditors to maintain their independence and confirmation has been received from the Auditors of their compliance with the independence guidance given in the Code of Ethics of the Institute of Chartered Accountants of Sri Lanka. The Committee is satisfied that the independence of the External Auditors has not been impaired by any non-audit services performed by them.

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messer Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2023, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

Mayura Fernando
Chairman,
Audit Committee

31st August 2022

Report of the Related Party Transaction Review Committee

This report of the Related Party Transactions Review Committee for the year ended 31st March 2022 envisages an overview of the committee's work in discharging its responsibilities.

PURPOSE OF THE COMMITTEE COMPOSITION AND ATTENDANCE

The Committee comprises a combination of Executive and Non-Executive Directors, the majority of whom are independent and non-Executive. The Chairman of the Committee is an Independent Non-Executive Director,

Name of the Board Committee Member	Membership Status
Mr. Murali Prakash*	Chairman /INED
Mr. Lalith Withana**	Member /INED
Mr. Anil Tittawella***	Member/INED
Mr. Tissa Bandaranayeka****	Member/INED

* Resigned w.e.f. 31st May 2022
** Resigned w.e.f. 28th March 2022
*** Deceased on the 28th February 2022
***** Retired on 30th June 2021

The new committee members were appointed on the 9th June 2022 as follows,

Name of the Current Committee member	Membership Status
Mr. Mayura Fernando	Chairman /INED
Mr. Rajarathnam Selvaskandan	Member /INED
Mr. Kamal Goonesinghe	Member/INED
Prof. Sampath Amarathunge	Member/INED

* INED- Independent Non-Executive Director

Regular Attendees by invitation

Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Chief Operating Officer –LAUGFS Gas PLC
Group Director – Finance	Deputy General Manager- Group Treasury Division
General Manager Finance – LAUGFS Gas PLC	Chief Legal Officer

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

The Committee met four (04) times during the financial year ended March 31 2022, and the proceedings of the Committee meetings have been regularly reported through verbal briefings and by tabling the minutes of the Committee's meetings.

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

Name of the Board Committee member	Attended/ Eligibility
Mr. Murali Prakash	4/4
Mr. Lalith Withana	3/3
Mr. Anil Tittawella	3/3
Mr. Tissa Bandaranayeka	1/1

DUTIES AND RESPONSIBILITIES

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

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

METHODOLOGY ADOPTED BY THE COMMITTEE

Keeping in line with the guiding principles, self-declarations are obtained from each Director and Key Management Personnel (KMP) of the Company to identify parties related to the Directors& KMPs. Through this, the Company adopts a disclosure-based approach to identifying the related parties.

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

Report of the Related Party Transaction Review Committee

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

Continuous initiatives were taken by the committee in making awareness of strict compliance with section 09 of the listing rules. During the year, the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the management.

The committee reviewed and strengthened the RPTR Charter within the financial year to provide more clarity on the current business context. The committee quarterly monitored the recurrent transactions and their compliance with the approved values and, where required, directed them to the relevant Boards for further directions. The training was conducted for all KMPs and other functional heads to increase awareness of all regulations under the RPTR scope by an industry specialist.

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

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

Mayura Fernando
Chairman,
Related Party Transaction Review Committee

31st August 2022

Annual Report of the Board of Directors

The Board of Directors of LAUGFS Gas PLC has the pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2022. LAUGFS Gas PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and is listed on the Colombo Stock Exchange since December 2010.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Gas PLC are downstream business of Liquefied Petroleum Gas (LPG) and other related products and services. The Company caters to domestic, commercial and industrial LPG markets. Its subsidiaries LAUGFS Maritime Services (Pvt) Ltd. provides maritime LPG logistic services, LAUGFS Gas (Bangladesh) Ltd. is engaged in LPG downstream business in Bangladesh, SLOGAL Energy DMCC, which is incorporated in the UAE, is engaged in energy trading business activities, LAUGFS Terminals Ltd. is operating a LPG transshipment and storage facility at the Port of Hambantota, and LAUGFS Property Developers (Pvt) Ltd. is the owning company of the Head Office building. The Company underwent a major restructuring process on 31st March 2018 where its former subsidiaries, namely; LAUGFS Leisure Ltd. engaged in the leisure sector, LAUGFS Power Ltd. engaged in the renewable energy sector, and LAUGFS Eco Sri Ltd. engaged in vehicle emission testing, were vested with the shareholders of LAUGFS Gas PLC by way of a scheme of arrangement as per section 256 of the Companies Act No. 7 of 2007, whereby the LAUGFS Gas Group transformed itself into a pure play energy company in order to enhance its business operations. Whilst initial approval to proceed with this process was granted by the Commercial High Court under case bearing number HC (Civil) 01/2018/CO on 10th January 2018, the Company managed to obtain requisite shareholder approval for the same at the Extraordinary General Meeting held on 20th March 2018, whereby the final order approving the process by the Commercial High Court was granted on 23rd March 2018. As a result of this restructuring process the stated capital of the Company was also reduced to Rs. 1Bn after following all requisite formalities. The said three companies, which were a part of the said scheme of arrangement, namely; LAUGFS Leisure Ltd., LAUGFS Power Ltd. and LAUGFS Eco Sri Ltd. have made their respective listing applications to the Colombo Stock Exchange, where LAUGFS Power Ltd. now known as LAUGFS Power PLC was listed in the Diri Savi Board of the Colombo Stock Exchange on 30th October 2019, whereas the listing applications of LAUGFS Eco Sri Ltd. and LAUGFS Leisure Ltd. are currently pending the approval of the Colombo Stock Exchange.

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

BUSINESS REVIEW

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

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 9.3Bn, whilst Group revenue amounted to Rs. 34.6Bn contribution to Group revenue, from the different business segments carried out by the subsidiaries are provided in Note 04, to the Financial Statements.

FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Financial Statements of the Company and the Group for the year ended 31st March 2022 as approved by the Board of Directors on 31st August 2022 are given on pages 115 to 207. The Auditor's Report on the Financial Statements of the Company and the Group is given on page 115.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 126 to 143 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. 3.9Mn of these, the donations to approved charities were Rs. Nil.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 35Bn. The details of the investments are given in Note 14.1 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 14Bn and Rs. 42Bn 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. 16Mn and Rs. 327Mn respectively. Details of property, plant and equipment are given in Note 8 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1Bn with effect from 31st March 2018 as per the scheme of arrangement. The stated capital of

Annual Report of the Board of Directors

the Company consists of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares. The total Group Equity was Rs. 6.2Bn.

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

HUMAN RESOURCES

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

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 84 to 89. Accordingly, the following persons were the Directors of the Company as at the date of the annual report.

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

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

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

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

(e) Mr. R. Selvaskandan
Independent Non-Executive Director (appointed w.e.f. 9th June 2022)

(f) Mr. K. R. Goonesinghe
Independent Non-Executive Director (appointed w.e.f. 9th June 2022)

(g) Mr. P. M. B. Fernando
Independent Non-Executive Director (appointed w.e.f. 9th June 2022)

In terms of Article 81 and 82 of the Articles of Association of the Company Prof. S. P. P. Amaratunge retires by rotation and being eligible is recommended by the Board for re-election at the ensuing Annual General Meeting. Mr. R. Selvaskandan, Mr. K. R. Goonesinghe and Mr. P. M. B. Fernando retire in terms of Article 88 of the Articles of Association and being eligible to be re-elected as recommended by the Board at the AGM.

BOARD COMMITTEES

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

AUDIT COMMITTEE

Audit Committee as at 31st March 2022 comprised four members namely, Mr. N. M. Prakash (resigned w.e.f.31.05.2022), Prof. S. P. P. Amaratunge. Mr. Lalith Withana (resigned w.e.f.28.03.2022) and Mr. Anil Tittawella (demised on 28.02.2022). Mr. P. M. B. Fernando, Mr. R. Selvaskandan and Mr. K. R. Goonesinghe were appointed to the Audit Committee on 9th June 2022. The Broad purposes of this Committee is to oversee the preparation, presentation and adequacy of the disclosure of information in Financial Statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements.

The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors.

The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS COMMITTEE REVIEW

The Related Party Transactions Committee Review as at 31st March 2022 comprised Mr. N. M. Prakash (resigned w.e.f. 31.05.2022), Mr. Lalith Withana (resigned w.e.f.28.03.2022) and Mr. Anil Tittawella (demised on 28.02.2022) Mr. P. M. B. Fernando, Mr. R. Selvaskandan and Mr. K. R. Goonesinghe were appointed to the committee w.e.f. 9th June 2022.

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

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

INVESTMENT COMMITTEE

The Investment Committee as at 31st March 2022 comprised Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya. Mr. Anil Tittawella (demised on 28.02.2022), Mr. N. M. Prakash (resigned w.e.f. 31.05.222) and Mr. P. Kudabalage. Mr. P. M. B. Fernando, Mr. R. Selvaskandan and Mr. K. R. Goonesinghe were appointed to the Committee on 9th June 2022. Its' principal focus is on evaluating investment opportunities, monitoring return on investments, the overall direction of the Group and review of business operational results. The report of the Investment Committee is given under the Board committee reports section of the Annual Report.

REMUNERATION COMMITTEE

The Remuneration Committee as at 31st March comprised Prof. S. P. P. Amaratunge (Chairman of the Remuneration Committee), Mr. N. M. Prakash (resigned w.e.f. 31.05.2022), Mr. A. Tittawella (demised on 28.02.2022, and Mr. L. Withana (resigned w.e.f. 9th June 2022). The committee was reconstituted on 9th June 2022 and includes Mr. R. Selvaskandan (Chairman of the Committee), Prof. S. P. P. Amaratunge and Mr. K. R. Goonesinghe. This committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the senior management of the Company.

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

MANAGEMENT COMMITTEE

The Management Committee comprises Mr. W. K. H. Wegapitiya (Chairman), Mr. U. K. Thilak De Silva, Mr. P. Kudabalage and Mr. R. Selvaskandan (appointed w.e.f. 9th June 2022). Its principle focus if on the overall strategic direction and review of business operational results. The report of the Management Committee is given under the Board committee reports section of the Annual Report.

INTEREST REGISTER

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

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the Related Party Transactions under Note 28 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2022 and as at 1st April 2021, as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Name of Director	As at 31st March 2022				As at 1st April 2021			
	Voting Shares		Non-voting Shares		Voting Shares		Non-voting Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. W. K. H. Wegapitiya	1,411,536	0.421	NIL	-	1,411,536	0.421	NIL	-
Mr. U. K. Thilak De Silva	1,077,897	0.322	NIL	-	1,077,897	0.322	NIL	-
Mr. P. Kudabalage	Nil	-	NIL	-	Nil	-	NIL	-
Mr. N. M. Prakash (resigned w.e.f. 31st May 2022)	17,000	0.005	NIL	-	17,000	0.005	NIL	-
Prof. S. P. P. Amaratunge	NIL	-	NIL	-	NIL	-	NIL	-
Mr. R. Selvaskandan (appointed w.e.f. 09th June 2022)	NIL	-	NIL	-	NIL	-	NIL	-
Mr. K. R. Goonesinghe (appointed w.e.f. 09th June 2022)	NIL	-	NIL	-	NIL	-	NIL	-
Mr P. M. B. Fernando (appointed w.e.f. 09th June 2022)	100	-	-	-	100	-	-	-

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

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 28 to the Financial Statements.

Annual Report of the Board of Directors

SHARE INFORMATION

Information relating to earnings, dividends and net assets per share are given on page 12. The market value per share is given on page no 212 and 213 The distribution and the composition of shareholding are given on page no 211 and 213 of this Annual Report. The Details of the 20 major shareholders of the Company including the number of shares held by them are given on page 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 its knowledge, all taxes, duties and levies payable by the company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant, provided for, except as specified in Note 26.2 the Financial Statements covering contingent liabilities.

GOING CONCERN

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

DIVIDENDS

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

DISCLOSURES ON TRANSFER PRICING

The Company has adopted a Transfer Pricing Policy in terms of the Regulations issued under Section 76 of the Inland Revenue Act No. 24 of 2017 in order to secure the transparency and accuracy of all the transactions including Related Party Transactions. The management is committed to monitor and review the Transfer Pricing Policy from time to time. All the Related Party Transactions are disclosed under Note 28 to the Financial Statements.

It is certified that the company has complied with the Transfer Pricing Regulations issued under Inland Revenue Act No. 24 of 2017. The information pursuant to these Regulations is given under certificate produced under the said Act. We believe that the record of transactions entered into with related parties during the period from 1st April 2021 to 31st March 202 are at arm's length and not prejudicial to the interests of the Company. The transactions are entered into on the basis of a transfer pricing policy adopted by the company. All transactions have been submitted to the Independent Auditors for audit. No adverse remarks have been made in their report on the audit of such transactions.

AUDITORS

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 27th September 2022 at 9.30 a.m. at the Head office of LAUGFS Holdings Ltd. as a virtual meeting. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report. This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board,

W. K. H. Wegapitiya
Director

U. K. Thilak De Silva
Director

Corporate Advisory Services (Private) Limited
Secretaries

31st August 2022

Statement of Directors' Responsibilities

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

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

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

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

COMPLIANCE REPORT

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

Corporate Advisory Services (Private) Limited
Secretaries

31st August 2022

FINANCIAL STATEMENTS

Financial Calendar

FINANCIAL CALENDAR FOR 2021/2022

→ First Quarter ended 30th June 2021	–	Published on 13th August 2021
→ Second Quarter ended 30th September 2021	–	Published on 15th November 2021
→ Third Quarter ended 31st December 2021	–	Published on 14th February 2022
→ Fourth Quarter ended 31st March 2022	–	Published on 06th July 2022
→ Annual Report for 2021/2022	–	Published on 05th September 2022
→ Annual General Meeting	–	Will be held on 27th September 2022 at 9.30 a.m.

Independent Auditor's Report

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

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAUGFS GAS PLC

Report on the audit of the consolidated Financial Statements

Opinion

We have audited the Financial Statements of LAUGFS Gas PLC (the "Company"), and the consolidated Financial Statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuS). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of fair value of significant non-current assets	
As of the reporting date, the Group carried the following significant non-current assets at fair value. → Lands, Buildings, Vessels and Cylinders in Hand and in Circulation classified as Property, Plant and Equipment, and → Land and buildings classified as Investment Property. This was a key audit matter due to: → Materiality of the reported balances which amounted to Rs. 22,678 Mn and represents 39% of the total assets of the group. → The degree of assumptions, judgements and estimation uncertainties associated with assessing the fair value of such significant non-current assets such as reliance on comparable market transactions, and current market conditions. Key areas of significant judgments, estimates and assumptions used in the assessing the fair value of such significant non-current assets, as disclosed in Notes 8 and 10, included judgements involved in ascertaining the appropriateness of valuation techniques and estimates such as: → Estimate of per perch value of the land and per square foot value of the buildings → Estimate of market price of the cylinders and the vessels	Our audit procedures included the following; → Assessed the competency, capability and objectivity of the external valuer engaged by the Group. → Read the external valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each asset. → We assessed the reasonableness of the significant judgements made by the valuer including appropriateness of the valuation techniques, per perch price, value per square foot and market price used by the valuer. → We have also assessed the adequacy of the disclosures made in notes 8 and 10 to the financial statements relating to the significant judgements, valuation techniques and estimates used by the external valuer.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of Impairment of Goodwill	
The Group's Statement of Financial Position includes an amount of Rs. 4,318 Mn relating to Goodwill acquired as disclosed in Note 12 to the financial statements. The cash generating units (CGUs) with goodwill are tested annually for impairment based on its recoverable amount. The recoverable amount is the higher of value in use (VIU) and fair value less costs of disposal. A deficit between the recoverable amounts and the carrying values of the CGUs would result in an impairment. VIU computations prepared by Management were based on discounted future cash-flows of the CGUs with goodwill. Assessment of impairment of these CGUs with goodwill was a key audit matter due to: → The degree of assumptions, judgements and estimates associated with deriving the estimated future cash flows used for value in use calculations considering current economic conditions. As disclosed in Notes 12 and 14, key areas of significant judgments, estimates and assumptions included key inputs and assumptions related to VIU computations of future cash flows, growth rate over forecast period, discount rate and terminal growth rate including the potential impacts of the current economic conditions prevailing in the country.	Our audit procedures included the following; → Gained an understanding of how Management has forecast its discounted future cash flows which included considerations of the potential impact of the current economic conditions prevailing in the country. → Checked the calculations of the discounted future cash flows and checked the completeness and accuracy of the underlying data used by Management to relevant accounting records. → Based on the best available information up to the date of our report, we assessed the reasonableness of significant assumptions used by the Group, including the growth rates and discount rate of the estimated future cash flows. We assessed the adequacy of the disclosures made in Notes 12 and 14 in the Financial Statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Interest Bearing Borrowings	
As of the reporting date, the Group reported total interest-bearing borrowings of Rs. 40,168 Mn, of which Rs. 23,326 Mn is presented as current liabilities and the balance amount of Rs. 16,842 Mn is presented as non-current liabilities. This was a key audit matter due to: → the magnitude of the interest-bearing borrowings and its significance to the overall financial statements (78% of total liabilities). → appropriateness of disclosures including liquidity risk management, maturity profile and current vs non-current classification of such borrowings in the financial statements.	Our audit procedures included the following; → Obtained an understanding of the terms and conditions attached to borrowings, by perusing the loan agreements. We also factored in available moratoriums facilities and revisions to financing arrangements made during the year. → We assessed the maturity profile of the Group's interest-bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirements. We also assessed the adequacy of the disclosures made in Notes 16.2 and 30 to the Financial Statements.

Other information included in the Group's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the Financial Statements and our auditors' report thereon. The management is responsible for the other information. Other information is expected to be made available to us after the date of this auditors' report.

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

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

Responsibilities of management and those charged with governance

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

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

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

Auditors' responsibilities for the audit of the Financial Statements

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

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

→ Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

→ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and Group.

→ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

→ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

→ Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

→ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on other legal and regulatory requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditors' report is 7752.

Ernst & Young

31 August 2022
Colombo

Partners: H M A Jayesinghe FCA FCMA, R N de Saram ACA FCMA, Ms. N A De Silva FCA, W R H De Silva FCA ACMA, Ms. Y A De Silva FCA, Ms. K R M Fernando FCA ACMA, N Y R L Fernando ACA, W K B S P Fernando FCA FCMA, Ms. L K H L Fonseka FCA, D N Gamage ACA ACMA, A P A Gunasekera FCA FCMA, A Herath FCA, D K Hulangamuwa FCA FCMA LLB (London), Ms. G G S Manatunga FCA, A A J R Perera ACA ACMA, Ms. P V K N Sajeewani FCA, N M Sulaiman ACA ACMA, B E Wijesuriya FCA FCMA, C A Yalagala ACA ACMA

Principals: W S J De Silva BSc (Hons)-MIS MSc-IT, G B Goudian ACMA, D L B Karunathilaka ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Revenue	5.1	34,596,520,507	35,533,768,139	9,254,488,343	13,711,824,385
Cost of Sales		(34,257,246,893)	(31,799,185,672)	(9,696,392,809)	(13,865,385,333)
Gross Profit / (Loss)		339,273,614	3,734,582,467	(441,904,466)	(153,560,948)
Other Operating Income	5.2	501,280,269	703,048,176	432,367,362	976,137,219
Selling and Distribution Expenses		(1,783,654,858)	(2,209,578,929)	(341,292,196)	(650,113,398)
Administrative Expenses		(1,020,021,501)	(1,065,445,426)	(422,746,946)	(518,336,283)
Foreign Currency Exchange Gains/(Loss)		(913,596,463)	33,371,123	(1,014,887,404)	(43,291,675)
Fair Value Gain on Investment Properties	10	600,507,500	117,444,367	176,000,000	37,500,000
Operating Profit / (Loss)		(2,276,211,439)	1,313,421,778	(1,612,463,650)	(351,665,085)
Finance Costs	5.3	(2,298,071,355)	(2,234,920,965)	(1,518,386,916)	(1,531,305,554)
Finance Income	5.4	4,222,609	6,772,860	2,569,578	2,417,737
Loss Before Tax		(4,570,060,185)	(914,726,327)	(3,128,280,988)	(1,880,552,902)
Income Tax Expense	6.1	587,587,238	256,440,066	632,456,066	386,294,842
Loss for the Year		(3,982,472,947)	(658,286,261)	(2,495,824,922)	(1,494,258,060)
Attributable to:					
Equity Holders of the Parent		(4,077,068,060)	(685,532,742)	(2,495,824,922)	(1,494,258,060)
Non-Controlling Interests		94,595,113	27,246,481	-	-
		(3,982,472,947)	(658,286,261)	(2,495,824,922)	(1,494,258,060)
Loss Per Share					
Basic/Diluted Loss Attributable to Ordinary Equity Holders of the Parent	7	(10.54)	(1.77)	(6.45)	(3.86)

The accounting policies and notes on pages 126 to 207 form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Loss for the Year		(3,982,472,947)	(658,286,261)	(2,495,824,922)	(1,494,258,060)
Other Comprehensive Income					
Other Comprehensive Income that may be reclassified to profit or loss in subsequent period :					
Foreign Exchange Translation Differences		2,816,845,917	315,071,407	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		2,816,845,917	315,071,407	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :					
Gains/(Losses) on Financial Assets at FVTOCI	5.6	(6,569)	76,239,141	2,038,092,447	1,461,542,206
Actuarial Gains/(Losses) on Defined Benefit Liability	5.6	21,629,821	(21,697,137)	5,986,248	693,959
Gain on Revaluation of Property, Plant & Equipments		8,491,186,967	-	6,181,161,706	-
Income Tax Effect	6.2	(1,703,727,743)	46,158,291	(1,083,931,338)	(138,669,098)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		6,809,082,476	100,700,295	7,141,309,063	1,323,567,067
Other Comprehensive Income/(Loss) for the Year, Net of Tax		9,625,928,393	415,771,702	7,141,309,063	1,323,567,067
Total Comprehensive Income/(Loss) for the Year, Net of Tax		5,643,455,446	(242,514,559)	4,645,484,141	(170,690,993)
Attributable to:					
Equity Holders of the Parent		5,548,542,236	(269,754,359)	4,645,484,141	(170,690,993)
Non-Controlling Interests		94,913,210	27,239,799	-	-
		5,643,455,446	(242,514,559)	4,645,484,141	(170,690,993)

The accounting policies and notes on pages 126 to 207 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	42,010,483,170	27,110,240,868	13,955,907,804	8,376,320,242
Right of Use Assets	9.1	1,296,282,201	983,770,266	57,325,294	79,934,892
Investment Properties	10	3,480,506,662	2,877,706,662	1,076,200,000	900,200,000
Intangible Assets	11	4,356,540,849	2,888,470,575	-	51,221
Investments in Subsidiaries	14	-	-	35,004,286,787	32,966,187,770
Other Non-Current Financial Assets	16.1	18,494,990	10,457,786	18,494,990	10,457,786
		51,162,307,872	33,870,646,157	50,112,214,875	42,333,151,911
Current Assets					
Inventories	17	1,940,663,584	2,956,237,252	439,823,899	460,815,876
Trade and Other Receivables	18	3,419,978,625	4,482,353,070	1,244,036,782	2,241,145,353
Prepayments	13	170,751,693	95,651,886	8,869,018	20,946,232
Income Tax Recoverable		183,212,841	188,765,856	167,534,017	168,362,468
Other Current Financial Assets	16.1	14,253,944	140,356,872	14,253,944	140,356,872
Cash and Short-Term Deposits	19.1	811,427,236	312,136,727	25,046,962	65,948,552
		6,540,287,923	8,175,501,663	1,899,564,622	3,097,575,353
Total Assets		57,702,595,795	42,046,147,820	52,011,779,497	45,430,727,264
EQUITY AND LIABILITIES					
Equity					
Stated Capital	20	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	21	(21,818,226)	(22,730,041)	24,863,276,720	22,670,767,636
Revaluation Reserve	22.1	7,474,518,723	804,478,813	4,983,380,606	38,451,241
Foreign Currency Translation Reserve	22.2	4,293,985,191	1,477,139,274	-	-
Accumulated Losses		(7,131,204,812)	(3,191,949,404)	(5,225,645,814)	(2,733,691,505)
Equity attributable to Equity Holders of the Parent		5,615,480,877	66,938,642	25,621,011,512	20,975,527,372
Non-Controlling Interests		573,611,713	478,698,503	-	-
Total Equity		6,189,092,590	545,637,145	25,621,011,512	20,975,527,372

As at 31 March	Note	Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16.2	16,842,373,116	14,614,054,201	4,993,380,216	5,335,364,638
Employee Benefit Liability	23	197,498,715	172,867,711	65,987,709	68,515,245
Refundable Deposits	24	2,514,995,147	2,682,569,529	2,170,461,462	2,473,989,395
Deferred Tax Liabilities	6.4	1,386,232,605	205,710,316	884,288,041	432,812,769
		20,941,099,583	17,675,201,757	8,114,117,428	8,310,682,047
Current Liabilities					
Trade and Other Payables	25	6,355,071,614	6,018,162,846	4,573,850,842	3,184,657,583
Interest Bearing Loans and Borrowings	16.2	23,326,332,621	16,947,556,363	13,461,637,330	12,684,972,551
Refundable Deposits	24	241,162,385	274,887,711	241,162,385	274,887,711
Income Tax Payable		649,837,002	584,701,998	-	-
		30,572,403,622	23,825,308,918	18,276,650,557	16,144,517,845
Total Equity and Liabilities		57,702,595,795	42,046,147,820	52,011,779,497	45,430,727,264

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

Channa Gunasekara
Director - Group Finance

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

W. K. H. Wegapitiya
Director

U.K. Thilak De Silva
Director

The accounting policies and notes on pages 126 to 207 form an integral part of these financial statements.

