The test of time

LAUGFS GAS

LAUGFS GAS PLC | Annual Report 2018/19

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The test of time

It was Shakespeare who said it is not in the stars to hold our destiny but in ourselves. At LAUGFS we have always maintained a quiet faith in our own capabilities to grow and expand; in our capacity for hard work, our willingness to take on challenges and our passion for leadership in all we choose to do.

For over 20 years we have worked towards making the LAUGFS Group a leader in the industries it operates, focusing on prudent diversification, service excellence, digital technologies and innovative products to serve our customers better each year. Today we continue to build on these strong foundations. We're taking the long-term view in all we do, promising our stakeholders that we are indeed in it for the long haul, with a business model that has proved to be sustainable and strong.

LAUGFS is now a strong, stable and resilient organisation, trusted by thousands of stakeholders who depend on us to support them with a range of industry solutions that serve them in everyday life. We look to the years ahead with confidence as we continue to seek new opportunities for growth, driven by our vision and mission; the corporate values that have truly stood the test of time.

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

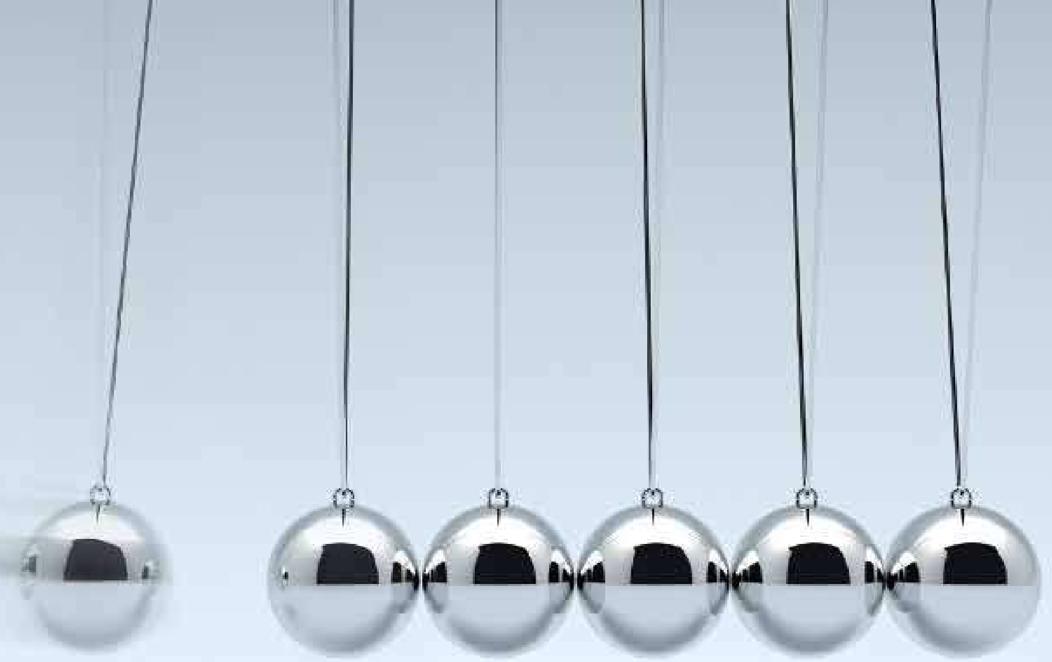
Customer centricity

Integrity

Responsible corporate citizen

Innovativeness

Teamwork



LAUGFS Gas PLC is the only private sector operator in a duopolistic LPG market since 2001. We serve the energy needs of various applications, such as cooking, heating and auto gas. Our strong presence is led by product quality, safety, and a secure supply chain.