31 August 2022
Colombo

Statement of Changes in Equity

Year ended 31 March 2022	Attributable to Equity Holders of the Parent			
	Stated Capital	Fair Value Reserve of Financial Assets at FVTOCI	Revaluation Reserve	Foreign Currency Translation Reserve
Group	Rs.	Rs.	Rs.	Rs.
As at 31 March 2020	1,000,000,000	(353,244,862)	863,475,501	1,162,067,867
Loss For the Year	-	-	-	-
Other Comprehensive Income/(Loss)	-	76,239,141	64,351,703	315,071,407
Total Comprehensive Income/(Loss)	-	76,239,141	64,351,703	315,071,407
Transfer of Depreciation on Revaluation of Property, Plant and Equipments	-	-	(123,348,391)	-
Disposal of Financial Assets at FVTOCI	-	254,275,679	-	-
As at 31 March 2021	1,000,000,000	(22,730,041)	804,478,813	1,477,139,274
Loss for the Year	-	-	-	-
Other Comprehensive Income/(Loss)	-	(6,569)	6,793,388,301	2,816,845,917
Total Comprehensive Income/(Loss)	-	(6,569)	6,793,388,301	2,816,845,917
Transfer of Depreciation on Revaluation of Property, Plant and Equipments	-	-	(123,348,391)	-
Disposal of Financial Assets at FVTOCI	-	918,385	-	-
As at 31 March 2022	1,000,000,000	(21,818,226)	7,474,518,723	4,293,985,191

Year ended 31 March 2022	Stated Capital
Company	Rs.
As at 31 March 2020	1,000,000,000
Loss For the Year	-
Other Comprehensive Income	-
Total Comprehensive Income /(Loss)	-
Disposal of Financial Assets at FVTOCI	-
As at 31 March 2021	1,000,000,000
Loss for the Year	-
Other Comprehensive Income	-
Total Comprehensive Income/(Loss)	-
Disposal of Financial Assets at FVTOCI	-
As at 31 March 2022	1,000,000,000

The accounting policies and notes on pages 126 to 207 form an integral part of these financial statements.

Accumulated Losses	Total	Non-Controlling Interests	Total Equity
Rs.	Rs.	Rs.	Rs.
(2,335,605,506)	336,693,000	451,458,703	788,151,703
(685,532,742)	(685,532,742)	27,246,481	(658,286,261)
(39,883,868)	415,778,383	(6,681)	415,771,702
(725,416,610)	(269,754,359)	27,239,800	(242,514,559)
123,348,391	-	-	-
(254,275,679)	-	-	-
(3,191,949,404)	66,938,643	478,698,503	545,637,145
(4,077,068,060)	(4,077,068,060)	94,595,113	(3,982,472,947)
15,382,647	9,625,610,296	318,097	9,625,928,393
(4,061,685,414)	5,548,542,234	94,913,210	5,643,455,446
123,348,391	-	-	-
(918,385)	-	-	-
(7,131,204,812)	5,615,480,877	573,611,713	6,189,092,590

Fair Value Reserve of Financial Assets at FVTOCI	Revaluation Reserve	Accumulated Losses	Total Equity
Rs.	Rs.	Rs.	Rs.
21,093,480,057	38,451,241	(985,712,932)	21,146,218,366
-	-	(1,494,258,060)	(1,494,258,060)
1,323,011,900	-	555,167	1,323,567,067
1,323,011,900	-	(1,493,702,893)	(170,690,993)
254,275,679	-	(254,275,679)	-
22,670,767,636	38,451,241	(2,733,691,505)	20,975,527,372
-	-	(2,495,824,922)	(2,495,824,922)
2,191,590,700	4,944,929,365	4,788,998	7,141,309,063
2,191,590,700	4,944,929,365	(2,491,035,924)	4,645,484,141
918,385	-	(918,385)	-
24,863,276,720	4,983,380,606	(5,225,645,814)	25,621,011,512

Statement of Cash Flows

Year ended 31 March 2022	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Loss Before Tax		(4,570,060,185)	(914,726,327)	(3,128,280,989)	(1,880,552,902)
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Amortisation of Intangible Assets	11	25,977,732	25,220,915	51,221	93,125
Decrease/(Increase) in Fair Value of Quoted Equity Securities		26,254,338	24,070,308	26,254,338	24,070,308
Depreciation of Property, Plant and Equipment	8	1,634,013,431	1,585,777,922	617,902,426	599,934,411
Amortisation of Right of Use Assets	9.1	109,548,538	79,551,292	18,574,786	15,920,623
Fair Value Gain on Investment Properties	10	(600,507,500)	(117,444,367)	(176,000,000)	(37,500,000)
Finance Costs	5.3	2,298,071,355	2,234,920,965	1,518,386,916	1,531,305,554
Finance Income	5.4	(4,222,609)	(6,772,860)	(2,569,578)	(2,417,737)
Disposal Gain/(Loss) on Disposal of Quoted Equity Securities		(36,838,255)	4,922,005	(36,838,255)	4,922,005
Dividend Income	5.2	(2,810,989)	(5,898,156)	(64,513,539)	(408,570,283)
Provision for Employee Benefit Liability	23.1	44,835,920	44,504,924	10,198,188	13,895,418
Transfer of Employee Benefit Liability	23	(1,220,974)	1,265,308	(1,677,296)	1,265,308
(Profit)/Loss on Disposal of Property, Plant and Equipment		(251,472)	6,239,618	(251,472)	7,088,910
Exchange Differences		41,419,037	68,284,743	-	-
Provision for unrecoverable taxes write off		4,724,565	8,524,023	-	-
Operating Profit before Working Capital Changes		(1,031,067,068)	3,038,440,312	(1,218,763,254)	(130,545,260)
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		1,015,573,668	(1,378,129,194)	20,991,977	(187,849,158)
(Increase)/Decrease in Trade and Other Receivables and Prepayments		987,274,639	(389,254,337)	1,009,185,786	418,174,395
Increase/(Decrease) in Trade and Other Payables		336,908,768	2,017,691,822	1,389,193,259	621,643,691
Cash Flows Generated from/(Used in) Operating Activities		1,308,690,006	3,288,748,603	1,200,607,768	721,423,668

Year ended 31 March 2022	Note	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
Employee Benefit Liability Costs Paid		(9,153,180)	(12,555,476)	(5,062,180)	(12,544,461)
Finance Costs Paid		(2,298,071,354)	(2,234,920,965)	(1,518,386,917)	(1,531,305,554)
Income Tax Paid		(8,313,694)	(21,315,550)	-	(28,038)
Refund/Transfers of Refundable Deposits	24	(352,774,750)	(522,017,602)	(338,570,969)	(503,684,152)
Refundable Deposits Received	24	40,424,499	708,640,362	1,317,710	630,718,044
Net Cash Flows Generated from/ (Used in) Operating Activities		(1,319,198,474)	1,206,579,373	(660,094,588)	(695,420,492)
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	11	(2,886,943)	(435,564)	-	-
Acquisition of Property, Plant and Equipment	8.3	(326,568,795)	(1,194,490,408)	(16,328,282)	(796,365,637)
Acquisition of Investment Properties	10	(969,500)	(655,634)	-	-
Acquisition of Right of Use Assets		-	(14,622,000)	-	(14,622,000)
Dividend Income		2,810,989	5,898,156	64,513,539	408,570,283
Finance Income	5.4	4,222,609	6,772,860	2,569,578	2,417,737
Investments in Quoted Equity Securities		-	(24,141,880)	-	(24,141,880)
Proceeds from Disposal of Property, Plant and Equipment		709,641	91,943,411	709,641	76,264,175
Proceeds from Disposal of Quoted Equity Securities		129,013,354	10,574,071	129,013,354	10,574,071
Net Cash Flows Used in Investing Activities		(193,668,645)	(1,119,156,987)	180,477,830	(337,303,249)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings		33,154,142,862	6,028,795,225	5,568,134,092	2,787,805,080
Repayment of Lease Liabilities		(192,117,383)	(63,966,223)	(25,918,936)	(13,911,166)
Repayment of Interest Bearing Loans and Borrowings		(31,615,467,719)	(6,126,964,180)	(5,264,949,673)	(1,668,185,523)
Net Cash Flows from/(Used in) Financing Activities		1,346,557,760	(162,135,177)	277,265,482	1,105,708,393
Net Increase/(Decrease) in Cash and Cash Equivalent		(166,309,359)	(74,712,791)	(202,351,276)	72,984,651
Cash and Cash Equivalent at the Beginning of the Year	19	(863,362,013)	(788,649,222)	(260,541,910)	(333,526,561)
Cash and Cash Equivalent at the End of the Year	19	(1,029,671,372)	(863,362,013)	(462,893,186)	(260,541,910)

The accounting policies and notes on pages 126 to 207 form an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

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

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Gas PLC, as at and for the year ended 31 March 2022 encompasses the Company and its Subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

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

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

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The Financial Statements of LAUGFS Gas PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 30 June 2022.

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, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss that have been measured at fair value and defined benefit obligation which is measured at present value of the obligation.

The Financial Statements are presented in Sri Lankan Rupees.

2.3 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (LKR), which is the primary economic environment in which the holding Company operates. Each entity within the Group 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);

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

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 2022.

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

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

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

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

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

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

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

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

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

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

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

2.6 Business Combinations and Goodwill

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

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

Notes to the Financial Statements

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

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

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

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

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

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

2.7 Non-Controlling Interests

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

2.8 Foreign Currency

2.8.1 Transactions and Balances

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

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

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

The Sri Lankan Rupee witnessed significant volatility, particularly during the latter part of the year. Whilst the exchange rate was maintained at stable levels during the year, as per the guidelines issued to the banks by the Central Bank of Sri Lanka (CBSL), the currency depreciated sharply in March 2022 once the CBSL allowed a free float of the currency which resulted in a steep depreciation of the Sri Lankan Rupee by 31 March 2022. In addition to the depreciation of the currency, there were significant challenges in the foreign currency market on the back of a marked reduction in liquidity amidst declining confidence and a depletion of foreign currency reserves in the country. This resulted in a series of measures such as the continuation of certain import controls and stipulations on foreign currency conversions and remittances. The lack of confidence in the market however resulted in a sharp reduction in foreign currency employment remittances which exacerbated the liquidity situation.

2.8.2 Foreign Operations

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

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

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

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

2.9 Current Versus Non-Current Classification

The Group presents assets and liabilities in Statement of Financial Position based on current/non-current classification. An asset as current when it is:

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

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

All other assets are classified as non-current assets.

A liability is current when:

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

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

The Group classifies all other liabilities as non-current.

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

2.10 Fair Value Measurement

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

- In the principal market for the asset or liability

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

The principal or the most advantageous market must be accessible by the Group.

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

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

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

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

- **Level 1** - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

Notes to the Financial Statements

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

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (Notes 3, 10, 14 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16)
- Investment properties (Note 10)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 16)

2.11 Revenue

2.11.1 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

→ Sale of Goods

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

→ Rendering of Services

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

→ Freight Income

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

Contract Balances

Contract Assets

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

Contract Liabilities

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

2.11.2 Income from Refundable Deposits

The income from refundable deposits is recognised in other operating income in the Statement of Profit or Loss once the liability is extinguished.

2.11.3 Rental Income

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

2.11.4 Dividend

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

2.11.5 Gains and Losses

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

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

2.11.6 Finance Income and Finance Costs

Finance Income

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

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

Finance Costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of fair value through OCI financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the Statement of Profit or Loss.

Interest expense is recorded as it accrues using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

2.11.7 Others

Other Income is recognised on an accrual basis.

2.12 Refundable Deposits

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

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

LAUGFS Gas (Bangladesh) Limited liable to refund the deposit subject to a minimum refund of 20% of the total refundable deposit up to 10 years.

0 to 3 Months
Full refund of the selling price.

3 to 12 Months
Minimum refund + Two third of the selling price of a cylinder after deducting minimum refund.

1 to 3 Years
Minimum refund + One third of the selling price of a cylinder after deducting minimum refund.

3 to 10 Years
Minimum refund only.

The refundable deposits (or a part of a refundable deposits) is removed from the Statement of Financial Position when the liability is extinguished and recognised in profit or loss.

2.13 Expenses

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

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

2.14 Taxes

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

2.14.1 Current Income Tax

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

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

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

2.14.2 Deferred Tax

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

Notes to the Financial Statements

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

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

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

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

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

2.14.3 Sales Tax

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

- When the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognised as a part of the cost of the asset or part of the expense items, as applicable or/and

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

2.15 Property, Plant and Equipment

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

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

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

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

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

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

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings, vessels and cylinders in hand and in circulation are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a guideline of revaluing assets by a professional valuer at least once in every three years.

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

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

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

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

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

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

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

2.16 Leases

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

Group as a Lessee

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

i) Right-of-Use Assets

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

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

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

2.16.1 Company as a Lessee

Right-of-Use Assets

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

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

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

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

Lease Liabilities

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

Notes to the Financial Statements

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

The Company's Right of Use Assets and Lease Liabilities are included in Note 9.

2.16.2 Group as a Lessor

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

2.17 Investment Properties

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

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

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

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

2.18 Intangible Assets

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

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

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

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

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

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

2.19 Research and Development Costs

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

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

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

2.20 Investment in Subsidiaries - Company

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

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

2.21 Financial Instruments

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

2.21.1 Financial Assets

Initial Recognition and Measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

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

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

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

Notes to the Financial Statements

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

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

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

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

Financial Assets at Fair Value Through Profit or Loss

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

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

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

Dividends on listed equity investments are also recognised as other income in the Statement of Profit or Loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's Statement of Financial Position) when:

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

  Or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of Financial Assets

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

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

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

2.21.1.1 Financial Liabilities

Initial Recognition and Measurement

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

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

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

Subsequent Measurement

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

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

Financial Liabilities at Amortised Cost

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

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

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

Derecognition

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

2.21.2 Offsetting of Financial Instruments

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

2.21.3 Fair Value of Financial Instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.3 and Note 16.4.

2.22 Inventories

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

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

Raw Materials
At purchase cost on weighted average cost basis

Finished Goods
At the cost of direct materials, direct labour and an appropriate proportion of overheads based on normal operating capacity, but excluding borrowing costs

Goods in Transit
At purchase cost

Other Inventories
At actual cost on weighted average cost basis

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

2.23 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an

Notes to the Financial Statements

asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit or Loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.24 Cash and Short-Term Deposits

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

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

2.25 Borrowing Costs

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

2.26 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit or Loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.27 Employee Benefits

2.27.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Group measure the cost of defined benefit plan - gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

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

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

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

This is not an externally funded defined benefit plan.

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

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

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

2.27.3 Short-term Benefits

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

2.28 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.29 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Dividend income and Interest income are classified as cash flows from investing activities. Dividends paid are classified as financing cash flows.

2.30 Changes in Accounting Policies and Disclosures

2.30.1 New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to SLFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021

On 4 December 2020, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued Covid-19-Related Rent Concessions - amendment to SLFRS 16 Leases. The amendments provide relief to lessees from applying SLFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under SLFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, in 28 June 2021, CA Sri Lanka extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 - Interest Rate Benchmark Reform Phase 1 and 2

IBOR reform Phase 1

On 15 January 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 9, LKAS 39 and SLFRS 7 due to Interest

Notes to the Financial Statements

Rate Benchmark Reform (Phase 1). A summary of Phase 1 amendments are as follows:

- Highly Probable Requirement: when determining whether a forecast transaction is highly probable to be designated as a hedged item, an entity shall assume that the interest rate benchmark on which the hedged cashflows are based is not altered as a result of the reform.
- Prospective assessments: when performing prospective assessments to evaluate whether a hedging relationship qualifies for hedge accounting, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.
- LKAS 39 retrospective assessment: an entity is not required to undertake the 'LKAS 39 retrospective assessment' for hedging relationships directly affected by the reform. However, the entity must comply with all other LKAS 39 hedge accounting requirements, including the prospective assessment.
- Separately identifiable risk components: For hedges of non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement of risk component (or a portion) to be separately identifiable to be eligible for hedge accounting, only at the inception of such hedging relationships.

IBOR reform Phase 2

In addition to Phase 1 amendments, CA Sri Lanka also issued amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 due to Interest Rate Benchmark Reform. The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include several practical expedients.

The effective date of both IBOR reform Phase 1 and Phase 2 amendments is for annual reporting periods beginning on or after 1 January 2021 in the Sri Lankan context.

2.30.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued up to the date of issuance of the Group financial statements but are not effective for the current annual reporting period, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Costs of Fulfilling a Contract

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to LKAS 37 Provisions, Contingent Liabilities and Contingent Assets (LKAS 37) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to LKAS 16 Property, Plant & Equipment: Proceeds before Intended Use

On 25 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued LKAS 16 Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Amendments to SLFRS 3: Definition of a Business – referred to the Conceptual Framework

On 23 March 2021, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued amendments to SLFRS 3 Business Combinations - Updating a Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

An exception was also added to the recognition principle of SLFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of LKAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, it was decided to clarify existing guidance in SLFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

SLFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to SLFRS standards process, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) issued an amendment to SLFRS 9 Financial Instruments (SLFRS 9). The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Use of Judgements, Estimates and Assumptions

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

3.1 Going Concern

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

In arriving at the above conclusion, following factors together counter actions of the management stated below were duly considered by the management:

- Net current liability position of Rs. 24,032 Mn reported by the Group, mainly resulting from/contributed by Company (i.e. Liquified petroleum business of the Group), which reported net current liability position of Rs. 16,377 Mn;
- Gross losses for the year of Rs. 442 Mn reported by the Company, resulting from weakened results during the first and second quarter of the year due to negative effects of external factors such as the global LPG price increase and delay in regulatory approvals for the expected upward price revision of local LPG prices; and
- In the fourth quarter, local gas selling process has significantly decreased as Company was unable to open Letters of Credit (LCs) due to foreign currency crisis in Sri Lanka.

In October 2021, Consumers Affairs Authority (CAA) withdrew the gazette notification by which approval of the CAA made mandatory for any price revisions. Since there is no regulatory pricing scheme after October 2021 for LPG, the company decides local LPG price taking into consideration of all cost elements and required margins to be maintained. Accordingly, the Company has recorded a gross profit in the third and fourth quarter of current financial year and first quarter of the next financial year.

The foreign currency constraints in the banking system which was visible from the 4th quarter of the financial year were discussed extensively with the highest authorities of the government, Central Bank of Sri Lanka (CBSL) and the commercial bankers and were finally able to make a breakthrough with fairly stable arrangements being made for continuous drawing of Letters of Credit (LCs) in favour of the international suppliers of the LPG. These arrangements were facilitated by the special intervention of CBSL on the advice of the authorities. This arrangement is expected to continue since the Government has recognised LPG as an essential commodity and instructions have been given to allocate foreign currency to import LPG as a matter of priority.

As mentioned below, there are several ongoing action plans and successful initiatives of the subsidiaries of the group.

- LAUGFS Terminals Ltd has entered into a Terminal Service Agreement (TSA) with an international LPG supplier to share their storage facility with them and planning to capitalise its full storage capacity.
- And LAUGFS Maritime services (Pvt) Ltd has entered into time charter and voyage charter agreements with foreign companies for their three Vessels.

Notes to the Financial Statements

→ Further, Group is focussing on restructuring of its operations through possible divestitures to improve the financial position of the Group by settling its bank debts by a sizable portion.

Management of the company was able to make successful initiative to restructure some bank facilities which would contribute to reduce the annual interest burden and cash flow constraints in debt service. The company has requested for Moratorium loans on the company's term loans and short term loans under Circular No. 02 of 2022 of Central Bank of Sri Lanka dated 07th July 2022. After the expiration of moratorium loans period, the company is in the process of evaluating various options including some restructuring activities to minimise the existing interest bearing borrowings. Negotiations are ongoing with the loan providers to convert certain of short term facilities to long term loans and for capital deferment arrangements.

Considering the above action plans and the status of those as of the reporting date, the Directors are confident that the Group and the Company will continue its operation in the foreseeable future and they do not intend either to liquidate or to cease trading.

3.2 Classification of Property

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

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

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

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

3.3 Operating Lease Commitments - Group as Lessor

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

3.4 Impairment of Non-Financial Assets

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

3.5 Fair-Valuation of Investment Properties and Property, Plant & Equipment

The Group carries its investment properties at fair value, with changes in fair value being recognised in the Statement of Profit or Loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2022.

For further details refer to Note 8 & 10.

3.6 Taxes

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

3.7 Fair Value Measurement of Financial Instruments

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

3.8 Useful Lives of Property, Plant and Equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

Notes to the Financial Statements

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

Energy

Selling of Liquefied Petroleum Gas and other related products.

Property

Operation of a commercial property given on rent at Kirullapone.

Transportation & Logistics

Operation of vessels and providing marine cargo services.
Operation of LPG storage terminal.

Operating Segments

Year ended 31 March	Energy		Property	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue				
External Customers	19,827,600,681	22,228,762,079	70,705,173	70,072,022
Inter-Segment	-		28,795,163	28,406,066
Total Revenue	19,827,600,681	22,228,762,079	99,500,336	98,478,088
Results				
Operating Profit/(Loss)	(1,968,463,213)	(41,717,063)	527,375,216	144,055,828
Finance Costs	(1,614,653,735)	(1,643,593,041)	(15,401,545)	(17,375,193)
Finance Income	3,845,844	6,180,382	285,438	45,987
Profit/(Loss) Before Tax	(3,579,271,103)	(1,679,129,722)	512,259,109	126,726,622
Income Tax Expense	721,969,597	294,865,667	(133,878,656)	(17,740,699)
Profit/(Loss) for the Year	(2,857,301,506)	(1,384,264,054)	378,380,454	108,985,923
Gains/(Losses) on Financial Assets at FVTOCI	(6,569)	76,239,141	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	21,791,587	(23,809,607)	(425,806)	(35,165)
Exchange Difference in translation of foreign operations	1,162,747,396	137,172,152	-	-
Gain on Revaluation of Property, Plant and Equipment	7,572,704,735	-	2,100,000	-
Income Tax Effect	(1,659,634,101)	(17,880,779)	(401,807)	8,440
Total Comprehensive Income/(Loss) for the Year Net of Tax	4,240,301,541	(1,212,543,147)	379,652,841	108,959,198
Assets & Liabilities				
Total Non-Current Assets	23,240,784,764	14,313,853,732	2,623,067,865	2,171,398,438
Total Current Assets	5,414,885,246	5,013,050,102	389,646,548	367,660,603
Total Assets	28,655,670,010	19,326,903,834	3,012,714,413	2,539,059,041
Total Non-Current Liabilities	9,920,772,186	9,749,816,995	551,144,614	445,178,595
Total Current Liabilities	23,612,751,586	18,778,877,406	146,724,389	158,687,877
Total Liabilities	33,533,523,772	28,528,694,401	697,869,002	603,866,472
Other Disclosures				
Depreciation for the Year	968,688,536	942,264,461	7,728,067	9,287,599
Purchase of Property, Plant and Equipment, and Investment Properties	31,790,910	1,035,182,083	1,513,780	7,887,448
Provision for Employee Benefit Liability	37,556,134	41,706,822	157,508	219,652
Deferred Tax Liabilities	1,749,220,782	892,359,053	423,383,239	289,102,776

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of discontinued segments are reflected in the

Trading

Trading and export of Liquified Petroleum Gas and other related products.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
484,006,870	50,605,156	14,214,207,782	13,184,328,882	-	-	34,596,520,507	35,533,768,139
1,546,075,564	2,676,291,572	12,385,624,548	15,653,686,254	(13,960,495,275)	(18,358,383,892)	-	-
2,030,082,434	2,726,896,728	26,599,832,330	28,838,015,136	(13,960,495,275)	(18,358,383,892)	34,596,520,507	35,533,768,139
125,743,415	825,108,611	(841,520,159)	831,146,384	(119,346,699)	(445,171,983)	(2,276,211,439)	1,313,421,778
(467,655,603)	(397,775,963)	(208,446,696)	(184,342,770)	8,086,224	8,166,004	(2,298,071,355)	(2,234,920,965)
91,327	546,491	-	-	-	-	4,222,609	6,772,860
(341,820,861)	427,879,139	(1,049,966,854)	646,803,614	(111,260,475)	(437,005,979)	(4,570,060,185)	(914,726,327)
150,698	(933,835)	-	-	(654,402)	(19,751,068)	587,587,238	256,440,066
(341,670,163)	426,945,304	(1,049,966,854)	646,803,614	(111,914,877)	(456,757,047)	(3,982,472,947)	(658,286,261)
-	-	-	-	-	-	(6,569)	76,239,141
264,040	2,147,635	-	-	-	-	21,629,821	(21,697,137)
1,012,902,056	175,915,733	(828,495,372)	(64,400,007)	1,469,691,838	66,383,529	2,816,845,917	315,071,407
908,282,232	-	-	-	8,100,000	-	8,491,186,967	-
(41,747,835)	64,030,630	-	-	(1,944,000)	-	(1,703,727,743)	46,158,291
1,538,030,330	669,039,302	(1,878,462,226)	582,403,607	1,363,932,961	(390,373,518)	5,643,455,446	(242,514,559)
21,434,407,194	15,026,652,673	1,321,407,656	1,321,224,722	2,542,640,394	1,037,516,593	51,162,307,872	33,870,646,157
2,776,731,479	1,699,854,384	3,189,985,661	4,548,565,172	(5,230,961,011)	(3,453,628,597)	6,540,287,923	8,175,501,663
24,211,138,673	16,726,507,057	4,511,393,317	5,869,789,894	(2,688,320,617)	(2,416,112,004)	57,702,595,795	42,046,147,820
11,373,977,139	8,570,200,804	9,944,002	2,486,308	(914,738,358)	(1,092,480,946)	20,941,099,583	17,675,201,757
6,063,141,966	2,920,317,011	5,923,866,848	5,390,530,981	(5,174,081,166)	(3,423,104,357)	30,572,403,622	23,825,308,918
17,437,119,105	11,490,517,815	5,933,810,850	5,393,017,289	(6,088,819,524)	(4,515,585,303)	51,513,503,205	41,500,510,675
675,187,886	652,225,609	677,033	603,204	(18,268,086)	(18,602,951)	1,634,013,437	1,585,777,922
293,960,021	151,775,972	273,584	300,537	-	-	327,538,295	1,195,146,041
2,789,594	3,370,809	4,332,683	(922,387)	-	-	44,835,920	44,374,896
104,729,750	63,132,614	-	-	(891,101,166)	(1,038,884,127)	1,386,232,605	205,710,316

adjustments/eliminations column.

Notes to the Financial Statements

4. SEGMENT INFORMATION (CONTD.)

Geographic Information

Year ended 31 March	Sri Lanka		Bangladesh	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revenue				
Inter-Segment	1,574,870,727	2,704,697,638	-	-
External Customers	9,809,200,386	13,832,501,563	10,573,112,338	8,516,937,694
Total Revenue	11,384,071,113	16,537,199,201	10,573,112,338	8,516,937,694
Results				
Operating Profit/(Loss)	(959,345,019)	617,499,356	(355,999,563)	309,948,021
Finance Costs	(1,993,357,842)	(1,938,290,707)	(96,266,818)	(112,287,486)
Finance Income	2,946,343	3,010,215	1,276,266	3,762,646
Profit/(Loss) Before Tax	(2,949,756,517)	(1,317,781,137)	(450,990,115)	201,423,180
Income Tax Expense	498,728,109	367,620,308	89,513,531	(91,429,174)
Profit/(Loss) for the Year	(2,451,028,408)	(950,160,829)	(361,476,583)	109,994,006
Gains/(Losses) on Financial Assets at FVTOCI	(6,569)	76,239,141	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	5,824,482	2,806,429	15,805,339	(24,503,566)
Exchange difference in translation of foreign operations	1,012,902,056	175,915,733	2,632,439,233	203,555,681
Gain on Revaluation of Property,Plant and Equipment	8,491,186,967	-	-	-
Income Tax Effect	(1,698,986,141)	63,900,278	(4,741,602)	(17,741,988)
Total Comprehensive Income for the Year Net of Tax	5,359,892,387	(631,299,247)	2,282,026,387	271,304,133
Assets & Liabilities				
Total Non-Current Assets	39,165,403,147	26,565,015,251	8,132,856,676	4,946,889,592
Total Current Assets	5,065,942,649	5,165,090,338	3,515,320,624	1,915,474,751
Total Assets	44,231,345,796	31,730,105,589	11,648,177,300	6,862,364,343
Total Non-Current Liabilities	20,039,239,181	17,326,061,445	1,806,654,758	1,439,134,948
Total Current Liabilities	24,486,516,910	19,223,522,733	5,336,101,030	2,634,359,562
Total Liabilities	44,525,756,091	36,549,584,178	7,142,755,788	4,073,494,510
Other Disclosures				
Depreciation for the Year	1,300,818,379	1,261,447,620	350,786,110	342,330,049
Purchase of Property, Plant and Equipment, and Investment Properties	311,802,083	956,029,057	15,462,628	238,816,447
Provision for Employee Benefit Liability	13,145,290	17,485,879	27,357,946	27,811,404
Deferred Tax Liabilities	1,412,401,030	785,048,159	864,932,741	459,546,284

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of discontinued segments are reflected in the adjustments/eliminations column.

United Arab Emirates		Eliminations/Adjustments		Group	
2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
12,385,624,548	15,653,686,254	(13,960,495,275)	(18,358,383,892)	-	-
14,214,207,782	13,184,328,882	-	-	34,596,520,507	35,533,768,139
26,599,832,330	28,838,015,136	(13,960,495,275)	(18,358,383,892)	34,596,520,507	35,533,768,139
(841,520,159)	831,146,384	(119,346,699)	(445,171,983)	(2,276,211,439)	1,313,421,778
(208,446,696)	(184,342,770)	-	-	(2,298,071,355)	(2,234,920,965)
-	-	-	-	4,222,609	6,772,860
(1,049,966,854)	646,803,614	(119,346,699)	(445,171,983)	(4,570,060,185)	(914,726,327)
-	-	(654,402)	(19,751,068)	587,587,238	256,440,066
(1,049,966,854)	646,803,614	(120,001,101)	(464,923,051)	(3,982,472,947)	(658,286,261)
-	-	-	-	(6,569)	76,239,141
-	-	-	-	21,629,821	(21,697,137)
(828,495,372)	(64,400,007)	-	-	2,816,845,917	315,071,407
-	-	-	-	8,491,186,967	-
-	-	-	-	(1,703,727,743)	46,158,291
(1,878,462,226)	582,403,607	(120,001,101)	(464,923,051)	5,643,455,446	(242,514,559)
1,321,407,656	1,321,224,722	2,542,640,394	1,037,516,593	51,162,307,872	33,870,646,157
3,189,985,661	4,548,565,172	(5,230,961,011)	(3,453,628,597)	6,540,287,923	8,175,501,663
4,511,393,317	5,869,789,894	(2,688,320,617)	(2,416,112,004)	57,702,595,795	42,046,147,820
9,944,002	2,486,308	(914,738,358)	(1,092,480,946)	20,941,099,583	17,675,201,757
5,923,866,848	5,390,530,981	(5,174,081,166)	(3,423,104,357)	30,572,403,622	23,825,308,918
5,933,810,850	5,393,017,289	(6,088,819,524)	(4,515,585,303)	51,513,503,205	41,500,510,675
677,033	603,204	(18,268,086)	(18,602,951)	1,634,013,437	1,585,777,922
273,584	300,537	-	-	327,538,295	1,195,146,041
4,332,683	(922,387)	-	-	44,835,920	44,374,896
-	-	(891,101,166)	(1,038,884,127)	1,386,232,605	205,710,316

Notes to the Financial Statements

5. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
5.1 Revenue				
Sale of Goods	34,041,808,464	35,413,090,961	9,254,488,343	13,711,824,385
Freight Income	484,006,870	50,605,156	-	-
Revenue from Contracts with Customers	34,525,815,334	35,463,696,117	9,254,488,343	13,711,824,385
Rent Income	70,705,173	70,072,022	-	-
Total Revenue	34,596,520,507	35,533,768,139	9,254,488,343	13,711,824,385
5.2 Other Operating Income				
Rent Income	14,258,440	17,086,600	14,258,440	17,086,600
Expiration of Refundable Deposits Liability	363,306,189	522,017,602	313,856,529	503,684,151
Sundry Income	83,814,925	122,354,585	2,649,129	11,104,952
Write back of balances	-	35,691,233	-	35,691,233
Dividend Income	2,810,989	5,898,156	64,513,539	408,570,283
Gain from disposal of Property, Plant & Equipment	251,472	-	251,472	-
Gain from disposal of Equity Securities	36,838,255	-	36,838,255	-
	501,280,269	703,048,176	432,367,362	976,137,219
5.3 Finance Costs				
Interest Expense on Overdrafts	69,012,076	64,731,883	24,752,210	24,999,092
Interest Expense on Loans and Borrowings	1,503,691,277	1,525,508,322	1,075,167,934	1,097,012,558
Finance Charges on Lease Liabilities	73,183,805	60,157,922	(3,180,909)	7,673,184
Interest on Dealer Refundable Deposits	3,192,000	3,224,945	3,192,000	3,224,945
Interest on Import Loans	648,992,197	581,297,893	418,455,682	398,395,775
	2,298,071,355	2,234,920,965	1,518,386,916	1,531,305,554
5.4 Finance Income				
Interest Income	4,222,609	6,772,860	2,569,578	2,417,737
	4,222,609	6,772,860	2,569,578	2,417,737

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
5.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	1,572,476,988	1,510,435,202	575,236,247	552,046,264
Amortisation of Intangible Assets	1,090,864	2,106,588	-	-
Employees Benefits including the following;	778,856,799	808,628,669	89,010,981	135,535,452
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	4,945,677	6,600,492	-	-
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	11,262,341	11,125,433	5,608,554	5,673,280
Included in Administration Expenses				
Employees Benefits including the following;	357,719,035	405,465,178	157,596,848	176,031,599
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	27,522,868	25,486,554	10,198,188	13,875,668
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	26,034,104	27,160,829	15,029,410	15,879,597
Depreciation of Property, Plant and Equipment	31,046,093	45,734,701	12,991,796	25,259,480
Amortisation of Intangible Assets	24,886,866	23,114,327	51,221	93,125
Auditors' Remuneration	3,470,335	3,558,693	1,102,500	1,494,278
Donations	3,923,406	7,595,832	3,923,406	7,595,832
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	161,382,374	183,683,058	72,350,289	86,563,660
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	12,367,374	12,657,291	-	-
Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	8,798,705	9,768,988	6,628,723	7,716,379
Depreciation of Property, Plant and Equipment	30,490,356	29,608,019	29,674,383	22,628,667
Advertising and Promotion	27,557,196	187,668,351	21,530,491	186,725,818
5.6 Components of Other Comprehensive Income				
Fair Value Through OCI Financial Assets				
Gains/(Losses) arising during the Year	(6,569)	76,239,141	2,038,092,447	1,461,542,206
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	21,629,821	(21,697,137)	5,986,248	693,959

Notes to the Financial Statements

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2022 and 31 March 2021 are as follows:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
6.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 6.3)	64,096,417	51,873,431	-	-
Dividend Tax of Subsidiaries	8,313,694	21,287,513	-	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	12,607,633	-	-	-
	85,017,744	73,160,944	-	-
Deferred Income Tax:				
Deferred Taxation Reversal (Note 6.4)	(672,604,982)	(329,601,010)	(632,456,066)	(386,294,842)
Income Tax Expense Reported in the Statement of Profit or Loss	(587,587,238)	(256,440,066)	(632,456,066)	(386,294,842)
6.2 Statement of Other Comprehensive Income				
Deferred Tax related to Items Charged or Credited Directly to Equity during the Year :				
Gain/(Loss) on Fair Value Through OCI Financial Assets	-	-	153,498,253	(138,530,307)
Gain on Revaluation of Property, Plant and Equipment	(1,697,798,666)	64,351,703	(1,236,232,341)	-
Actuarial Gain/(Loss) on Retirement Benefit Liability	(5,929,077)	(18,193,412)	(1,197,250)	(138,792)
Income Tax Charged Directly to Other Comprehensive Income	(1,703,727,743)	46,158,291	(1,083,931,338)	(138,669,098)

6.3 A reconciliation between tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 March 2022 and 31 March 2021 are as follows:

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Accounting Loss Before Tax	(4,570,060,185)	(914,726,326)	(3,128,280,989)	(1,880,552,902)
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	2,708,453,522	3,220,752,984	1,429,762,394	2,308,186,716
Aggregate Allowable Expenses	(850,999,415)	(1,213,577,501)	(649,539,964)	(554,465,080)
Tax Exempt Income/ Tax Losses	907,606,862	(1,523,129,154)	(178,273,622)	(466,717,897)
Taxable Business Income	213,654,722	159,610,558	-	-
Other Sources of Income	527,101,529	23,290,722	19,370,790	19,504,337
Allowable Deductions	(527,101,529)	(23,290,722)	(19,370,790)	(19,504,337)
Total Taxable Income	213,654,722	159,610,558	-	-
At the Statutory Income Tax Rate				
Business Profit	20% - 30%	20% - 32.5%	20%	20%
Other Income	24% - 30%	24% - 32.5%	24%	24%
Current Income Tax Expenses				
- Business Profit	64,096,417	51,873,431	-	-
- Other Income	-	-	-	-
Income Tax Expense reported in the Statement of Profit or Loss	64,096,417	51,873,431	-	-

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

6.4 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	4,380,168,590	2,268,995,081	157,501,594	115,121,985	1,697,798,666	(64,351,703)
	4,380,168,590	2,268,995,081	157,501,594	115,121,985	1,697,798,666	(64,351,703)
Deferred Tax Assets						
Employee Benefit Liability	(47,366,454)	(70,885,713)	1,258,635	(24,829,412)	5,929,077	18,193,412
Provision for Impairments	(7,854,183)	(6,970,101)	211,882	1,979,797	-	-
Provision for Inventories	-	(14,936,478)	14,936,478	(14,936,478)	-	-
Right of Use Assets	(1,930,807)	(2,021,179)	90,373	(1,263,544)	-	-
Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost *	(2,786,380,738)	(1,968,471,292)	(696,200,140)	(405,673,358)	-	-
Unrealised Exchange Losses	(150,403,803)	-	(150,403,803)	-	-	-
	(2,993,935,985)	(2,063,284,764)	(830,106,576)	(444,722,995)	5,929,077	18,193,412
Deferred Income Tax Expense			(672,604,982)	(329,601,010)	1,703,727,743	(46,158,291)
Net Deferred Tax Liability	1,386,232,605	205,710,316				

* In respect of deductible temporary differences associated with losses available for offsetting against future taxable income & unclaimed finance cost, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	2,520,952,015	1,298,966,371	(14,246,697)	(9,179,823)	1,236,232,341	-
Investment in Subsidiaries	875,156,848	1,028,655,101	-	-	(153,498,253)	138,530,307
	3,396,108,863	2,327,621,472	(14,246,697)	(9,179,823)	1,082,734,089	138,530,307
Deferred Tax Assets						
Employee Benefit Liability	(13,197,542)	(13,703,049)	(691,742)	(523,253)	1,197,250	138,792
Provision for Impairments	(4,442,217)	(4,896,941)	454,724	1,990,463	-	-
Provision for Inventories	-	(14,936,478)	14,936,478	(14,936,478)	-	-
Right of Use Assets	(3,870,477)	(3,593,029)	(277,448)	(1,631,365)	-	-
Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost	(2,339,906,783)	(1,857,679,205)	(482,227,578)	(362,014,384)	-	-
Unrealised Exchange Losses	(150,403,803)	-	(150,403,803)	-	-	-
	(2,511,820,822)	(1,894,808,702)	(618,209,369)	(377,115,019)	1,197,250	138,792
Deferred Income Tax Expense			(632,456,066)	(386,294,842)	1,083,931,338	138,669,098
Net Deferred Tax Liability	884,288,041	432,812,769				

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

6.5 Reconciliation of Net Deferred Tax Liability

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	205,710,316	557,742,672	432,812,769	680,438,512
Effect of Adopting new Accounting Standards	-	-	-	-
Exchange Difference on Translation of Foreign Operation	149,399,529	23,726,945	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss	(672,604,982)	(329,601,010)	(632,456,066)	(386,294,842)
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	1,703,727,743	(46,158,291)	1,083,931,338	138,669,098
As at 31 March	1,386,232,605	205,710,316	884,288,041	432,812,769

6.6 Current Taxes

6.6.1 Corporate incomes taxes of Companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 during the year, whilst Corporate Taxes of non-resident companies in the Group have been computed in keeping with the domestic statutes in their respective countries.

Resident companies in the Group, excluding those which enjoy a tax holiday or concessionary rate of taxation, were liable to income tax at 24% during year of assessment 2021/22 (Y/A 2020/21 - 24 %).

6.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Applicable Period
LAUGFS Gas PLC	Profit of the Company is exempt from Income Tax for a period of 3 years, at 10% for next 2 years and 20% thereafter	20%	Open-ended
LAUGFS Terminals Ltd	Profit of the Company is exempt from Income Tax as per Sec. 17A of Inland Revenue Act.	Exempt	Open-ended
LAUGFS Maritime Services (Pvt) Ltd	Profit of the Company is exempt from Income Tax for a period of 8 years, as per Sec. 17A of Inland Revenue Act.	Exempt	8 Years ending 2021/2022

6.6.3 Corporate Income Tax of LAUGFS Gas (Bangladesh) Ltd. is computed at the higher of 0.3% of gross receipts and tax applied on taxable profits at 30% under Sec. 16CCC of Income Tax Ordinance (ITO) 1984 imposed by the Government of Bangladesh through Finance Act 2015.

6.6.4 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/(LOSS) PER SHARE

Basic/Diluted Earnings/(Loss) Per Share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue or a share split.

The following reflects the income and share data used in the Basic/Diluted Earnings/(Loss) Per Share computations.

	Group	
	2022 Rs.	2021 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) attributable to ordinary equity holders of the parent for Basic/ Diluted Earnings/(Loss) Per Share	(4,077,068,060)	(685,532,742)

	Group	
	2022 Number	2021 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share	387,000,086	387,000,086

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these Financial Statements.

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

	Balance As at 01.04.2021 Rs.	Additions/ Incurred during the year Rs.	Transfers In/ (Out) Rs.	Revaluation Rs.
8.1.1 Gross Carrying Amounts				
At Cost				
Land Development	94,316,597	-	-	-
Buildings on Freehold Land	234,697,800	-	-	-
Buildings on Leasehold Land	1,376,566,100	-	-	-
Plant, Machinery and Equipment	16,474,809,948	27,795,078	819,061	-
Office Equipment	165,692,943	3,512,339	-	-
Furniture and Fittings	229,359,888	741,541	-	-
Jetty	69,413,804	-	(102,721,054)	-
Gas Point Dealer Huts	201,969,475	-	17,525,059	-
Motor Vehicles	386,469,489	-	-	-
Dry Docking Cost of Vessels	151,195,714	293,407,021	(444,602,735)	-
Gas Stock in Tank	5,388,288	-	(3,484,634)	-
Cylinders in Hand and in Circulation	10,649,316,412	-	(11,317,465,337)	-
	30,039,196,456	325,455,979	(11,849,929,641)	-
At Valuation				
Freehold Land	774,200,000	-	-	145,200,000
Vessels	2,386,417,200	-	(170,193,321)	908,282,232
Cylinders in Hand and in Circulation	-	-	7,760,413,072	7,393,416,518
Jetty	-	-	4,198,104	44,288,217
	3,160,617,200	-	7,594,417,855	8,491,186,967
Total Value of Depreciable Assets	33,199,813,656	325,455,979	(4,255,511,786)	8,491,186,967
8.1.2 In the Course of Construction				
Plant & Machinery	819,061	-	(819,061)	-
Tank and Cylinder Bank Installation Project	7,101,868	1,112,816	-	-
Duct System	1,323,000	-	(1,323,000)	-
Storage Tank	2,866,551	-	-	-
	12,110,480	1,112,816	(2,142,061)	-
Total Gross Carrying Amount	33,211,924,137	326,568,795	(4,257,653,847)	8,491,186,967

Disposals during the year Rs.	Exchange Differences Rs.	Balance As at 31.03.2022 Rs.
-	45,256,511	139,573,108
-	-	234,697,800
-	657,646,253	2,034,212,353
-	7,448,087,312	23,951,511,399
(798,997)	42,626,454	211,032,739
(74,899)	35,069,647	265,096,178
-	33,307,251	-
-	11,634,308	231,128,841
-	52,631,013	439,100,502
-	-	-
-	-	1,903,653
-	668,148,926	-
(873,896)	8,994,407,674	27,508,256,573
-	-	919,400,000
-	-	3,124,506,110
-	-	15,153,829,590
-	-	48,486,321
-	-	19,246,222,021
(873,896)	8,994,407,674	46,754,478,594
-	-	-
-	490,038	8,704,722
-	-	-
-	-	2,866,551
-	490,038	11,571,273
(873,896)	8,994,897,713	46,766,049,867

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.3 Depreciation

	Balance As at 01.04.2021 Rs.	Charged for the year Rs.	Transfers In/(Out) Rs.	Disposals during the year Rs.	Exchange Differences Rs.	Balance As at 31.03.2022 Rs.
At Cost						
Land Development	51,569,737	6,983,378	-	-	27,820,215	86,373,329
Buildings on Freehold Land	37,592,748	5,953,659	-	-	-	43,546,408
Buildings on Leasehold Land	118,348,957	43,027,108	-	-	36,910,239	198,286,304
Plant, Machinery and Equipment	1,945,636,031	650,650,218	-	-	958,900,904	3,555,187,153
Office Equipment	147,990,925	9,416,178	-	(798,997)	39,461,435	196,069,541
Furniture and Fittings	158,967,995	17,541,306	-	(74,899)	20,100,407	196,534,809
Jetty	63,414,755	3,248,847	(98,522,950)	-	31,859,349	-
Gas Point Dealer Huts	81,959,542	28,931,252	10,364,158	-	11,612,540	132,867,492
Motor Vehicles	277,881,531	18,326,474	-	-	48,590,003	344,798,009
Dry Docking cost of Vessels	25,535,276	38,302,914	(63,838,190)	-	-	-
Gas Stock in Tank	5,129,586	258,701	-	(3,484,634)	-	1,903,653
Cylinders in Hand and in Circulation	2,912,177,255	535,894,462	(3,549,891,364)	-	101,819,648	-
	5,826,204,336	1,358,534,498	(3,701,885,347)	(4,358,530)	1,277,074,740	4,755,566,697
At Valuation						
Vessels	275,478,933	275,478,933	(550,957,866)	-	-	-
	275,478,933	275,478,933	(550,957,866)	-	-	-
Total Depreciation	6,101,683,269	1,634,013,431	(4,252,846,213)	(4,358,530)	1,277,074,740	4,755,566,697

8.1.4 Net Book Values

	2022 Rs.	2021 Rs.
At Cost		
Land Development	53,199,779	42,746,861
Buildings on Freehold Land	191,151,393	197,105,052
Buildings on Leasehold Land	1,835,926,049	1,258,217,144
Plant, Machinery and Equipment	20,396,324,246	14,529,173,917
Office Equipment	14,963,198	17,702,018
Furniture and Fittings	68,561,369	70,391,893
Jetty	-	5,999,049
Gas Point Dealer Huts	98,261,349	120,009,933
Motor Vehicles	94,302,494	108,587,957
Dry Docking Cost of Vessels	-	125,660,438
Gas Stock in Tank	-	258,702
Cylinders in Hand and in Circulation	-	7,737,139,157
	22,752,689,875	24,212,992,121
At Valuation		
Freehold Land	919,400,000	774,200,000
Vessels	3,124,506,110	2,110,938,267
Cylinders in Hand and in Circulation	15,153,829,590	-
Jetty	48,486,321	-
	19,246,222,021	2,885,138,267
In the Course of Construction		
Plant & Machinery	-	819,061
Tank Installation Project	8,704,722	7,101,868
Duct System	-	1,323,000
Storage Tank	2,866,551	2,866,551
	11,571,273	12,110,480
Total Carrying Amount of Property, Plant and Equipment	42,010,483,170	27,110,240,868

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2021 Rs.	Additions/ Incurred during the year Rs.	Transfers In/ (Out) Rs.	Revaluation Rs.	Disposals during the year Rs.	Balance As at 31.03.2022 Rs.
At Cost						
Buildings on Freehold Land	131,623,714	-	-	-	-	131,623,714
Building on Leasehold Land	6,121,851	-	-	-	-	6,121,851
Plant, Machinery and Equipment	1,353,686,863	15,748,882	819,061	-	-	1,370,254,806
Office Equipment	68,391,419	579,400	-	-	(707,297)	68,263,522
Furniture and Fittings	129,651,090	-	-	-	(74,899)	129,576,191
Gas Point Dealer Huts	177,723,055	-	17,525,059	-	-	195,248,114
Motor Vehicles	276,786,013	-	-	-	-	276,786,013
Cylinders in Hand and in Circulation	9,256,864,102	-	(9,256,864,102)	-	-	-
Total Value of Depreciable Assets	11,400,848,108	16,328,282	(9,238,519,982)	-	(782,196)	2,177,874,211
At Valuation						
Freehold Land	736,000,000	-	-	135,000,000	-	871,000,000
Cylinders in Hand and in Circulation	-	-	6,019,838,294	6,046,161,706	-	12,066,000,000
	736,000,000	-	6,019,838,294	6,181,161,706	-	12,937,000,000
Total Value of Depreciable Assets	12,136,848,108	16,328,282	(3,218,681,688)	6,181,161,706	(782,196)	15,114,874,211
In the Course of Construction						
Plant & Machinery	819,061	-	(819,061)	-	-	-
Tank Installation Project	7,101,868	-	-	-	-	7,101,868
Storage Tanks	2,866,551	-	-	-	-	2,866,551
	10,787,480	-	(819,061)	-	-	9,968,419
Total Gross Carrying Amount	12,147,635,588	16,328,282	(3,219,500,749)	6,181,161,706	(782,196)	15,124,842,630

8.2.2 Depreciation

	Balance As at 01.04.2021 Rs.	Charged for the year Rs.	Transfers In/ (Out) Rs.	Disposals during the year Rs.	Balance As at 31.03.2022 Rs.
At Cost					
Buildings on Freehold Land	26,146,031	3,376,808	-	-	29,522,839
Buildings on Leasehold Land	3,533,405	437,100	-	-	3,970,505
Plant, Machinery and Equipment	556,868,646	100,844,065	-	-	657,712,711
Office Equipment	65,038,919	1,311,631	-	(707,297)	65,643,253
Furniture and Fittings	113,962,983	6,540,988	-	(74,899)	120,429,072
Gas Point Dealer Huts	58,507,328	28,115,279	10,364,158	-	96,986,765
Motor Vehicles	180,236,331	14,433,350	-	-	194,669,681
Cylinders in Hand and in Circulation	2,767,021,702	462,843,205	(3,229,864,907)	-	-
Total Depreciation	3,771,315,346	617,902,426	(3,219,500,749)	(782,196)	1,168,934,827

8.2.3 Net Book Values

	2022 Rs.	2021 Rs.
At Cost		
Buildings on Freehold Land	102,100,875	105,477,684
Building on Leasehold Land	2,151,346	2,588,446
Plant, Machinery and Equipment	712,542,094	796,818,216
Office Equipment	2,620,269	3,352,500
Furniture and Fittings	9,147,120	15,688,107
Gas Point Dealer Huts	98,261,349	119,215,727
Motor Vehicles	82,116,332	96,549,682
Cylinders in Hand and in Circulation	-	6,489,842,400
	1,008,939,384	7,629,532,762
At Valuation		
Freehold Land	871,000,000	736,000,000
Cylinders in Hand and in Circulation	12,066,000,000	-
	12,937,000,000	736,000,000
In the Course of Construction		
Plant & Machinery	-	819,061
Tank Installation Project	7,101,868	7,101,868
Storage Tanks	2,866,551	2,866,551
	9,968,419	10,787,480
Total Carrying Amount of Property, Plant and Equipment	13,955,907,804	8,376,320,242

8.3 During the financial year, the Group and Company acquired property, plant and equipment to the aggregate value of Rs.326,568,795/- and Rs.16,328,282/- respectively (2021 - Rs.1,194,490,408/- and Rs.796,365,637/-). Cash payment amounting Rs.326,568,795/- and Rs.16,328,282/- respectively. (2021 - Rs.1,194,490,408/- and Rs.796,365,637/-).

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.4 The useful lives of the assets are estimated as follows:

	2022	2021
Group		
Land Development*	13-28 Years	13-28 Years
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	9 - 27 Years	9 - 27 Years
Plant, Machinery and Equipment	3 - 40 Years	3 - 40 Years
Office Equipment	3 - 10 Years	3 - 10 Years
Furniture and Fittings	10 Years	10 Years
Jetty	20 Years	20 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessels	10 Years	10 Years
Dry Docking Cost of Gas Vessels	3-5 Years	3-5 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 - 30 Years	3 - 30 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years

*or period of the lease, whichever is shorter.

8.5 The carrying amount of revalued assets that would have been included in the Financial Statements had that been carried at cost less depreciation is as follows:

Class of the asset	Cost Rs.	Cumulative Depreciation if Assets were carried at Cost Rs.	Net Carrying Amount 2022 Rs.	Net Carrying Amount 2021 Rs.
Group				
Vessels	2,126,070,744	(1,017,814,326)	1,108,256,419	1,268,883,493
Cylinders in Hand and in Circulation	11,299,940,278	(3,539,527,206)	7,760,413,072	7,729,172,649
Jetty	102,721,054	(98,522,950)	4,198,104	5,999,049
Company				
Cylinders in Hand and in Circulation	9,239,339,043	(3,219,500,749)	6,019,838,294	6,481,875,891

8.6 Fair value related disclosures of the Vessels

Fair Value hierarchy

The fair value of the Vessels are categorised into Level 3 of the fair value hierarchy.

Vessels are stated at fair value, which have been determined based on valuations performed by Messrs T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Maritime Services (Pvt) Ltd			
Gas Challenger	Net Current Replacement Cost Method	Price per vessel	Rs.1,195,983,200
		Depreciation rate	85%
		Sensitivity	+ 10% - Rs.1,315,581,520
			- 10% - Rs.1,076,384,880
Gas Success	Net Current Replacement Cost Method	Price per vessel	Rs.1,270,732,150
		Depreciation rate	80%
		Sensitivity	+ 10% - Rs.1,397,805,365
			- 10% - Rs.1,143,658,935
Gas Courage	Net Current Replacement Cost Method	Price per vessel	Rs.657,790,760
		Depreciation rate	75%
		Sensitivity	+ 10% - Rs.723,569,836
			- 10% - Rs.592,011,684

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.7 Fair value related disclosures of the Lands

Fair Value hierarchy

The fair value of the Company's Lands are categorised into Level 3 of the fair value hierarchy.

Lands are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Land - Mabima	Direct Capital Comparison Method	Price per perch for land	Rs.37,000 - Rs.1,000,000
		Sensitivity	+ 5% - Rs.914,000,000
			- 5% - Rs.827,000,000

8.8 Fair value related disclosures of Cylinders in Hand and in circulation

Fair Value hierarchy

The fair value of the Group's Cylinders in Hand and in circulation are categorised into Level 3 of the fair value hierarchy.

Cylinders in Hand and in Circulation are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga and Messrs. Zahur & Mostafiz Chartered Accountants for LAUGFS Gas PLC and LAUGFS Gas (Bangladesh) Ltd respectively, accredited independent valuers, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Cylinders in Hand and in Circulation	Net Current Replacement Cost Method	Price per Cylinder	Rs. 3,750 -15,500
		Depreciation rate	5%-85%
		Sensitivity	+ 10% - Rs.13,272,000,000
			- 10% - Rs.10,859,000,000
LAUGFS Gas (Bangladesh) Ltd			
Cylinders in Hand and in Circulation	Net Current Replacement Cost Method	Price per Cylinder	Rs.10,712 - 40,173
		Depreciation rate	6%-28%
		Sensitivity	+ 10% - Rs.3,396,612,549
			- 10% - Rs.2,779,046,631

8.9 Fair value related disclosures of Jetty

Fair Value hierarchy

The fair value of the Group's Jetty is categorised into Level 3 of the fair value hierarchy.

Jetty stated at fair value, which have been determined based on valuations performed by Messrs. Zahur & Mostafiz Chartered Accountants for LAUGFS Gas (Bangladesh) Ltd, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
Jetty	Net Current Replacement Cost Method	Market Value	Rs.48,486,321
		Depreciation rate	65%
		Sensitivity	+10% - Rs.53,334,953
			-10% - Rs.43,637,689

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

9.1 Right-of-Use-Assets

9.1.1 Group

	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.	2021 Motor Vehicles Rs.	2021 Land & Buildings Rs.	2021 Total Rs.
Cost						
As at 1 April	36,122,000	1,108,674,721	1,144,796,721	-	660,314,481	660,314,481
Addition and Improvement	-	-	-	36,122,000	391,211,063	427,333,063
Exchange Differences	-	533,570,951	533,570,951	-	57,149,177	57,149,177
As at 31 March	36,122,000	1,642,245,672	1,678,367,672	36,122,000	1,108,674,721	1,144,796,721
Accumulated Amortisation						
As at 1 April	3,010,167	158,016,288	161,026,455	-	72,957,649	72,957,649
Charge for the year	3,612,200	105,936,338	109,548,538	3,010,167	76,541,125	79,551,292
Exchange Differences	-	111,510,478	111,510,478	-	8,517,514	8,517,514
As at 31 March	6,622,367	375,463,104	382,085,471	3,010,167	158,016,288	161,026,455
Net Book Value As at 31 March	29,499,633	1,266,782,568	1,296,282,201	33,111,833	950,658,433	983,770,266

9.1.2 Company

	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.	2021 Motor Vehicles Rs.	2021 Land & Buildings Rs.	2021 Total Rs.
Cost						
As at 1 April	36,122,000	72,643,971	108,765,971	-	66,487,583	66,487,583
Lease Modification	-	(4,034,812)	(4,034,812)	-	-	-
Addition and Improvement	-	-	-	36,122,000	6,156,388	42,278,388
As at 31 March	36,122,000	68,609,159	104,731,159	36,122,000	72,643,971	108,765,971
Accumulated Amortisation						
As at 1 April	3,010,167	25,820,912	28,831,079	-	12,910,456	12,910,456
Charge for the year	3,612,200	14,962,586	18,574,786	3,010,167	12,910,456	15,920,623
As at 31 March	6,622,367	40,783,498	47,405,865	3,010,167	25,820,912	28,831,079
Net Book Value As at 31 March	29,499,633	27,825,661	57,325,294	33,111,833	46,823,059	79,934,892

Notes to the Financial Statements

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (CONTD.)

9.2 Lease Liabilities

	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.	2021 Motor Vehicles Rs.	2021 Land & Buildings Rs.	2021 Total Rs.
Group						
As at 1 April	18,499,980	1,027,585,271	1,046,085,251	-	603,825,550	603,825,550
Additions	-	-	-	21,500,000	435,204,452	456,704,452
Accretion of Interest	1,856,146	71,327,659	73,183,805	1,606,573	58,551,349	60,157,922
Payments	(5,527,911)	(179,559,182)	(185,087,093)	(4,606,593)	(119,517,551)	(124,124,144)
Exchange Differences	-	452,802,794	452,802,794	-	49,521,471	49,521,471
As at 31 March	14,828,215	1,372,156,542	1,386,984,757	18,499,980	1,027,585,271	1,046,085,251

	2022 Motor Vehicles Rs.	2022 Land & Buildings Rs.	2022 Total Rs.	2021 Motor Vehicles Rs.	2021 Land & Buildings Rs.	2021 Total Rs.
Company						
As at 1 April	18,499,980	58,631,815	77,131,795	-	63,386,573	63,386,573
Lease Modifications	-	(4,034,812)	(4,034,812)	21,500,000	6,156,388	27,656,388
Accretion of Interest	1,856,146	(5,037,055)	(3,180,909)	1,606,573	6,066,611	7,673,184
Payments	(5,527,911)	(17,210,116)	(22,738,027)	(4,606,593)	(16,977,757)	(21,584,350)
As at 31 March	14,828,215	32,349,831	47,178,046	18,499,980	58,631,815	77,131,795

9.3

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Expense relating to leases of low-value assets	-	-	-	-
Expense relating to short-term leases	12,187,583	9,595,511	-	-

9.4 Maturity Analysis of Lease Liability

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Not later than one month	13,631,246	5,361,258	1,776,155	1,724,628
Later than one month and not later than three months	30,603,914	10,730,466	3,552,311	3,457,207
Later than three months and not later than one year	85,566,351	122,103,015	15,985,399	15,693,397
Later than one year and not later than five years	648,863,873	347,936,933	31,703,235	58,649,268
Later than five years	2,142,359,088	1,589,873,567	1,653,750	871,200
	2,921,024,473	2,076,005,240	54,670,850	80,395,700
Finance charges allocated to future periods	(1,534,039,716)	(1,029,919,989)	(7,492,804)	(3,263,905)
	1,386,984,757	1,046,085,251	47,178,046	77,131,795

10. INVESTMENT PROPERTIES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	2,877,706,662	2,759,606,661	900,200,000	862,700,000
Additions during the year	969,500	655,634	-	-
Transfers In/(Out)	1,323,000	-	-	-
Fair Value Gain	600,507,500	117,444,367	176,000,000	37,500,000
As at 31 March	3,480,506,662	2,877,706,662	1,076,200,000	900,200,000
Rental Income derived from Investment Properties	86,323,413	85,170,422	15,618,240	15,098,400
Direct Operating Expenses (including Repair and Maintenance) that generated Rental Income	10,261,234	10,886,633	-	-
Direct Operating Expenses (including Repair and Maintenance) that did not generate Rental Income	22,945	49,264	22,945	49,264

Notes to the Financial Statements

10. INVESTMENT PROPERTIES (CONTD.)

10.1 Fair value related disclosures of the Investment Properties

Fair Value hierarchy

The fair value of the Company's investment property are categorised into Level 3 of the fair value hierarchy.

Investment properties are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Land & Building - Galle	Direct Capital Comparison Method	Price per perch for land	Rs.2,500,000
		Sensitivity	+ 5% -Rs.76,000,000
			- 5% -Rs.69,000,000
		Price per square foot for building	Rs.2,500-4,250
		Depreciation rate	15%-30%
		Sensitivity	+ 10% - Rs.1,870,000
			- 10% - Rs.1,530,000
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.12,000,000
		Sensitivity	+ 5% - Rs. 504,000,000
			- 5% - Rs. 456,000,000
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.12,000,000
		Sensitivity	+ 5% - Rs. 443,000,000
			- 5% - Rs. 401,000,000
		Price per square foot for building	Rs.3,250-6,500
		Depreciation rate	25%
		Sensitivity	+ 10% - Rs.33,000,000
			- 10% -Rs.27,200,000
Land - Biyagama	Direct Capital Comparison Method	Price per perch for land	Rs.430,000
		Sensitivity	+ 5% - Rs.73,800,000
			- 5% - Rs.66,800,000
LAUGFS Property Developers (Pvt) Ltd			
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.11,500,000
		Sensitivity	+ 5% - Rs.585,000,000
			- 5% - Rs.530,000,000
		Price per square foot for building	Rs. 26,000
		Depreciation rate	15%
		Sensitivity	+ 10% - Rs.2,122,000,000
			- 10% - Rs.1,736,000,000
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.6,200,000
		Sensitivity	+ 5% - Rs.139,800,000
			- 5% - Rs.126,500,000

11. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2021	179,056,646	2,837,542,274	3,016,598,920	55,040,942	55,040,942
Additions	2,886,943	-	2,886,943	-	-
Exchange Differences	37,885,044	1,480,006,861	1,517,891,905	-	-
As at 31 March 2022	219,828,633	4,317,549,135	4,537,377,768	55,040,942	55,040,942
Amortisation and Impairment					
As at 1 April 2021	128,128,345	-	128,128,345	54,989,721	54,989,721
Amortisation	25,977,732	-	25,977,732	51,221	51,221
Exchange Differences	26,730,842	-	26,730,842	-	-
As at 31 March 2022	180,836,919	-	180,836,919	55,040,942	55,040,942
Net Book Values					
As at 1 April 2021	50,928,301	2,837,542,274	2,888,470,575	51,221	51,221
As at 31 March 2022	38,991,714	4,317,549,135	4,356,540,849	-	-

12. IMPAIRMENT TESTING OF GOODWILL

For impairment testing Goodwill acquired through business combinations with indefinite useful lives are allocated to the Energy and Property cash generating units, which are also operating and reportable segments.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2022 Rs.	2021 Rs.
Property	8,742,326	8,742,326
Energy	4,308,806,809	2,828,799,948
	4,317,549,135	2,837,542,274

The Group performed its annual impairment test as at 31 March of each financial year. The Group considers the net assets position and future cash flows of each operating segment, among other factors, when reviewing for indicators of impairment. As at 31 March 2022, no impairment is recognised against the carrying value of the goodwill allocated to each cash generating unit.

Recoverable value for the impairment test was estimated based on discounted cash flow methodology. The key assumptions used to determine the recoverable amount are disclosed in Note 14.2.

Notes to the Financial Statements

13. PREPAYMENTS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Prepayments	170,751,693	95,651,886	8,869,018	20,946,232
	170,751,693	95,651,886	8,869,018	20,946,232
Prepayments within One Year (Current)	170,751,693	95,651,886	8,869,018	20,946,232
Prepayments after One Year (Non-Current)	-	-	-	-
	170,751,693	95,651,886	8,869,018	20,946,232

14. INVESTMENTS IN SUBSIDIARIES

14.1 Company

Non-Quoted	Country of Incorporation	% of Holding		Fair Value	
		2022	2021	2022 Rs.	2021 Rs.
Financial Assets at FVTOCI					
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	75%	75%	1,749,618,750	1,450,500,000
LAUGFS Maritime Services (Pvt) Ltd	Sri Lanka	100%	100%	3,498,778,542	2,303,793,000
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	69%	69%	7,786,810,822	8,330,514,205
SLOGAL Energy DMCC	United Arab Emirates	100%	100%	3,846,852,194	4,139,706,321
LAUGFS Terminals Ltd	Sri Lanka	100%	100%	18,122,226,479	16,741,674,244
Total Non-Quoted Investments in Subsidiaries				35,004,286,787	32,966,187,770

14.2 Fair value related disclosures of the Investments in Subsidiaries

Investments in subsidiaries stated at fair value, which have been determined based on valuations performed by Messrs. KPMG, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

Fair Value hierarchy

The fair value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.

	Valuation Technique	Significant Inputs	2022	2021
LAUGFS Maritime Services (Pvt) Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	19.4% - 24%	16.3%
		Terminal growth rate	1%	1%
LAUGFS Gas (Bangladesh) Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	13.5%	10.2%
		Terminal growth rate	3%	3%
SLOGAL Energy DMCC	Discounted Cash Flow Methodology	Weighted average cost of capital	14%	13.1%
		Terminal growth rate	1%	1%
LAUGFS Terminals Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	11.9% - 14.5%	10.4%
		Terminal growth rate	2%	2%

Fair value of LAUGFS Property Developers (Pvt) Ltd, which is primarily operates an investment property is measured based on Net Asset Value technique. Additional information relating to fair value of investment properties are disclosed in Note 10.1.

Sensitivity of Significant Inputs

	Increase/ (Decrease)		2022			2021		
	Weighted average cost of capital	Terminal growth rate	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.
LAUGFS Maritime Services (Pvt) Ltd	+1		205,103,542	(205,103,542)	3,293,675,000	102,069,000	(102,069,000)	2,201,724,000
	-1		(233,721,458)	233,721,458	3,732,500,000	(116,296,000)	116,296,000	2,420,089,000
		+1	(154,314,458)	154,314,458	3,653,093,000	(133,968,000)	133,968,000	2,437,761,000
		-1	138,414,542	(138,414,542)	3,360,364,000	117,578,000	(117,578,000)	2,186,215,000
LAUGFS Gas (Bangladesh) Ltd	+1		898,190,095	(898,190,095)	6,888,620,727	1,266,378,592	(1,266,378,592)	7,064,135,613
	-1		(740,818,310)	740,818,310	8,527,629,132	(1,676,337,548)	1,676,337,548	10,006,851,753
		+1	611,064,535	(611,064,535)	7,175,746,287	(1,291,520,822)	1,291,520,822	9,622,035,027
		-1	898,190,095	(898,190,095)	6,888,620,727	980,191,363	(980,191,363)	7,350,322,842
SLOGAL Energy DMCC	+1		538,463,667	(538,463,667)	3,308,388,527	235,773,020	(235,773,020)	3,903,933,301
	-1		(632,104,890)	632,104,890	4,478,957,084	(279,464,727)	279,464,727	4,419,171,048
		+1	(404,569,086)	404,569,086	4,251,421,280	(182,606,900)	182,606,900	4,322,313,221
		-1	346,807,359	(346,807,359)	3,500,044,835	154,754,136	(154,754,136)	3,984,952,185
LAUGFS Terminals Ltd	+0.1		402,539,388	(402,539,388)	17,719,687,091	409,022,246	(409,022,246)	16,332,651,998
	-0.1		(413,121,155)	413,121,155	18,535,347,634	(421,562,911)	421,562,911	17,163,237,155
		+0.1	(313,854,549)	313,854,549	18,436,081,028	(309,703,611)	309,703,611	17,051,377,855
		-0.1	306,561,736	(306,561,736)	17,815,664,743	300,546,590	(300,546,590)	16,441,127,654

Notes to the Financial Statements

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

14.2 Fair value related disclosures of the Investments in Subsidiaries (Contd.)

Other Key Assumptions used for Valuation of Investment in Subsidiaries

	2023	2024	2025	2026	2027
LAUGFS Gas (Bangladesh) Ltd					
Revenue Growth					
- Price Growth	3.4% - 18%	5.9% - 8.2%	4%	5%	4.5%- 5.5%
- Volume Growth	45.9% - 72.5%	10%	10%	10%	10%
Cost of Sales Growth					
- Material Cost Growth	86%	17%	12%	16.1%	16.2%
- Direct Labour Cost Growth	16.4%	8.1%	8.2%	8.2%	8.3%
- Overhead Growth	-3.5%	2.7%	4.1%	2.5%	1.7%
Administration Expenses Growth	15.2%	14.9%	5.4%	7.2%	7.2%
Selling and Distribution Expenses as % of sales	11.1%	10.9%	10.9%	10.9%	11.0%
Future Capital Expenditure	Rs.347 Mn	Rs.260 Mn	Rs.260 Mn	Rs.260 Mn	Rs.260 Mn
Working Capital					
- Inventory days	32 Days	32 Days	32 Days	32 Days	32 Days
- Trade and other receivable days	41 Days	41 Days	41 Days	41 Days	41 Days
- Trade and other payable days	78 Days	78 Days	78 Days	78 Days	78 Days

	2023	2024	2025	2026	2027
LAUGFS Terminals Ltd					
Revenue Growth					
- Price Growth	2.8%	3.2%	3.1%	3%	3%
- Volume Growth	304%	62%	7.1%	26.7%	15.8%
Cost of Sales Growth					
- Direct Labour Cost Growth	18.3%	10%	10%	10%	10%
- Overhead Growth	9.5%	5%	5%	5%	5%
Administration Expenses Growth	10%	5%	5%	5%	5%
Future Capital Expenditure	Rs.55 Mn	Rs.115 Mn	Rs.55 Mn	Rs.679 Mn	Rs.116 Mn
Working Capital					
- Trade and other receivable days - Related Parties	164 Days	136 Days	107 Days	79 Days	50 Days
- Trade and other payable days - External Parties	10 Days	10 Days	10 Days	10 Days	10 Days

	2023	2024	2025	2026	2027
SLOGAL Energy DMCC					
Revenue Growth					
- Price Growth	20%	8%	5%	4%	7%
- Volume Growth	61%	48%	5%	5%	5%
Cost of Sales Growth					
- Material Cost Growth	90%	60%	4%	5%	5%
Administration Expenses Growth	-2.5%	17.5%	17.5%	17.5%	17.5%
Future Capital Expenditure	Rs.1.3Mn	Rs.0.6 Mn	Rs.0.6 Mn	Rs.0.6 Mn	Rs.0.6 Mn
Working Capital					
- Inventory days	20 Days	20 Days	20 Days	20 Days	20 Days
- Trade and other receivable days	6 Days	6 Days	6 Days	6 Days	6 Days
- Trade and other payable days	26 Days	26 Days	26 Days	26 Days	26 Days
- Amount Due from/to Related Parties	18 Days	18 Days	18 Days	18 Days	18 Days

	2023	2024	2025	2026	2027
LAUGFS Maritime Services (Pvt) Ltd					
Revenue Growth	10%	-1%	38%	0%	-2%
Cost of Sales Growth					
- Direct Cost Growth	112%	1.9%	26.4%	23.6%	2.4%
- Direct Overhead Growth	76%- 124%	5% - 26%	10% - 47%	3.5%- 15.5%	7% - 15%
Administration Expenses Growth	27.8%	13.3%	13.2%	13.8%	14.3%
Future Capital Expenditure	Rs.0.9Mn	Rs.307Mn	Rs.3,622 Mn	Rs.0.9Mn	Rs.0.9Mn
Working Capital					
- Inventory days	5 Days	5 Days	5 Days	5 Days	5 Days
- Trade and other receivable days	30 Days	30 Days	30 Days	30 Days	30 Days
- Trade and other payable days	Nil	Nil	Nil	Nil	Nil

Notes to the Financial Statements

15. MATERIAL PARTLY-OWNED SUBSIDIARIES

15.1 LAUGFS Eco Sri Limited owned 25% of interests of LAUGFS Property Developers (Pvt) Ltd.

15.2 Financial information of subsidiaries that have material non-controlling interests for the year ended 31 March 2022 is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2022	2021
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	25%	25%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit or Loss	2022 Rs.	2021 Rs.
Revenue	99,500,336	98,478,088
Direct Operating Expenses	(9,839,731)	(12,404,076)
Other Income	1,588,870	4,711,264
Administrative Expenses	(19,781,759)	(31,773,814)
Fair Value Gain on Investments Properties	455,907,500	85,044,367
Finance Costs	(15,401,545)	(17,375,193)
Finance Income	285,438	45,987
Profit Before Tax	512,259,109	126,726,622
Income Tax	(133,878,656)	(17,740,699)
Profit for the Year	378,380,454	108,985,924
Other Comprehensive Income	1,272,387	(26,725)
Total Comprehensive Income	379,652,841	108,959,198
Attributable to Non-Controlling Interests	94,913,210	27,239,800
Dividends Paid to Non-Controlling Interests	-	-

Summarised Statement of Financial Position	2022 Rs.	2021 Rs.
Trade and Other Receivables, Prepayments and Cash and Short-Term Deposits Balances (Current)	389,646,548	367,660,603
Property, Plant and Equipment, Investment Properties and Other Non-Current Assets (Non-Current)	2,623,067,865	2,171,398,438
Trade and Other Payables and Interest Bearing Loans and Borrowings (Current)	(146,724,389)	(158,687,877)
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(551,144,614)	(445,178,595)
Total Equity	2,314,845,410	1,935,192,568
Attributable to Equity Holders of Parent	1,741,233,696	1,451,394,426
Attributable to Non-Controlling Interest	573,611,714	483,798,142

Summarised Cash Flow Information	2022 Rs.	2021 Rs.
Operating	22,470,132	12,483,261
Investing	(1,513,780)	(7,887,448)
Financing	(18,714,900)	(540,819)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,241,451	4,054,993

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Other Financial Assets

16.1.1 Financial Assets at Fair Value through OCI (Equity Instruments)

Group / Company	2022 Rs.	2021 Rs.
Quoted Equity Shares		
Colombo City Holdings PLC	18,494,990	10,457,786
Total Financial Assets at Fair Value through OCI (Equity Instruments)	18,494,990	10,457,786

16.1.2 Financial Assets at Fair Value through Profit or Loss

Group / Company	2022 Rs.	2021 Rs.
Quoted Equity Shares		
Sampath Bank PLC	-	4,035,000
HNB Finance PLC	-	4,097,284
Royal Ceramic Lanka PLC	-	46,260,000
ACL Cables PLC	-	20,579,639
CIC Holdings PLC	-	40,713,129
Lanka Orix Leasing Company PLC	-	23,377,520
Multi Finance PLC	-	1,294,300
Colombo Land & Development Company PLC	10,763,123	-
On'ally Holdings PLC	2,683,532	-
Singer Industries (Ceylon) PLC	807,287	-
Total Financial Assets at Fair Value through Profit or Loss	14,253,944	140,356,872
Total Other Financial Assets	32,748,934	150,814,658
Total Current	14,253,944	140,356,872
Total Non-Current	18,494,990	10,457,786
	32,748,934	150,814,658

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2 Other Financial Liabilities

16.2.1 Group

Interest Bearing Loans and Borrowings

	2022			2021		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Liability (Note 9.2)	129,341,875	1,257,642,882	1,386,984,757	67,755,931	978,329,320	1,046,085,251
Term Loans (Note 16.2.1.1)	6,254,625,555	15,584,730,234	21,839,355,789	3,331,590,343	13,635,724,881	16,967,315,224
Short Term Loans (Note 16.2.1.2)	15,101,266,583	-	15,101,266,583	12,372,711,349	-	12,372,711,349
Bank Overdrafts (Note 19.2)	1,841,098,608	-	1,841,098,608	1,175,498,740	-	1,175,498,740
	23,326,332,621	16,842,373,116	40,168,705,737	16,947,556,363	14,614,054,201	31,561,610,564

16.2.1.1 Term Loans

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Exchange Differences Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2022 Rs.
Sampath Bank PLC	899,213,067	-	-	15,239,043	(178,823,049)	735,629,062
Commercial Bank of Ceylon PLC - Loan 1	152,777,819	-	-	-	(38,888,878)	113,888,941
Commercial Bank of Ceylon PLC - Loan 2	973,701,208	-	323,112,097	-	(327,244,276)	969,569,028
Commercial Bank of Ceylon PLC - Loan 3	3,022,230	-	-	-	(2,266,620)	755,610
Commercial Bank of Ceylon PLC - Loan 4	1,600,000	-	-	-	(888,850)	711,150
Commercial Bank of Ceylon PLC - Loan 5	-	8,333,331	-	-	(3,348,740)	4,984,591
Commercial Bank of Ceylon PLC - Loan 6	-	22,222,216	-	-	(617,300)	21,604,916
Hong Kong & Shanghai Banking Corporation	164,740,292	-	278,398	-	(165,018,691)	-
Hatton National Bank PLC - Loan 1	727,134,725	-	-	(9,089,248)	(23,809,333)	694,236,144
Hatton National Bank PLC - Loan 2	44,249,609	-	-	-	(3,336,000)	40,913,609
Hatton National Bank PLC - Loan 3	25,629,536	-	(1,961,870)	-	(2,867,156)	20,800,510
DFCC Bank PLC	726,177,273	-	-	(3,894,388)	(285,714,300)	436,568,585
NDB Bank PLC	2,852,804,493	-	-	139,087,273	-	2,991,891,767
Peoples' Bank - Loan 1	4,305,657,469	-	2,066,216,910	-	-	6,371,874,378
Peoples' Bank - Loan 2	494,077,046	-	-	6,972,452	(16,666,666)	484,382,831
Peoples' Bank - Loan 3	25,000,000	-	-	-	(15,733,535)	9,266,465
People's Bank - Loan 4	304,050,400	-	145,908,977	-	-	449,959,377
People's Bank - Loan 5	-	500,000,000	-	9,974,089	-	509,974,089
People's Bank - Loan 6	-	88,717,027	28,019,772	-	(25,876,162)	90,860,638
Standard Chartered Bank	3,608,980,526	-	1,628,472,648	-	(231,943,353)	5,005,509,821
Bank of Ceylon - Loan 1	1,162,708,312	-	-	19,653,734	(25,294,118)	1,157,067,928
Bank of Ceylon - Loan 2	481,570,306	-	-	27,389,610	(103,986,922)	404,972,994
Bank of Ceylon - Loan 3	14,220,912	-	-	589,987	(7,243,667)	7,567,232
Bank of Ceylon - Loan 4	-	994,000,000	-	28,593,207	-	1,022,593,207
Nation Trust Bank PLC	-	300,000,000	-	7,877,468	(14,104,551)	293,772,917
	16,967,315,224	1,913,272,574	4,190,046,932	242,393,227	(1,473,672,168)	21,839,355,789

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2 Other Financial Liabilities (Contd.)

16.2.1 Group (Contd.)

16.2.1.2 Short Term Loans

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Exchange Differences Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2022 Rs.
Hatton National Bank PLC	3,192,143,189	962,757,022	-	(17,919,503)	(1,090,235,936)	3,046,744,772
MCB Bank Ltd	618,030,000	86,178,869	-	1,621,719	-	705,830,589
Nation Trust Bank PLC	493,493,254	-	-	2,675,892	(344,953,530)	151,215,616
Sampath Bank PLC	504,317,217	166,944,123	-	1,416,894	-	672,678,233
Union Bank of Colombo PLC	150,000,000	-	-	583,180	-	150,583,180
Eastern Bank Ltd	162,026,341	996,297,660	266,566,526	-	(567,510,040)	857,380,486
People's Bank	2,234,387,804	12,781,491,759	1,214,110,663	26,651,567	(11,439,358,721)	4,817,283,072
Bank of Ceylon	2,348,511,363	12,846,731,830	100,092,446	2,934,644	(14,283,752,692)	1,014,517,591
Commercial Bank of Ceylon PLC	2,166,942,182	3,153,927,240	291,104,089	(5,621,446)	(2,666,957,906)	2,939,394,160
DFCC Bank PLC	-	246,541,786	-	-	-	246,541,786
Pan Asia Banking Corporation PLC	502,860,000	-	-	(3,762,900)	-	499,097,100
	12,372,711,349	31,240,870,288	1,871,873,724	8,580,047	(30,392,768,825)	15,101,266,583

16.2.2 Company

Interest Bearing Loans and Borrowings

	2022			2021		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Liability (Note 9.2)	17,367,471	29,810,576	47,178,046	16,540,443	60,591,352	77,131,795
Term Loans (Note 16.2.2.1)	3,775,087,116	4,963,569,640	8,738,656,756	2,083,132,849	5,274,773,286	7,357,906,135
Short Term Loans (Note 16.2.2.2)	9,181,242,595	-	9,181,242,595	10,258,808,797	-	10,258,808,797
Bank Overdrafts (Note 19.2)	487,940,148	-	487,940,148	326,490,462	-	326,490,462
	13,461,637,330	4,993,380,216	18,455,017,546	12,684,972,551	5,335,364,638	18,020,337,189

16.2.2.1 Term Loans

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2022 Rs.
Hatton National Bank PLC - Loan 1	727,134,725	-	(9,089,248)	(23,809,333)	694,236,144
DFCC Bank PLC	726,177,273	-	(3,894,388)	(285,714,300)	436,568,585
Sampath Bank PLC	899,213,067	-	15,239,043	(178,823,049)	735,629,062
NDB Bank PLC	2,852,804,493	-	139,087,273	-	2,991,891,767
People's Bank - Loan 2	494,077,046	-	6,972,452	(16,666,666)	484,382,831
People's Bank - Loan 4	-	500,000,000	9,974,089	-	509,974,089
Bank of Ceylon - Loan 1	1,162,708,312	-	19,653,734	(25,294,118)	1,157,067,928
Bank of Ceylon - Loan 2	481,570,306	-	27,389,610	(103,986,922)	404,972,994
Bank of Ceylon - Loan 3	14,220,912	-	589,987	(7,243,667)	7,567,232
Bank of Ceylon - Loan 4	-	994,000,000	28,593,207	-	1,022,593,207
Nation Trust Bank PLC	-	300,000,000	7,877,468	(14,104,551)	293,772,917
	7,357,906,135	1,794,000,000	242,393,227	(655,642,606)	8,738,656,756

16.2.2.2 Short Term Loans

	As at 01.04.2021 Rs.	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2022 Rs.
Hatton National Bank PLC	3,191,625,833	962,141,305	(17,919,503)	(1,089,410,722)	3,046,436,913
MCB Bank Ltd	618,030,000	86,178,869	1,621,720	-	705,830,589
Nation Trust Bank PLC	493,493,254	-	2,675,892	(344,953,530)	151,215,616
Bank Of Ceylon	998,631,613	1,097,964,077	2,934,644	(1,306,654,742)	792,875,592
Sampath Bank PLC	504,317,217	166,944,123	1,416,894	-	672,678,233
Union Bank of Colombo PLC	150,000,000	-	583,180	-	150,583,180
People's Bank	1,830,307,804	1,173,360,100	26,651,567	(2,119,261,347)	911,058,124
Commercial Bank of Ceylon PLC	1,969,543,076	41,003,832	(5,621,446)	-	2,004,925,462
Pan Asia Banking Corporation PLC	502,860,000	-	(3,762,900)	-	499,097,100
DFCC Bank PLC	-	246,541,786	-	-	246,541,786
	10,258,808,797	3,774,134,092	8,580,047	(4,860,280,341)	9,181,242,595

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2 Other Financial Liabilities (Contd.)

	Interest Rate	Repayment Terms
Sampath Bank PLC	AWPLR + 2% per annum	Repayable by 40 monthly instalments of Rs.17,857,143
Commercial Bank of Ceylon PLC		
Loan 1	9% per annum for first 5 years. there after AWPLR+1% for balance 3 years	Repayable by 41 monthly instalments of Rs. 2,777,777/-.
Loan 2	7% per annum	Repayable by 37 - 60 equal monthly instalments after 6 months grace period.
Loan 3	4% per annum	Repayable by 4 monthly instalments of Rs.188,885/-
Loan 4	4% per annum	Repayable by 8 monthly instalments of Rs.88,885/-
Loan 5	6.11% per annum	Repayable within 14 months
Loan 6	6.93% per annum for first 12 months. Thereafter 8% for balance 24 months	Repayable by 34 monthly instalments of Rs. 617,300/- and the final instalment of Rs.616,716/-.
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 2 years	Repayable by 29 equal monthly instalments amounting to Rs. 23,810,000/- and final instalment of Rs.23,770,000/- together with interest.
Loan 2	AWPLR+ 1.75% per annum	Repayable by 48 monthly instalments of Rs. 834,000/- and the final instalment of Rs.770,000/-.
Loan 3	4% per annum	Repayable within 15 months.
DFCC Bank PLC	AWPLR + 4.5% per annum	Repayable by 18 monthly instalments of Rs. 23,810,000/- and the final instalment of Rs.23,770,000/-.
NDB Bank PLC	AWPLR+2.45% to AWPLR+3.9% per annum	Repayable by 4 separate instalments amounting Rs. 450,000,000 up to October 2024.
Peoples' Bank		
Loan 1	3 Months LIBOR + 5.5% per annum	Repayable by total of 20 instalment (4 each instalments of USD 400,000, 875,000, 1,125,000, 1,250,000 and 1,325,000)
Loan 2	AWPLR + 2% per annum	Repayable by 57 monthly instalments of Rs.8,333,333.33
Loan 3	4% per annum	Repayable within 06 months.
Loan 4	3 Months LIBOR + 5.25% per annum	Repayable by 4 Quarterly instalments of USD 179,155 and 4 Quarterly instalments of USD 197,070
Loan 5	AWPLR + 1.5% per annum	Repayable within 60 Months including 12 months grace period. Repayable by 47 monthly instalments of Rs. 10,420,000/- and the final instalment of Rs.10,260,000/-.
Loan 6	3 Months LIBOR + 5.5% per annum	Repayable by 17 monthly instalments.
Standard Chartered Bank	3 Months LIBOR + 2.3% per annum	Repayable by 32 Quarterly instalment of USD 669,643 after a grace period of 2 years.
Bank of Ceylon		
Loan 1	AWPLR+ 2% per annum	Repayable within 60 Months (up to 34th Month - Rs.5,000,000/- and 25th to 60th Month -Rs.28,333,340/-)
Loan 2	AWPLR+ 2% per annum	Repayable by 19 Monthly instalments of Rs.20,555,560/-
Loan 3	4% per annum	Repayable within 18 months.
Loan 4	AWPLR + 1.5% per annum	Repayable within 60 Months including 06 months grace period. Repayable by 54 monthly instalments of Rs. 18,407,407/-.
Nation Trust Bank PLC	AWPLR + 2% per annum	Repayable by 34 monthly instalments of Rs.8,333,333.33

16.3 Fair Values

Set out below is a comparison of the carrying amounts and fair values of the Company's financial instruments by classes, that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

		Carrying Amount		Fair Value	
	Notes	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Group					
Financial Assets					
Trade and Other Receivables	A	1,934,628,635	3,314,018,042	1,934,628,635	3,314,018,042
Cash and Short Term Deposits	A	811,427,236	312,136,727	811,427,236	312,136,727
Total		2,746,055,871	3,626,154,769	2,746,055,871	3,626,154,769
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	16,842,373,116	14,614,054,201	16,842,373,116	14,614,054,201
Interest Bearing Loans and Borrowings (Current)	A	21,485,234,013	15,772,057,623	21,485,234,013	15,772,057,623
Trade and Other Payables	A	3,574,580,700	4,267,238,434	3,574,580,700	4,267,238,434
Bank Overdrafts	A	1,841,098,608	1,175,498,740	1,841,098,608	1,175,498,740
Total		43,743,286,437	35,828,848,998	43,743,286,437	35,828,848,998
Company					
Financial Assets					
Trade and Other Receivables	A	1,214,546,258	2,111,121,742	1,214,546,258	2,111,121,742
Cash and Short Term Deposits	A	25,046,962	65,948,552	25,046,962	65,948,552
Total		1,239,593,220	2,177,070,294	1,239,593,220	2,177,070,294
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	4,993,380,216	5,335,364,638	4,993,380,216	5,335,364,638
Interest Bearing Loans and Borrowings (Current)	A	12,973,697,182	12,358,482,089	12,973,697,182	12,358,482,089
Trade and Other Payables	A	4,089,354,614	2,768,996,347	4,089,354,614	2,768,996,347
Bank Overdrafts	A	487,940,148	326,490,462	487,940,148	326,490,462
Total		22,544,372,160	20,789,333,535	22,544,372,160	20,789,333,535

There is no difference between carrying amounts and fair values of the Group and Company's financial instruments.

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

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

B Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, risk characteristics of the financed project etc. As at 31 March 2022, the carrying amounts of such borrowings are not materially different from their calculated fair values.

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.4 Fair Value Hierarchy

For all financial instruments where fair values are determined by referring to externally quoted prices or observable pricing inputs to models, independent price determination or validation is obtained. In an active market, direct observation of a trade price may not be possible. In these circumstances, the Company uses alternative market information to validate the financial instrument's fair value, with greater weight given to information that is considered to be more relevant and reliable.

Fair value are determined according to the following hierarchy.

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

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

As at 31 March 2022, the Group held the following financial instruments carried at fair value on the Statement of Financial Position.

Group

Assets Measured at Fair Value

	2022 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	18,494,990	18,494,990	-	-
Financial Assets at Fair Value through Profit or Loss	14,253,944	14,253,944	-	-
	32,748,934	32,748,934	-	-

Company

Assets Measured at Fair Value

	2022 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	35,022,781,777	18,494,990	-	35,004,286,787
Financial Assets at Fair Value through Profit or Loss	14,253,944	14,253,944	-	-
	35,037,035,721	32,748,934	-	35,004,286,787

During the reporting period ending 31 March 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

17. INVENTORIES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Gas in Cylinders and Accessories	209,488,695	619,061,601	34,925,511	93,266,294
Gas in Bulk	760,436,093	1,962,574,948	68,143,827	117,615,638
Non-Trade Inventories	223,441,579	264,834,057	136,561,467	140,167,297
Goods in Transit	747,297,216	109,766,647	200,193,094	109,766,647
Total Inventories at the lower of Cost and Net Realisable Value	1,940,663,584	2,956,237,252	439,823,899	460,815,876

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Receivables - Related Parties (Note 18.1)	163,020,193	150,149,198	3,026,273	2,189,619
- Others	674,235,803	1,381,478,027	430,897,688	513,703,035
Less: Provision for Impairments	(33,595,189)	(30,863,613)	(22,211,084)	(24,484,705)
	803,660,807	1,500,763,612	411,712,877	491,407,948
Other Receivables - Related Parties (Note 18.2)	676,986,957	1,386,130,695	520,401,533	1,244,554,638
- Others	453,980,871	427,123,735	282,431,847	375,159,157
	1,934,628,635	3,314,018,042	1,214,546,258	2,111,121,742
Advances - Related Parties (Note 18.3)	699,680	2,322,207	699,680	2,322,207
- Others	1,484,583,644	1,165,916,152	28,724,177	127,604,735
Loans to Company Officers	66,667	96,670	66,667	96,670
	3,419,978,625	4,482,353,070	1,244,036,782	2,241,145,353

Notes to the Financial Statements

18. TRADE AND OTHER RECEIVABLES (CONTD.)

18.1 Trade Dues from Related Parties

		Group		Company	
	Relationship	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
LAUGFS Holdings Ltd	Parent	52,968,689	55,914,808	-	-
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	831,448	430,322	831,448	430,322
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	1,036,374	1,081,312	1,036,374	1,081,312
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	1,498,002	677,985	1,158,452	677,985
LAUGFS Lubricants Ltd	Fellow Subsidiary	477,626	452,230	-	-
LAUGFS Solutions Ltd	Fellow Subsidiary	1,412,204	1,412,204	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	2,524,001	-	-	-
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	592,199	-	-	-
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	79,678,755	75,459,752	-	-
LAUGFS Power PLC	Fellow Subsidiary	758,111	-	-	-
LAUGFS Leisure Ltd	Fellow Subsidiary	14,685,088	11,977,299	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	6,557,695	2,743,286	-	-
		163,020,193	150,149,198	3,026,273	2,189,619

18.2 Other Dues from Related Parties

		Group		Company	
	Relationship	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	431,305	541,978	-	-
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	70,253	173,596	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	1,114,364	503,826	237,448	55,842
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	128,226	189,657	55,317	-
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	14,445	-	14,445	-
LAUGFS Holdings Ltd	Parent	211,470,466	208,688,341	124,531	-
LAUGFS Power PLC	Fellow Subsidiary	595,472	261,153	-	-
LAUGFS Maritime Services (Pvt) Ltd	Subsidiary	-	-	26,353	-
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	66,163	1,896	63,815	-
Anantaya Wadduwa (Pvt) Ltd	Fellow Subsidiary	-	339,690,000	-	339,690,000
LAUGFS Gas (Bangladesh) Ltd	Subsidiary	-	-	1,079,224	576,407
LAUGFS Terminals Ltd	Subsidiary	-	-	301,432	-
LAUGFS Leisure Ltd	Fellow Subsidiary	445,354,265	819,090,009	444,099,091	813,420,393
SLOGAL Energy DMCC	Subsidiary	-	-	1,907	-
Pams Power (Pvt) Ltd	Fellow Subsidiary	12,399	-	12,399	-
LAUGFS Property Developers (Pvt) Ltd	Subsidiary	-	-	74,174,944	90,811,995
LAUGFS Restaurants (Pvt) Ltd	Fellow Subsidiary	8,949	3,156	3,815	-
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	61,507	39,422	21,936	-
LAUGFS Solutions Ltd	Fellow Subsidiary	371,542	371,542	-	-
LAUGFS Wellness (Pvt) Ltd	Fellow Subsidiary	54,426	54,426	-	-
LAUGFS International (Pvt) Ltd	Fellow Subsidiary	19,526	10,320	9,537	-
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	15,188,526	15,345,143	43,872	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	1,580,610	839,620	4,769	-
LAUGFS Lubricants Ltd	Fellow Subsidiary	444,515	326,611	126,699	-
		676,986,957	1,386,130,695	520,401,533	1,244,554,638

18.3 Advances given to Related Parties

	Relationship	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	699,680	2,322,207	699,680	2,322,207
		699,680	2,322,207	699,680	2,322,207

Trade receivables are non-interest bearing and are generally on terms of 1-45 days.

As at 31 March, the ageing analysis of trade receivables, is as follows:

Group	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2022	837,255,996	521,060,734	89,243,739	6,943,907	58,685,626	161,321,991
2021	1,531,627,225	1,066,390,813	253,469,711	9,609,977	1,140,593	201,016,132

Company	Total	Neither Past Due nor Impaired	Past Due and Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2022	433,923,961	312,945,863	71,984,640	-	-	48,993,458
2021	515,892,653	352,140,514	104,727,306	8,469,384	-	50,555,449

Above to be read in conjunction with Note 30 on credit risk of trade receivables, which discusses how the Group/Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

Movements in the allowance for impairment of Trade Receivables;

	Group			Company		
	Individually Impaired Rs.	Collectively Impaired Rs.	Total Rs.	Individually Impaired Rs.	Collectively Impaired Rs.	Total Rs.
As at 1 April 2020	18,548,321	21,781,541	40,329,862	12,655,478	21,781,541	34,437,019
Charge/(Reversal) for the Year	(4,074,962)	(1,373,548)	(5,448,510)	(4,225,996)	(1,373,548)	(5,599,544)
Write off	(4,352,769)	-	(4,352,769)	(4,352,769)	-	(4,352,769)
Exchange Differences	335,031	-	335,031	-	-	-
As at 31 March 2021	10,455,620	20,407,993	30,863,613	4,076,713	20,407,993	24,484,705
Charge/(Reversal) for the Year	1,523,993	(2,431,057)	(907,064)	157,435	(2,431,057)	(2,273,622)
Write off	-	-	-	-	-	-
Exchange Differences	3,638,640	-	3,638,640	-	-	-
As at 31 March 2022	15,618,253	17,976,936	33,595,189	4,234,148	17,976,936	22,211,084

Notes to the Financial Statements

19. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
19.1 Favourable Cash and Cash Equivalents Balances				
Fixed Deposits	39,438,161	26,419,124	-	-
Savings Accounts	484,368,798	67,762,602	1,491,996	59,340,681
Cash in Hand and at Bank	287,620,277	217,955,001	23,554,965	6,607,871
	811,427,236	312,136,727	25,046,962	65,948,552
19.2 Unfavourable Cash and Cash Equivalents Balances				
Bank Overdrafts (Note 16.2)	(1,841,098,608)	(1,175,498,740)	(487,940,148)	(326,490,462)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	(1,029,671,372)	(863,362,013)	(462,893,186)	(260,541,910)

19.3 Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

20. STATED CAPITAL

Group/Company	2022		2021	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 20.1)	335,000,086	762,557,096	335,000,086	762,557,096
Ordinary Non-Voting Shares (Note 20.2)	52,000,000	237,442,904	52,000,000	237,442,904
	387,000,086	1,000,000,000	387,000,086	1,000,000,000
20.1 Ordinary Voting Shares				
As at 1 April	335,000,086	762,557,096	335,000,086	762,557,096
As at 31 March	335,000,086	762,557,096	335,000,086	762,557,096
20.2 Ordinary Non-Voting Shares				
As at 1 April	52,000,000	237,442,904	52,000,000	237,442,904
As at 31 March	52,000,000	237,442,904	52,000,000	237,442,904

20.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

21. FAIR VALUE THROUGH OCI RESERVE

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Fair Value Through OCI Reserve (Note 21.1)	(21,818,226)	(22,730,041)	24,863,276,720	22,670,767,636
	(21,818,226)	(22,730,041)	24,863,276,720	22,670,767,636

21.1 Fair Value Through OCI Reserve

As at 1 April	(22,730,041)	(353,244,862)	22,670,767,636	21,093,480,057
Gains/(Losses) arising during the Year	(6,569)	76,239,141	2,191,590,700	1,323,011,900
Disposal of Financial Assets at FVTOCI	918,385	254,275,679	918,385	254,275,679
As at 31 March	(21,818,226)	(22,730,041)	24,863,276,720	22,670,767,636

22. OTHER RESERVES

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Revaluation Reserve (Note 22.1)	7,474,518,723	804,478,813	4,983,380,606	38,451,241
Foreign Currency Translation Reserve (Note 22.2)	4,293,985,191	1,477,139,274	-	-
	11,768,503,914	2,281,618,087	4,983,380,606	38,451,241

22.1 Revaluation Reserve

As at 1 April	804,478,813	863,475,501	38,451,241	38,451,241
Gain on Revaluation of Property, Plant and Equipments	8,491,186,967	-	6,181,161,706	-
Tax Impact of Revaluation Gain	(1,697,798,666)	64,351,703	(1,236,232,341)	-
Transfer of Depreciation on Revaluation of Property, Plant and Equipments	(123,348,391)	(123,348,391)	-	-
As at 31 March	7,474,518,723	804,478,813	4,983,380,606	38,451,241

22.2 Foreign Currency Translation Reserve

As at 1 April	1,477,139,274	1,162,067,867	-	-
Foreign Exchange Translation Differences	2,816,845,917	315,071,407	-	-
As at 31 March	4,293,985,191	1,477,139,274	-	-

Notes to the Financial Statements

23. EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
23.1 Net Benefit Expense				
Current Service Cost	34,899,509	32,374,133	6,132,610	7,902,053
Past Service cost	(910,087)	-	(730,489)	-
Interest Cost on Benefit Obligation	10,662,931	12,000,763	4,796,067	5,993,365
Administration Expenses	183,567	130,028	-	-
Total Expenses	44,835,920	44,504,924	10,198,188	13,895,418
23.2 Employee Benefit Liability				
Employee Benefit Liability	402,343,898	308,451,009	65,987,709	68,515,245
Fair Value of Plan Assets*	(204,845,183)	(135,583,298)	-	-
Net Employee Benefit Liability	197,498,715	172,867,711	65,987,709	68,515,245

* Plan Assets are made up of cash and cash equivalent.

23.3 Messrs. Smiles Global (Pvt) Ltd, actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2022. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2022 and 31.03.2021 are as follows:

	Group						Company	
	Energy		Property		Transportation & Logistics			
	2022	2021	2022	2021	2022	2021	2022	2021
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	6.25% - 14.5%	5%-7%	14.5%	7%	15%	7%-8%	14.5%	7%
Salary Increment Rate:	10%-12%	7%-10%	10%	7%	7%-10%	7%	12%	7%
Retirement Age:	57-60 years	55-60 years	57- 60 years	55 years	57- 60 years	55 years	57- 60 years	55 years
Staff Turnover Ratio:	17%-41%	14%-34%	14%	16%	13% - 14%	8%-17%	17% (for Management Staff) and 41% (for Other Staff)	19% (for Management Staff) and 34% (for Other Staff)
Mortality Table:	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table

The Retirement Benefit Plan was amended due to the increase in retirement age enacted by the Minimum Retirement Age of Workers Act No. 28 of 2021.

As on 17th Nov 2021, employees who have attained the age of	Retirement age
Less than 52 years	60 years
53 years	59 years
54 years	58 years
55 years	57 years

23.4 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 2022.

	Increase/ (Decrease)		Group 2022			Company 2022		
	In Discount Rate	In Rate of Salary Increment	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.	Effect on Statement of Profit or Loss (Reduction)/ Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.
	+1%	-	16,705,381	(16,705,381)	385,638,517	2,790,601	(2,790,601)	63,309,536
	-1%	-	(18,252,065)	18,252,065	420,595,962	(3,033,046)	3,033,046	68,904,964
	-	+1%	(19,438,293)	19,438,293	421,782,191	(3,322,101)	3,322,101	69,241,865
	-	-1%	18,135,588	(18,135,588)	384,208,309	3,110,189	(3,110,189)	62,955,118

Notes to the Financial Statements

23. EMPLOYEE BENEFIT LIABILITY (CONTD.)

23.5 Changes in the Defined Benefit Obligation

Group

The following table demonstrates the changes in the defined benefit obligation.

2022		Amounts Charged to Profit or Loss					
	01 April 2021 Rs.	Service Cost Rs.	Interest Cost Rs.	Administration Expenses Rs.	Sub Total Included in Profit or Loss Rs.	Benefits Paid Rs.	Adjustment due to transfer of employees into/(out of) Company Rs.
Defined Benefit Obligation	308,451,009	33,989,422	17,312,744	-	51,302,166	(34,830,864)	(1,220,974)
Fair value of Plan Assets	(135,583,298)	-	(6,649,813)	183,567	(6,466,246)	25,677,684	-
Net Benefit Liability	172,867,711	33,989,422	10,662,931	183,567	44,835,920	(9,153,180)	(1,220,974)

2021		Amounts Charged to Profit or Loss					
	01 April 2020 Rs.	Service Cost Rs.	Interest Cost Rs.	Administration Expenses Rs.	Sub Total Included in Profit or Loss Rs.	Benefits Paid Rs.	Adjustment due to transfer of employees into/(out of) Company Rs.
Defined Benefit Obligation	246,120,019	32,374,133	20,300,361	-	52,674,494	(18,603,691)	1,265,308
Fair value of Plan Assets	(104,741,409)	-	(8,299,598)	130,028	(8,169,570)	6,048,214	-
Net Benefit Liability	141,378,610	32,374,133	12,000,763	130,028	44,504,924	(12,555,476)	1,265,308

23.5.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2022 Rs.	2021 Rs.
Within the next 2 Years	16,600,501	13,321,256
Between 2 and 5 Years	253,317,603	116,776,689
Between 5 and 10 Years	132,425,794	176,486,488
Over 10 Years	-	1,866,576
Total Expected Payments	402,343,898	308,451,009

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.84 - 6.65 years. (2021: 3.93 - 6.35 years).

	Remeasurement (Gains)/Losses in Other Comprehensive Income						
Exchange Difference	Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2022
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
105,316,525	-	(3,398,803)	(30,538,459)	7,263,298	(26,673,964)	-	402,343,898
(66,343,083)	5,044,143	-	-	-	5,044,143	(27,174,382)	(204,845,183)
38,973,441	5,044,143	(3,398,803)	(30,538,459)	7,263,298	(21,629,821)	(27,174,382)	197,498,715

	Remeasurement (Gains)/Losses in Other Comprehensive Income						
Exchange Difference	Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2021
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11,723,708	-	541,054	35,746,565	(21,016,449)	15,271,171	-	308,451,009
(7,335,094)	6,425,966	-	-	-	6,425,966	(27,811,404)	(135,583,298)
4,388,614	6,425,966	541,054	35,746,565	(21,016,449)	21,697,137	(27,811,404)	172,867,711

Notes to the Financial Statements

23. EMPLOYEE BENEFIT LIABILITY (CONTD.)

23.6 Changes in the Defined Benefit Obligation

Company

The following table demonstrates the changes in the defined benefit obligation.

2022		Amounts Charged to Profit or Loss			
	01 April 2021 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	68,515,245	5,402,121	4,796,067	10,198,188	(5,062,180)
Benefit Liability	68,515,245	5,402,121	4,796,067	10,198,188	(5,062,180)

2021		Amounts Charged to Profit or Loss			
	01 April 2020 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	66,592,939	7,902,053	5,993,365	13,895,418	(12,544,461)
Benefit Liability	66,592,939	7,902,053	5,993,365	13,895,418	(12,544,461)

23.6.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2022 Rs.	2021 Rs.
Within the next 2 Years	297,892	2,583,674
Between 2 and 5 Years	13,102,594	44,849,139
Between 5 and 10 Years	52,587,223	21,082,431
Over 10 Years	-	-
Total Expected Payments	65,987,709	68,515,245

The average duration of the defined benefit plan obligation at the end of the reporting period is 5.28 years. (2021: 4.51 years)

		Remeasurement (Gains)/Losses in Other Comprehensive Income					
	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2022
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	(1,677,296)	4,911,479	(11,076,214)	178,487	(5,986,248)	-	65,987,709
	(1,677,296)	4,911,479	(11,076,214)	178,487	(5,986,248)	-	65,987,709

		Remeasurement (Gains)/Losses in Other Comprehensive Income					
	Adjustment due to transfer of employees into/(out of) Company	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 2021
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	1,265,308	518,377	4,354,959	(5,567,296)	(693,959)	-	68,515,245
	1,265,308	518,377	4,354,959	(5,567,296)	(693,959)	-	68,515,245

Notes to the Financial Statements

24. REFUNDABLE DEPOSITS

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
As at 1 April	2,957,457,240	2,760,003,885	2,748,877,106	2,621,843,214
Additions	40,424,499	708,640,362	1,317,710	630,718,044
Refunds/Transfers	(352,774,750)	(522,017,602)	(338,570,969)	(503,684,152)
Exchange Differences	111,050,543	10,830,595	-	-
As at 31 March	2,756,157,532	2,957,457,240	2,411,623,847	2,748,877,106
Refundable Deposits within One Year (Current)	241,162,385	274,887,711	241,162,385	274,887,711
Refundable Deposits after One Year (Non-Current)	2,514,995,147	2,682,569,529	2,170,461,462	2,473,989,395
	2,756,157,532	2,957,457,240	2,411,623,847	2,748,877,106

25. TRADE AND OTHER PAYABLES

		Group		Company	
		2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Payables	- Related Parties (Note 25.1)	14,886,328	8,750,607	3,052,543,422	1,617,930,850
	- Others	1,759,337,623	3,466,870,369	144,569,980	323,348,121
Other Payables	- Related Parties (Note 25.2)	218,383,149	89,651,689	892,241,212	827,717,376
	- Others	1,581,973,599	701,965,770	-	-
		3,574,580,700	4,267,238,434	4,089,354,614	2,768,996,347
Provision for Workers' Profit Participation Fund		178,155,576	120,388,719	-	-
Sundry Creditors including Accrued Expenses		2,602,335,338	1,630,535,693	484,496,228	415,661,236
		6,355,071,614	6,018,162,846	4,573,850,842	3,184,657,583

25.1 Trade Payable to Related Parties

		Group		Company	
	Relationship	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	5,290,357	4,477,343	3,317,005	4,035,482
LAUGFS Lubricants Ltd.	Fellow Subsidiary	383,986	724,922	383,986	724,922
LAUGFS Leisure Ltd	Fellow Subsidiary	-	141,357	-	107,818
LAUGFS International (Pvt) Ltd	Fellow Subsidiary	543,563	543,563	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	3,043,004,932	1,612,220,128
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	8,668,423	2,863,421	5,837,500	842,500
		14,886,328	8,750,607	3,052,543,422	1,617,930,850

25.2 Other Payable to Related Parties

	Relationship	Group 2022 Rs.	Group 2021 Rs.	Company 2022 Rs.	Company 2021 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	263,211	-	263,211	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	9,040,884	1,622,527	8,132,879	1,622,527
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	104,115	2,193,972	104,115	-
LAUGFS Holdings Ltd.	Parent	164,103,466	57,938,089	24,617,602	-
LAUGFS Terminals Ltd.	Subsidiary	-	-	829,446,201	825,849,277
LAUGFS Lubricants Ltd.	Fellow Subsidiary	33,255	9,139	33,255	-
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	44,727,652	25,609,391	29,003,140	103,390
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	-	629,948	-	142,183
LAUGFS Leisure Ltd.	Fellow Subsidiary	-	16,720	-	-
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	100,566	-	100,566	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	10,000	82,500	-	-
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	-	52,514	-	-
LAUGFS Power PLC	Fellow Subsidiary	-	1,496,889	-	-
LAUGFS Gas (Bangladesh) Ltd	Subsidiary	-	-	540,244	-
		218,383,149	89,651,689	892,241,212	827,717,376

Trade payables are non-interest bearing and are normally settled on 30 -90 days terms.

For explanations on the Group's credit risk management processes, refer to Note 30.

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.
2022	1,774,223,952	1,637,858,794	98,022,006	20,986,882	17,356,270
2021	3,475,620,976	3,249,907,975	171,712,201	38,614,181	15,386,619

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2022	3,197,113,402	971,037,357	705,868,669	220,732,065	1,299,475,311
2021	1,941,278,971	1,397,956,579	225,173,700	38,127,014	280,021,678

Notes to the Financial Statements

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital Expenditure Commitments

The Group does not have significant capital expenditure commitments as at the reporting date.

26.2 Other Commitments and Contingencies

The Group does not have significant contingencies as at the reporting date other than following guarantees given/received.

(a) LAUGFS Gas PLC

The Company has provided corporate guarantees to following companies.

Provided to	Currency	Value of Guarantee	In favour of
LAUGFS Maritime Services (Pvt) Ltd	USD	750,000	Hatton National Bank PLC
LAUGFS Maritime Services (Pvt) Ltd	USD	1,250,000	People's Bank
LAUGFS Power PLC	LKR	130,000,000	Commercial Bank of Ceylon PLC
Pams Power (Pvt) Ltd	LKR	300,000,000	Hatton National Bank PLC
Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Ltd	LKR	70,250,000	Commercial Bank of Ceylon PLC
IRIS Eco Power Lanka (Pvt) Ltd	LKR	1,500,000,000	Sampath Bank PLC
SLOGAL Energy DMCC	USD	26,500,000	People's Bank
LAUGFS Property Developers (Pvt) Ltd	LKR	80,000,000	Hatton National Bank PLC
LAUGFS Leisure Ltd	LKR	100,000,000	MCB Bank Ltd
LAUGFS Terminals Ltd	USD	22,000,000	Peoples Bank
LAUGFS Terminals Ltd	USD	20,000,000	Standard Chartered Bank
LAUGFS Terminals Ltd	LKR	25,000,000	Hatton National Bank PLC

The Company has obtained corporate guarantees from following companies

Obtained from	Currency	Value of Guarantee	In favour of
LAUGFS Holdings Ltd	LKR	2,519,000,000	Bank of Ceylon
LAUGFS Holdings Ltd	LKR	1,000,000,000	People's Bank
LAUGFS Maritime Services (Pvt) Ltd	LKR	800,000,000	Nations Trust Bank PLC
LAUGFS Property Developers (Pvt) Ltd	LKR	800,000,000	Nations Trust Bank PLC

The Company has obtained a guarantee from Hatton National Bank PLC in favour of Director General of Customs amounting to LKR 25.6 Mn

The Company has obtained a guarantee from Commercial Bank of Ceylon PLC in favour of Ceylon Petroleum Corporation for the Credits facility obtained amounting to LKR 78.2 Mn.

(b) LAUGFS Maritime Services (Pvt) Ltd

The Company has provided corporate guarantee to SLOGAL Energy DMCC for USD 20 Mn in favour of Bank of Ceylon.

27. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged 2022 Rs.	Carrying Amount Pledged 2021 Rs.	Included Under
Group				
Property Located at Mabima	Negative Pledge	2,016,950,128	494,077,046	Property, Plant and Equipment
Assets Located at Mabima	Negative Pledge	436,568,585	726,177,273	Property, Plant and Equipment
Vessel	Negative Pledge	-	252,484,992	Property, Plant and Equipment
Investment Property - Land and Building	Primary Mortgage	141,945,208	202,167,013	Investment Properties
Plant and Machinery - Terminals	Primary Mortgage over Project Assets	11,398,184,709	8,244,317,931	Property, Plant and Equipment
Plant and Machinery	Registered hypothecation (fixed charge) covering plant and machinery	969,569,028	973,701,208	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,164,635,160	1,176,929,224	Investment Properties
Free Hold Land at Mabima	Negative Pledge	404,972,994	481,570,306	Property, Plant and Equipment
Company				
Property Located at Mabima	Negative Pledge	2,016,950,128	494,077,046	Property, Plant and Equipment
Assets Located at Mabima	Negative Pledge	436,568,585	726,177,273	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,164,635,160	1,176,929,224	Investment Properties
Free Hold Land at Mabima	Negative Pledge	404,972,994	481,570,306	Property, Plant and Equipment

Notes to the Financial Statements

28. RELATED PARTY DISCLOSURES

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

28.1 Transactions with the Related Parties

Guarantees

Guarantees given by the Group to banks on behalf of related parties are disclosed in the Note 26 to these Financial Statements.

Terms and Conditions:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free.

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2022 and 31 March 2021, refer to Notes 18 and 25).

Group	Parent		Other Group Companies		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Nature of Transactions						
As at 1 April	206,665,060	229,061,119	1,233,534,744	1,203,502,009	1,440,199,804	1,432,563,128
Sale of Goods/Services	1,404,060	3,342,365	126,648,337	118,228,638	128,052,397	121,571,003
Settlement of Trade & Other Receivable	(124,736,322)	(5,110,908)	(831,355,392)	(63,114,250)	(956,091,713)	(68,225,158)
Purchase of Goods/Services	(188,758,822)	(169,268,305)	(60,253,672)	(105,779,348)	(249,012,494)	(275,047,653)
Settlement of Trade & Other Payable	218,560,404	148,699,645	45,209,905	85,797,506	263,770,308	234,497,151
Balance Written Off	-	-	-	(11,349,296)	-	(11,349,296)
Adjustment due to transfer of Employees	-	-	(1,137,053)	1,285,058	(1,137,053)	1,285,058
Others	(12,798,691)	(58,856)	(5,545,207)	4,964,429	(18,343,897)	4,905,572
As at 31 March	100,335,689	206,665,060	507,101,663	1,233,534,744	607,437,352	1,440,199,804

28.1.1 Other Group Companies include following Companies;

Anantaya Passekudah (Pvt) Ltd
Anantaya Wadduwa (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS International (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Life Sciences (Pvt) Ltd
LAUGFS Lubricants Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Restaurants (Pvt) Ltd
LAUGFS Salt and Chemicals (Pvt) Ltd
LAUGFS Solutions Ltd
LAUGFS Supermarkets (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

28.2 Transactions with the Related Parties

Company	Parent		Subsidiaries		Other Related Companies		Total	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Nature of Transactions								
As at 1 April	-	(344,964)	(2,346,681,005)	(1,715,684,042)	1,150,099,242	1,155,060,520	(1,196,581,763)	(560,968,487)
Sale of Goods/Services	-	-	-	-	30,381,479	33,664,246	30,381,479	33,664,246
Purchase of Goods/Services	-	-	(8,174,788,131)	(10,682,084,610)	(45,258,976)	(94,060,678)	(8,220,047,107)	(10,776,145,288)
Settlement of Trade & Other Receivable	(120,659,569)	(4,443,604)	6,605,068,720	(121,128,063)	(814,390,266)	(26,988,764)	5,670,018,885	(152,560,431)
Settlement of Trade & Other Payable	96,166,498	4,788,568	57,562,374	10,052,362,967	81,549,015	76,200,608	235,277,887	10,133,352,143
Dividend	-	-	61,970,768	105,931,846	-	-	61,970,768	105,931,846
Adjustment due to transfer of Employees	-	-	(540,244)	(443,066)	(1,137,053)	1,285,058	(1,677,297)	841,992
Balance Written Off	-	-	-	-		(26,176)	-	(26,176)
Others	-	-		14,363,963		4,964,429	-	19,328,391
As at 31 March	(24,493,071)	-	(3,797,407,518)	(2,346,681,005)	401,243,441	1,150,099,242	(3,420,657,148)	(1,196,581,763)

28.2.1 Subsidiaries include the following Companies;

LAUGFS Gas (Bangladesh) Ltd
LAUGFS Maritime Services (Pvt) Ltd
LAUGFS Property Developers (Pvt) Ltd
LAUGFS Terminals Ltd
SLOGAL Energy DMCC

28.2.2 Other Related Companies include the following Companies;

Ananthaya Pasikudah (Pvt) Ltd
Ananthaya Wadduwa (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Life Sciences (Pvt) Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Supermarkets (Pvt) Ltd
Lfinity (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

Notes to the Financial Statements

28. RELATED PARTY DISCLOSURES (CONTD.)

28.3 Transactions with Key Management Personnel of the Company or its Parent

Key Management Personnel (KMPs) are defined as those persons such as directors, chief executive officers and other senior executives etc. who have authority and responsibility for planning, directing and controlling the activities of the Company as well as the subsidiaries, direct or indirectly.

Compensation of Key Management Personnel

Group

	2022 Rs.	2021 Rs.
Short Term Employee Benefits (Cash Benefits)	146,063,311	137,113,331
Short Term Employee Benefits (Non-cash Benefits)	9,456,128	10,227,882
Total Compensation paid to Key Management Personnel	155,519,439	147,341,213

Company

	2022 Rs.	2021 Rs.
Short Term Employee Benefits (Cash Benefits)	100,576,500	97,909,000
Short Term Employee Benefits (Non-cash Benefits)	6,298,250	6,240,000
Total Compensation paid to Key Management Personnel	106,874,750	104,149,000

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

29. EVENTS OCCURRING AFTER THE REPORTING DATE

Interest Rate

The Monetary Board of the Central Bank of Sri Lanka, at its meeting held on 08 April 2022, decided to increase the Standing Deposit Facility Rate (SDFR) and the Standing Lending Facility Rate (SLFR) of the Central Bank by 700 basis points to 13.50 per cent and 14.50 per cent, respectively, effective from the close of business on 08 April 2022. The policy response was made by the Central Bank of Sri Lanka after the reporting period and consequently, no adjustments were necessary to the amounts recognised in the financial statements. The financial effects of the interest rate movement have been more fully described in Note 30.

Foreign Currency Exchange Rates

In March 2022, the Central Bank of Sri Lanka abandoned the temporary peg on US Dollar / LK Rupee (USD / LKR) Exchange Rate. The resulting impact of exchange rate movement during the period have been adjusted to these financial statements. The USD / LKR exchange rate continued to substantively increase subsequent to the period end. However, no adjustments to these financial statements were necessary, as such large increases arose only after the period end. Given the continuing volatility of USD/ LKR movement, the Group is not able to make an estimate of its financial effect with acceptable precision.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Introduction

LAUGFS Gas PLC & its subsidiaries are exposed in particular to credit and liquidity risk, as well as to risks from movements in foreign currency translation, interest rates and market prices that affect its assets, liabilities, and forecasted transactions. Some of these risks are inherent in the conglomerate model, whereas others are unique to their industries.

The overall risk management policy of LAUGFS aims to limit these risks through operational and financial activities. The Board of Directors is ultimately responsible for establishing and overseeing the LAUGFS risk management framework. The Group Treasury Division is in charge of financial risk management and implementing the policy and identifying, evaluating, and hedging financial risks in collaboration with the LAUGFS Business Units.

The Group has established strategies for governing procedures pertaining to the use of financial instruments, such as clear segregation of duties pertaining to financial activities, settlement, accounting, and so on. Policies and systems for risk management are reviewed on a regular basis to reflect changes in market conditions and LAUGFS activities.

Internal Audit (LAUGFS Group Risk & Control Division) assists the Audit Committee in its oversight role. GRC reviews risk management controls and procedures on a regular and ad-hoc basis, with the results reported to the Audit Committee.

a) Credit Risk

Our credit risk exposure is primarily influenced by each consumer's unique characteristics. Credit risk arises from the Group's operating activities (primarily trade receivables) as well as its financing activities, which include deposits with banks, foreign exchange transactions, and other financial instruments. Prior to converting a cash customer to a credit customer, the Group assesses the credit quality of the customer, taking into account its financial position, past experience, and other relevant factors that are critical in assessing credit worthiness.

Customers are classified based on credit characteristics such as geographic location, industry, and past financial track record, and new customers are individually evaluated for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Furthermore, the Group follows a policy of obtaining Bank Guarantees from distributors and other risk management instruments as needed.

	Group		Company	
	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
Trade Receivables other than Related Party Receivables	674,235,803	1,381,478,027	430,897,688	513,703,035
Guarantees Provided by Customers	(242,050,000)	(223,050,000)	(242,050,000)	(223,050,000)
Trading with Global MNC high credit worth clients	-	(700,210,444)	-	-
Total maximum exposure to credit risk on Trade Receivables	432,185,803	458,217,583	188,847,688	290,653,035

The carrying amounts of financial assets that are generally subject to credit risk are equal to their maximum risk positions. The Group's exposure in decreased by 6% compared to last year, with the significant reduction in trade receivables (LKR) other than Related Party Receivables more than 51%. Through rigorous monitoring and debt collection in the face of a difficult external environment, the company was able to significantly reduce its exposure by 54% compared to 2021.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Maximum Risk Position

Group

As at 31 March in Rs.	2022						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,579,205,129	-	-	2,579,205,129	61%
Amount due from Related Parties	-	-	840,706,829	-	-	840,706,829	20%
Loan to Company Officers	-	-	66,667	-	-	66,667	0%
Deposits with Bank	-	-	-	-	523,806,959	523,806,959	12%
Cash in Hand and at Bank	-	-	-	-	287,620,277	287,620,277	7%
Total Credit Risk Exposure	-	-	3,419,978,625	-	811,427,236	4,231,405,861	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	18,494,990	-	-	-	18,494,990	56%
Financial Assets at Fair Value through Profit or Loss	-	-	-	14,253,944	-	14,253,944	44%
Total Equity Risk Exposure	-	18,494,990	-	14,253,944	-	32,748,934	100%
Total	-	18,494,990	3,419,978,625	14,253,944	811,427,236	4,264,154,795	

Company

As at 31 March in Rs.	2022						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	719,842,629	-	-	719,842,629	57%
Amount due from Related Parties	-	-	524,127,486	-	-	524,127,486	41%
Loan to Company Officers	-	-	66,667	-	-	66,667	0%
Deposits with Bank	-	-	-	-	1,491,996	1,491,996	0%
Cash in Hand and at Bank	-	-	-	-	23,554,965	23,554,965	2%
Total Credit Risk Exposure	-	-	1,244,036,782	-	25,046,962	1,269,083,743	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	35,004,286,787	18,494,990	-	-	-	35,022,781,777	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	14,253,944	-	14,253,944	0%
Total Equity Risk Exposure	35,004,286,787	18,494,990	-	14,253,944	-	35,037,035,721	100%
Total	35,004,286,787	18,494,990	1,244,036,782	14,253,944	25,046,962	36,306,119,465	

Group

As at 31 March in Rs.	2021						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,943,654,301	-	-	2,943,654,301	61%
Amount due from Related Parties	-	-	1,538,602,099	-	-	1,538,602,099	32%
Loan to Company Officers	-	-	96,670	-	-	96,670	0%
Deposits with Bank	-	-	-	-	94,181,726	94,181,726	2%
Cash in Hand and at Bank	-	-	-	-	217,955,001	217,955,001	5%
Total Credit Risk Exposure	-	-	4,482,353,070	-	312,136,727	4,794,489,797	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	10,457,786	-	-	-	10,457,786	7%
Financial Assets at Fair Value through Profit or Loss	-	-	-	140,356,872	-	140,356,872	93%
Total Equity Risk Exposure	-	10,457,786	-	140,356,872	-	150,814,658	100%
Total	-	10,457,786	4,482,353,070	140,356,872	312,136,727	4,945,304,455	

Company

As at 31 March in Rs.	2021						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	991,982,221	-	-	991,982,221	43%
Amount due from Related Parties	-	-	1,249,066,463	-	-	1,249,066,463	54%
Loan to Company Officers	-	-	96,670	-	-	96,670	0%
Deposits with Bank	-	-	-	-	59,340,681	59,340,681	3%
Cash in Hand and at Bank	-	-	-	-	6,607,871	6,607,871	0%
Total Credit Risk Exposure	-	-	2,241,145,353	-	65,948,552	2,307,093,906	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	32,966,187,770	10,457,786	-	-	-	32,976,645,556	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	140,356,872	-	140,356,872	0%
Total Equity Risk Exposure	32,966,187,770	10,457,786	-	140,356,872	-	33,117,002,428	100%
Total	32,966,187,770	10,457,786	2,241,145,353	140,356,872	65,948,552	35,424,096,334	

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Deposits with Bank

The credit risk of cash & cash equivalents is managed by the Group Treasury Division in accordance with the Group established guidelines. The Group Treasury Division ensures the cash and cash equivalent are held with banks & financial institution counter-parties, with good reputations & credit ratings.

As at 31st March 2022, deposits were made in reputed and leading commercial banks with following credit ratings, as follows;

	Group				Company			
As at 31 March	2022		2021		2022		2021	
Fitch Rating	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	3,124,228	0%	-	0%	-	0%	-	0%
AA+	75,445,284	9%	-	0%	-	0%	-	0%
AA	134,872	0%	34,841,045	37%	134,872	1%	-	0%
A+	448,285,397	56%	-	0%	3,231,108	13%	-	0%
A	36,865,023	5%	2,212	0%	3,756	0%	2,212	0%
AA-	234,130,907	29%	59,338,470	63%	20,667,946	86%	59,338,470	100%
A-	896,784	0%	-	0%	-	0%	-	0%
BBB-	-	0%	-	0%	-	0%	-	0%
BB-	2,663,876	0%	-	0%	-	0%	-	0%
B	-	0%	-	0%	-	0%	-	0%
	801,546,371	100%	94,181,726	100%	24,037,682	100%	59,340,681	100%

b) 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. Group's approach is to handling liquidity is to ensure, as far as possible, that it will have adequate liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to LAUGFS reputation.

Group is much concern in striking a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, and finance leases. Group Treasury gathers information from the Group regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

Business units and subsidiaries' liquidity is managed by Group Treasury's centralised cash management along with the divisional finance, which covers any short-term volatility and provides longer-term financing to meet any systemic liquidity requirements. The Group Treasury jointly with Divisional finance monitors cash flows at the corporate level in order to meet financing needs. Since financing is not limited to a particular financial institution, the exposure to liquidity risk is reduced due to the diversification of funding sources.

Please refer to the short term and long term borrowings note 16.2 for further details.

Maturity Analysis

The monthly liquidity position is monitored by the Group Treasury and all the liquidity policies and procedures are subjected to review and approval by the BOD. The Group attempts to match contracted cash outflows using a combination of operational cash inflows and other inflows that are generated through Operational cash flows, liquidation of short term investments and other secured borrowings.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2022 based on contractual undiscounted payments.

Group

As at 31st March 2022 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	461,550,778	865,778,251	4,927,296,527	12,136,922,088	3,447,808,146	21,839,355,789
Lease Liability	13,631,246	30,603,914	85,566,351	648,863,873	2,142,359,088	2,921,024,473
Trade and other payables	2,480,222,836	997,845,762	2,877,003,016	-	-	6,355,071,614
Short term loans	6,189,150,753	5,523,630,480	3,388,485,350	-	-	15,101,266,583
Bank overdrafts	1,841,098,608	-	-	-	-	1,841,098,608
Total	10,985,654,221	7,417,858,407	11,278,351,245	12,785,785,961	5,590,167,234	48,057,817,067

As at 31st March 2021 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	213,934,251	486,545,043	2,631,111,049	9,581,988,092	4,053,736,789	16,967,315,224
Lease Liability	5,361,258	10,730,466	122,103,015	347,936,933	1,589,873,567	2,076,005,240
Trade and other payables	3,859,907,317	577,666,139	1,580,589,390	-	-	6,018,162,846
Short term loans	6,278,663,502	6,094,047,847	-	-	-	12,372,711,349
Bank overdrafts	1,175,498,740	-	-	-	-	1,175,498,740
Total	11,533,365,068	7,168,989,495	4,333,803,454	9,929,925,025	5,643,610,356	38,609,693,399

Company

As at 31st March 2022 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	277,455,864	499,782,490	2,997,848,761	4,963,569,641	-	8,738,656,756
Lease Liability	1,776,155	3,552,311	15,985,399	31,703,235	1,653,750	54,670,850
Trade and other payables	1,615,862,922	852,843,532	2,105,144,388	-	-	4,573,850,842
Short term loans	5,599,821,169	3,036,578,986	544,842,440	-	-	9,181,242,595
Bank overdrafts	487,940,148	-	-	-	-	487,940,148
Total	7,982,856,258	4,392,757,319	5,663,820,988	4,995,272,876	1,653,750	23,036,361,190

As at 31st March 2021 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	155,400,272	233,176,529	1,694,556,048	5,274,773,286	-	7,357,906,135
Lease Liability	1,724,628	3,457,207	15,693,397	58,649,268	871,200	80,395,700
Trade and other payables	1,464,205,943	321,368,889	1,399,082,751	-	-	3,184,657,583
Short term loans	4,524,186,322	5,734,622,475	-	-	-	10,258,808,797
Bank overdrafts	326,490,462	-	-	-	-	326,490,462
Total	6,472,007,627	6,292,625,100	3,109,332,196	5,333,422,554	871,200	21,208,258,677

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

c) Market Risk

Market risk is the risk that changes in market prices will affect LAUGFS income or the value of its holdings of financial instruments. We are exposed to market risk through financial instruments affected by market risk include loans and borrowing, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, we have has established a Group Treasury Policy of which the objective is to reduce the volatility relating to these exposures.

Market prices comprise four types of risk:

- Interest Rate Risk,
- Currency Risk (FOREX Risk)
- Commodity Price Risk
- Other Price Risk, Such As Equity Price Risk

Interest Rate Risk

Risk arises from movements in interest rates which could affect the Group financial result or the value of Group equity. The Group's exposure to the risk of changes in market interest rates relating primarily to the Group's long term debt obligations with floating interest rates. In addition, they may affect the market value of certain financial assets, liabilities and hedging instruments. The primary objective of the Group's interest rate management is to protect the net interest result.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

	Group		Company	
Increase/(Decrease) in Exchange Rate Effect on Statement of Profit or Loss	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
+1%	401,687,057	315,616,106	184,550,175	180,203,372
-1%	(401,687,057)	(315,616,106)	(184,550,175)	(180,203,372)

Foreign Exchange Risk

The Group has operations across region and is subject to foreign currency fluctuations, which have an effect on the Group's financial results and the valuation of its equity. The amount of local currency paid or received for transactions denominated in foreign currencies may vary due to exchange rate fluctuations, and the foreign currency denominated financial statements of the Group's foreign subsidiaries may differ after consolidation into Group Financial Statements.

The Group Treasury Division analyses foreign exchange market conditions and provides market updates to the Finance Divisions of each Group subsidiary company, as well as assisting in reducing the Group's exposure to foreign currency risk through positive bank negotiations and making decisions on whether to hold, sell, or make forward bookings of foreign currency based on market conditions.

The following table demonstrated the sensitivity to a reasonably possible change in USD/LKR exchange rate, with all other variables held constant, of the Group's profit before tax due to the drastic changes in exchange rates during the year. The Group's exposure to Forex risk for all other currencies are not material.

	Group		Company	
Increase/(Decrease) in Exchange Rate Effect on Statement of Profit or Loss	2022 Rs.	2021 Rs.	2022 Rs.	2021 Rs.
+1%	9,135,965	(333,711)	10,148,874	432,917
-1%	(9,135,965)	333,711	(10,148,874)	(432,917)

Foreign Exchange Risk

The principal exchange rates used for translation purposes were:

	Average		As at 31 March	
	2022	2021	2022	2021
United States Dollar (USD)	206.79	190.60	299.00	202.04
Bangladesh Taka (BDT)	2.41	2.22	3.47	2.22

Equity Price Risk

The Group's quoted and non-quoted investments are prone to market price risk arising from uncertainties about future values of the investment securities. The key objective of managing the equity price risk is to safeguard its ability to continue as a going concern and maximise the wealth of the shareholders and benefits for other stakeholders. The investments on non-quoted shares of subsidiary companies are made after required analysis of the respective company's financial position, performance and growth potentials. The Group Treasury Division measures the fair value of the quoted and non-quoted equity security investments regularly.

The Group manages the equity price risk through diversification and the management reviews and prior approval for all equity investment decisions. The Group during the year have changed its portfolio of investments for better marketable securities and have gained momentum during the year which is depicted in the financials.

Commodity Price Risk

The commodity price risk is that a change in the price of a production input will adversely impact the profit margins of the Group. The factors that can affect commodity prices include political and regulatory changes, seasonal variations, and technology and market conditions.

LAUGFS Gas PLC being the parent is mainly affected by Global LPG prices and steep increase in foreign currency translation. In managing commodity price risk the increase in cost is, passed on to the customer by way of agreement with Consumer Affairs Authority (CAA – Pricing formula), which supports in recovering total landed cost plus a reasonable profit margin for the industry players.

At the current juncture, the Company has made a strong representation with the government and de-listed LPG from the essential items category and established an internally developed pricing formula that help the Company in a positive manner to transfer global price changes in reasonable and transparent manner. The Company also conducts appropriate trend analysis in market prices regularly and take proactive measures in procurement procedures, in order to prevent any future losses and thereby managing the overall profitability of the Company.

Capital Management

Company's capital includes ordinary shares. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interest by looking at the position in the life cycle of the respective business units. The Group is evaluating options on a long term basis at the moment on capital Management

The Board of Directors reviews the capital structure of the companies of the Group on periodic basis. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt.

	Group		Company	
	2022	2021	2022	2021
Debt/Equity	87%	98%	42%	46%

Five Year Summary

For the year ended 31 March	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.
Summary of Operations					
Revenue	21,354,621,221	24,919,775,401	27,202,063,580	35,533,768,139	34,596,520,507
Gross Profit	2,144,567,547	3,293,326,036	2,822,858,051	3,734,582,467	339,273,614
Earnings Before Interest Tax, Depreciation and Amortisation	1,648,144,424	1,651,131,671	1,975,612,671	3,010,744,769	(502,449,129)
Depreciation and Amortisation	(1,323,431,215)	(964,461,070)	(1,369,963,698)	(1,690,550,131)	(1,769,539,700)
Profit Before Finance Cost	324,713,209	686,670,601	605,648,973	1,320,194,638	(2,271,988,829)
Loss Before Tax	(1,260,763,963)	(1,249,910,171)	(1,841,848,857)	(914,726,327)	(4,570,060,185)
Income Tax Expense	(76,435,225)	(47,963,968)	(151,479,865)	256,440,066	587,587,238
Loss for the Year	(1,040,935,975)	(1,297,874,139)	(1,690,368,992)	(658,286,261)	(3,982,472,947)
Profit/(Loss) after Tax for the Year from Discontinued Operations	296,263,212	-	-	-	-
Attributable To:					
Equity Holders of the Parent	(1,040,935,975)	(1,333,329,825)	(1,719,845,798)	(685,532,742)	(4,077,068,060)
Non-Controlling Interests	-	35,455,686	29,476,806	27,246,481	94,595,113
	(1,040,935,975)	(1,297,874,139)	(1,690,368,992)	(658,286,261)	(3,982,472,947)

	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.
Summary of Financial Position					
Capital and Reserves					
Stated Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	(303,253,074)	(337,972,038)	(353,244,862)	(22,730,041)	(21,818,226)
Revaluation Reserve	86,841,931	86,841,931	863,475,501	804,478,813	7,474,518,723
Foreign Currency Translation Reserve	123,987,459	661,542,928	1,162,067,867	1,477,139,274	4,293,985,191
Retained Earnings/ (Accumulated Losses)	670,056,623	(675,402,252)	(2,335,605,506)	(3,191,949,404)	(7,131,204,812)
Equity attributable to Equity Holders of the Parent	1,577,632,939	735,010,569	336,693,000	66,938,643	5,615,480,877
Non-Controlling Interests	386,183,727	421,652,762	451,458,703	478,698,503	573,611,713
Total Equity	1,963,816,666	1,156,663,331	788,151,703	545,637,145	6,189,092,590
Assets and Liabilities					
Current Assets	9,224,835,419	7,500,398,524	6,643,219,635	8,175,501,663	6,540,287,923
Current Liabilities	12,638,032,201	16,050,845,075	20,816,114,249	23,825,308,918	30,572,403,622
Net Current Assets	(3,413,196,781)	(8,550,446,546)	(14,172,894,614)	(15,649,807,255)	(24,032,115,699)
Property, Plant & Equipment, Right of Use Assets and Investments Properties	19,577,749,257	25,124,243,287	30,137,306,416	30,971,717,796	46,787,272,033
Other Non Current Assets	144,134,587	108,112,974	91,090,408	10,457,786	18,494,990
Intangible Assets	2,343,400,577	2,663,866,340	2,844,473,224	2,888,470,575	4,356,540,849
Non Current Liabilities	16,688,270,972	18,191,751,856	17,295,921,339	17,675,201,757	20,941,099,583
Net Assets	1,963,816,666	1,156,663,331	788,151,703	545,637,145	6,189,092,590

	2018 Rs.	2019 Rs.	2020 Rs.	2021 Rs.	2022 Rs.
Summary of Cash Flows					
Net Operating Cash Flows/ (Used in)	298,810,031	1,620,078,682	(1,159,481,094)	1,206,579,373	(1,319,198,474)
Net Cash Used in Investing Activities	(5,846,729,993)	(6,473,740,176)	(2,484,559,361)	(1,119,156,987)	(193,668,645)
Net Cash from/(Used in) Financing activities	6,402,816,987	3,500,867,797	1,936,748,311	(162,135,177)	1,346,557,760

	2018	2019	2020	2021	2022
Financial Ratio					
GP Margin	10%	13%	10%	11%	1%
EBITDA Margin	8%	7%	7%	8%	-1%
NP Margin	-5%	-5%	-6%	-2%	-12%
Earnings Per Share (Rs.)	(2.69)	(3.45)	(4.44)	(1.77)	(10.54)
Current Ratio (Times)	0.73	0.47	0.32	0.34	0.21

Real Estate Portfolio

As at 31 March 2022	Land in acres		Building in (Sq.Ft)		No.of Building in each location	Market Value
Owning company and location	Freehold	Leasehold	Free Hold	Leasehold		Rs.'000
Properties in Colombo						
LAUGFS Gas PLC						
No 112A, Kumarathunga Munidasa Mawatha, Colombo 03.	0.25	-	-	-	-	480,000
No 02, Havelock Place, Colombo 05.	0.22	-	7,713	-	1	452,000
LAUGFS Property Developers (Pvt) Ltd						
No 101, Maya Avenue, Colombo 06.	0.30	-	87,307	-	1	2,486,000
No. 69/2, Maya Avenue, Colombo 06	0.13	-	-	-	-	133,000
Properties outside Colombo						
LAUGFS Gas PLC						
Biyagama Road, Mabima.	32	-	45,370	-	22	1,031,000
Biyagama Road, Mabima.	1.02	-	-	-	-	70,000
Matara Road, Galupiadda, Galle.	0.18	-	680	-	1	74,200
Katuwawala , Borelasgamuwa	-	-	9,813	0.40	1	2,151
LAUGFS Terminals Ltd						
Hambantota international port, Hambantota	-	10	-	14,600	7	1,649,864
LAUGFS GAS (Bangladesh) Ltd						
Mongla, Bagerhat	-	10	-	19,544	10	183,910

Share Information

LAUGFS GAS PLC (VOTING)

SHARE DISTRIBUTION

SHAREHOLDING AS AT 31ST MARCH 2022

From		To	No. of Holders	No. of Shares	%
1	-	1,000	7,146	2,439,106	0.73
1,001	-	10,000	1,226	3,877,003	1.15
10,001	-	100,000	148	3,796,090	1.14
100,001	-	1,000,000	14	4,307,878	1.28
	Over	1,000,000	7	320,580,009	95.70
			8,541	335,000,086	100.00

CATEGORIES OF SHAREHOLDERS

	No. of Holders	No. of Shares	%
Local Individuals	8,334	13,812,849	4.12
Local Institutions	170	321,050,748	95.84
Foreign Individuals	36	134,089	0.04
Foreign Institutions	1	2,400	0.00
	8,541	335,000,086	100.00

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2022 AND AS AT 1ST APRIL 2021 - (VOTING)

	As at 31st March 2022		As at 1st April 2021	
	No. of Shares	%	No. of Shares	%
Mr W K H Wegapitiya	1,549,416	0.462	1,549,416	0.462
Mr U K T N De Silva	1,077,897	0.322	1,077,897	0.322
Mr. N M Prakash (Resigned w.e.f. 31st May 2022)	17,000	0.005	17,000	0.005
Prof. S P P Amaratunge	Nil	Nil	Nil	Nil
Mr. P Kudabalage	Nil	Nil	Nil	Nil

Share Information

LAUGFS GAS PLC (VOTING) (CONTD.)

SHARE PRICES FOR THE YEAR

Market price per share

	As at 31/03/2022	As at 31/03/2021
Highest during the year	Rs. 32.50 (11/10/2021)	Rs. 31.40 (25/01/2021)
Lowest during the year	Rs. 17.00 (12/08/2021)	Rs. 8.00 (12/05/2020)
As at end of the year	Rs. 18.00	Rs. 21.70

	2021/2022	2020/2021
Number of Transactions during the year	13,248	9,221
Number of Shares traded during the year	17,438,409	19,389,540
Value of shares traded during the year (Rs.)	423,281,232.10	443,817,596.20

PUBLIC HOLDING

1. The Public Holding Percentage as at 31st March 2022 being **25.19%**

2. Total number of shareholders who hold the public Holdings as at 31st March 2022 - **8,536**

3. The Float adjusted market capitalisation as at 31st March 2022 - **Rs. 1,518,757,614.00**

The Float adjusted market capitalisation of the Company falls under Option 5 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option

LAUGFS GAS PLC (NON VOTING)

SHARE DISTRIBUTION

SHAREHOLDING AS AT 31ST MARCH 2022

From		To	No. of Holders	No. of Shares	%
1	-	1,000	5,230	1,725,874	3.32
1,001	-	10,000	1,119	3,403,434	6.54
10,001	-	100,000	175	4,955,357	9.53
100,001	-	1,000,000	18	4,001,180	7.69
	Over	1,000,000	5	37,914,155	72.92
			6,547	52,000,000	100.00

CATEGORIES OF SHAREHOLDERS

	No. of Holders	No. of Shares	%
Local Individuals	6,395	11,684,749	22.47
Local Institutions	128	40,089,341	77.09
Foreign Individuals	23	180,910	0.35
Foreign Institutions	1	45,000	0.09
	6,547	52,000,000	100.00

DIRECTORS' SHAREHOLDING AS AT 31ST MARCH 2022 AND AS AT 1ST APRIL 2021 (NON VOTING)

	As at 31st March 2022		As at 1st April 2021	
	No. of Shares	%	No. of Shares	%
Mr. W K H Wegapitiya	Nil	Nil	Nil	Nil
Mr. U K T N De Silva	Nil	Nil	Nil	Nil
Mr. N M Prakash (Resigned w.e.f. 31st May 2022)	Nil	Nil	Nil	Nil
Mr. S P P Amaratunge	Nil	Nil	Nil	Nil
Mr. P Kudabalage	Nil	Nil	Nil	Nil

SHARE PRICES FOR THE YEAR

Market price per share

	As at 31/03/2022	As at 31/03/2021
Highest during the year	Rs. 21.00 (11/10/2021)	Rs. 24.90 (18/01/2021)
Lowest during the year	Rs. 9.80 (10/03/2022)	Rs. 5.80 (12/05/2020)
As at end of the year	Rs. 11.20	Rs. 15.50

	2021/2022	2020/2021
Number of Transactions during the year	12,134	9,396
Number of Shares traded during the year	21,592,842	23,377,750
Value of shares traded during the year (Rs.)	342,571,522.20	368,916,835.10

Share Information

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31st March 2022		31st March 2021	
		No. of shares	(%)	No. of Shares	(%)
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	HATTON NATIONAL BANK PLC /ALMAS ORGANISATION (PVT) LTD	6,779,334	2.024	4,628,066	1.382
4	HATTON NATIONAL BANK PLC /CARLINES HOLDINGS (PVT) LTD	2,757,563	0.823	2,478,715	0.740
5	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	2,537,949	0.758	2,658,581	0.794
6	MR. W K H WEGAPITIYA	1,549,416	0.463	1,549,416	0.463
7	MR. U K T N DE SILVA	1,077,897	0.322	1,077,897	0.322
8	SEYLAN BANK PLC/KARAGODA LOKU GAMAGE UDAYANANDA	995,097	0.297	-	-
9	MR. H D M P SIRIWARDENA	754,888	0.225	749,000	0.224
10	MR. G Y N MAHINKANDA	661,024	0.197	661,024	0.197
11	MRS. R M SOMAWATHI	418,288	0.125	-	-
12	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	214,490	0.064	192,621	0.057
13	PEOPLE'S LEASING & FINANCE PLC / MS. THAMBAPANNI LEISURE (PVT) LTD	190,480	0.057	85,480	0.026
14	MR. R S INGRAM	183,806	0.055	-	-
15	MRS. C N G NARAYANA	162,300	0.048	162,300	0.048
16	SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.042	139,400	0.042
17	COMMERCIAL BANK OF CEYLON PLC / M R H GALAPPATTI	126,714	0.038	126,714	0.038
18	BANK OF CEYLON A/C CEYBANK UNIT TRUST	122,600	0.037	122,600	0.037
19	DFCC BANK PLC/T L SAMARAWICKRAMA	120,000	0.036	120,000	0.036
20	ISURU ENGINEERING (PTE) LTD	118,391	0.035	118,391	0.035
		324,787,487	96.951	320,748,055	95.746
	OTHERS	10,212,599	3.049	14,252,031	4.254
	TOTAL	335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31st March 2022		31st March 2021	
		No. of shares	(%)	No. of Shares	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC /ALMAS ORGANISATION (PVT) LTD	8,343,845	16.046	4,767,739	9.169
3	HATTON NATIONAL BANK PLC /CARLINES HOLDINGS (PVT) LTD	6,170,874	11.867	6,005,877	11.550
4	BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578	3,420,538	6.578
5	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,937,598	3.726	1,673,107	3.218
6	MR. A.M. WEERASINGHE	1,000,000	1.923	1,000,000	1.923
7	MRS C N G NARAYANA	378,800	0.728	378,800	0.728
8	MRS S D AMARASINGHE	372,400	0.716	372,400	0.716
9	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
10	MR. M H M FAWSAN	200,000	0.385	-	-
11	PEOPLE'S LEASING & FINANCE PLC / THAPROBAN PAVILION (PVT) LTD	183,421	0.353	64,021	0.123
12	MR. R S INGRAM	171,548	0.330	-	-
13	MR. W L W FERNANDO	159,721	0.307	173,838	0.334
14	MR. S G H I JAFFERJEE	153,236	0.295	153,236	0.295
15	MRS. N MULJIE	139,217	0.268	139,217	0.268
16	MOUNT LAVINIA HOTEL (PVT) LIMITED	130,000	0.250	130,000	0.250
17	JAFFERJEE BROTHERS (EXPORT) LIMITED	128,200	0.247	128,200	0.247
18	DR. P ALUTHGE	125,000	0.240	125,000	0.240
19	PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE	122,904	0.236	23,004	0.044
20	MR. M G H I JAFFERJEE	110,502	0.213	110,502	0.213
		41,597,104	79.994	37,014,779	71.182
	OTHERS	10,402,896	20.006	14,985,221	28.818
	TOTAL	52,000,000	100.000	52,000,000	100.000

Value Added Statement

For the Year ended 31 March	2022		2021	
	Rs. '000	%	Rs. '000	%
Revenue	34,596,521		35,533,768	
Other Income	1,106,010		827,265	
	35,702,531		36,361,034	
Cost of Material & Services Provided	(34,831,502)		(31,879,032)	
Value addition	871,029	100	4,482,002	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	1,373,478	158	1,471,257	33
To Providers of Funds				
Dividend Paid	-	-	-	-
Interest Cost	2,298,071	264	2,234,921	50
To Government				
As Taxes & Levies	(587,587)	(67)	(256,440)	(6)
	3,083,962	354	3,449,738	77
To Expansion & Growth				
Depreciation and Amortisation	1,769,540	203	1,690,550	38
Loss After Dividend	(3,982,473)	(457)	(658,286)	(15)
	(2,212,933)	(254)	1,032,264	23
	871,029	100	4,482,002	100

Our Reach

LAUGFS GAS

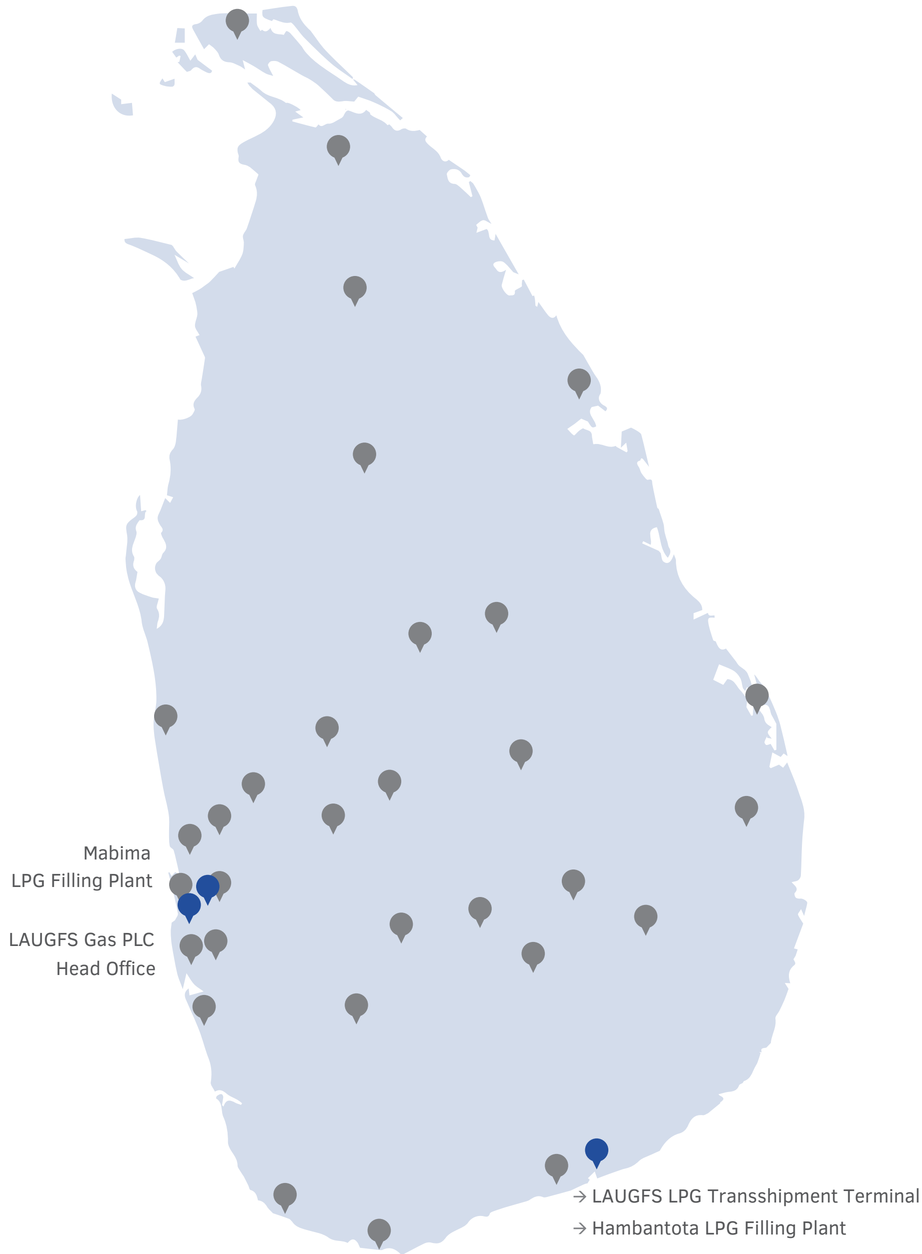
LPG Filling Plants:

Mabima and Hambantota

Distributor Network:

1	Kaluthara
2	Anuradhapura
3	Polonnaruwa
4	Galle
5	Watareka
6	Mawanella
7	Bangadeniya
8	Akkaraipattu
9	Matara
10	Hambantota
11	Vavuniya
12	Gampaha
13	Trincomalee
14	Jaffna
15	Dambulla
16	Manikhinna
17	Siyambalape
18	Kurunegala
19	Batticaloa
20	Badulla
21	Monaragala
22	Boralesgamuwa
23	Negombo
24	Nawagamuwa
25	Rathnapura
26	Kilinochchi
27	Kesbewa
28	Kiribathkumbura
29	Nuwaraeliya
30	Mahiyanganaya
31	Kotagala

With a sharp focus in mind, we have strived to expand our coverage, as coverage gives us the edge over our competition...



Notice of Meeting

Notice is hereby given that the 12th Annual General Meeting of the Company will be held by way of electronic means on 27th September 2022 at 9.30 a.m. centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March 2022 with the Report of the Auditors thereon.

2. To re-elect Prof. S. P. P. Amaratunge who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.

3. To re-appoint Mr. R. Selvaskandan who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.

4. To re-appoint Mr. P. M. B. Fernando who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.

5. To re-appoint Mr. K. R. Goonesinghe who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.

6. To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.

7. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board

LAUGFS GAS PLC

Corporate Advisory Services (Pvt) Ltd
Company Secretaries

31st August 2022

Notes:

→ Below mentioned documents can be now downloaded via the corporate website https://www.laugfs.lk and the CSE website visit https://www.cse.lk and click on the announcements tab.

a. Notice of Meeting
b. Circular to shareholders
c. Form of Proxy
d. Guideline and Registration Process to join the AGM virtually
e. Registration Form for the AGM
f. Request Form for the printed copy of the Annual Report

→ A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above

→ Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

→ A proxy need not be a shareholder of the Company.

→ For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Form of Proxy - Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. R. Selvaskandan	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr. K. R. Goonesinghe	

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 27th September 2022 at 9.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To re-elect Prof. S. P. P. Amaratunge who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.		
2. To re-appoint Mr. R Selvaskandan who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.		
3. To re-appoint Mr. P. M. B. Fernando who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.		
4. To re-appoint Mr. K. R. Goonesinghe who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.		
5. To authorise the Directors to determine and make donations for the year ending 31st March 2023 and up to the date of the next Annual General Meeting.		
6. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Twenty Two.

....
Signature

1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy - Voting

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. For voting share, please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.

4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Corporate Advisory Services (Pvt) Ltd at No. 47, Alexandra Place, Colombo 07, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Notes

Notes

Form of Proxy - Non-Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. R. Selvaskandan	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr K. R. Goonesinghe	

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 27th September 2022 at 9.30 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed this .... day of .... Two Thousand and Twenty Two.

....

Signature

1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse thereof.

Form of Proxy - Non-Voting

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, Corporate Advisory Services (Pvt) Ltd at No. 47, Alexandra Place, Colombo 07, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Corporate Information

NAME OF THE COMPANY

LAUGFS Gas PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO

PV - 8330 PB/PQ

LEGAL FORM

A Limited Liability Company listed in the Colombo Stock Exchange.

SUBSIDIARIES

LAUGFS Gas (Bangladesh) Ltd.- Bangladesh
LAUGFS Maritime Services (Pvt) Ltd.
LAUGFS Property Developers (Pvt) Ltd.
LAUGFS Terminals Ltd.
SLOGAL Energy DMCC - Dubai

PRINCIPAL ACTIVITIES & NATURE OF OPERATIONS

LAUGFS Gas PLC
Downstream Business of Liquefied Petroleum Gas & other related Products & Services.

LAUGFS Gas (Bangladesh) Ltd
Downstream Business of Liquefied Petroleum Gas & other related Products & Services

LAUGFS Maritime Services (Pvt) Ltd
Shipping operations

LAUGFS Property Developers (Pvt) Ltd
Holding Company of the Head Office building

LAUGFS Terminals Ltd
Provider of LPG storage and transhipment facilities

SLOGAL Energy DMCC
Trading of Liquefied Petroleum Gas and other Petroleum Products

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated and domiciled in Sri Lanka.

BOARD OF DIRECTORS

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

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

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

Mr. N. M. Prakash
(Resigned w.e.f. 31st May 2022)

Prof. S. P. P. Amaratunge

Mr. A. Tittawella
(Demised on 28th February 2022)

Mr. L. Withana
(Resigned w.e.f. 28th March 2022)

Mr. R Selvaskandan
(Appointed w.e.f. 09th June 2022)

Mr. P. M. B. Fernando
(Appointed w.e.f. 09th June 2022)

Mr K. R. Goonesinghe
(Appointed w.e.f. 09th June 2022)

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation
MCB Bank Limited
National Development Bank PLC
Nations Trust Bank PLC
Pan Asia Banking Corporation PLC
People's Bank
Sampath Bank PLC
Seylan Bank PLC
Standard Chartered Bank
Union Bank of Colombo PLC

AUDITORS

Ernst & Young (Chartered Accountants)
201, De Saram Place,
Colombo 10, Sri Lanka.

SECRETARIES

Corporate Advisory Services (Pvt) Ltd
47, Alexandra Place,
Colombo 07,
Sri Lanka.

REGISTRARS

PW Corporate Secretarial (Pvt) Ltd
3/17, Kinsey Road,
Colombo 08,
Sri Lanka

REGISTERED OFFICE:

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 25 83 824

CORPORATE WEBSITE

www.laugfsgas.lk

Designed by
emagewise

LAUGFS Gas PLC

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 25 83 824