Our assets and performance

Rs. 24,920mn	Rs. 35,397mn	Rs. 22,472mn	Rs. 34,243mn	Rs. 1,154mn
Revenue	Assets	PPE	Liabilities	Equity

Our business activities

LPG distribution
- Sri Lanka and Bangladesh

Maritime services
- Charter vessels to clients worldwide

Property
- Rent office space in Sri Lanka

Relevance to economy

- Infrastructure development: Construction of one of the largest LPG transshipment terminals in South Asia
- Employment: Direct: 520

Distribution

Channel Partners

7,100	9,000
Sri Lanka	Bangladesh

Our Markets

- Domestic, Commercial, Industrial and Auto Gas stations

Our capacity

520	34,950 MT	314,000 MT	Three
Employees	Storage capacity	Filling capacity	LPG vessels

Value addition

Rs. 3,074mn

46%	-11%	2%	63%
Employees	Value Retained	Government	Fund Providers

Our contribution to SDGs

- 1 NO POVERTY
- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION

About Us

Organisation Structure

ENERGY

100%

LAUGFS Gas PLC

LAUGFS Gas (Bangladesh) Ltd.

Transportation and logistics

100%

LAUGFS Maritime Services (Pvt) Ltd.

LAUGFS Terminals Ltd.

Trading

100%

SLOGAL Energy DMCC

Property Development

75%

LAUGFS Property Developers (Pvt) Ltd.

Our Strategic Timeline

1994	Established Gas Auto Lanka (Pvt) Ltd. and entered auto gas conversion business.
1998	Obtained World LPG Association Membership.
2000	Obtained BOI approval and signed agreement for LAUGFS Gas. Incorporated LAUGFS Gas (Pvt) Ltd.
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 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 sets up 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 TotalGaz Bangladesh on cylinder filling.** **Installed a cylinder re-qualification plant in Bangladesh.**

Awards and Recognition

OCIMF SIRE inspection by Chevron/Koch/Enoc

CAP rating 1 from Lloyds Registry of Shipping for our vessels.

LAUGFS Gas Bangladesh
CNCI Achievers Award 2018
Gold - ‘Sri Lankan Industry in SAARC Countries’ category

LAUGFS Gas PLC
CA Annual Report Award 2018
Gold - Power and Energy

Our Business Resume

Name of the organisation and subsidiaries	Description of activities	Our product	Location of headquarters
LAUGFS Gas PLC. LAUGFS Gas (Bangladesh) Ltd.	Import, storage, refilling and marketing of LPG, sale of LPG related accessories, providing engineering and technical services related to LPG in Sri Lanka and Bangladesh.	**Brand: LAUGFS Gas** **LGSL:** 2kg, 5kg, 12.5kg, 37.5kg cylinders and refills, regulators, LPG hoses, lanterns and burners. **LGBD:** 12kg, 33 kg and 45 kg bulk supply in Bangladesh.	**LAUGFS Gas Sri Lanka** Head Office - Colombo 06 Plant - Mabima **LAUGFS Gas Bangladesh** Corporate Office - Dhaka, Bangladesh Terminal - Mongla, Khulna, Bangladesh.
LAUGFS Property Developers (Pvt) Ltd.	Own, manage the Corporate Office and rent premises.		**LAUGFS Property** Colombo 06
LAUGFS Maritime Services (Pvt) Ltd.	Operate LPG vessels under charter basis.		**LAUGFS Maritime** Colombo 06
SLOGAL Energy DMCC.	Energy trading.		**SLOGAL Energy DMCC** Dubai, UAE
LAUGFS Terminals Ltd.	LPG Storage Terminal.		**LAUGFS Terminals** Head Office - Colombo 06 Terminal - Hambantota

Ownership and legal form

A Limited Liability Company listed in the Colombo Stock Exchange

Significant changes to the organisation

- New independent supply chain department.
- Strategic tie-up with TotalGaz in Bangladesh, to expand our cylinder filling capacity.
- Invested on a cylinder requalification plant in Bangladesh.
- Completed construction of the storage terminal of LAUGFS Terminal.

Precautionary principle or approach

Any changes to the organisation such as plant modifications and installations are evaluated using impact assessments and feasibility studies.

Relevant local authority approvals are obtained for new projects. In addition, new machinery/accessories are evaluated for safety.

About the Report

Welcome to our sixth Integrated Annual Report. The report presents both financial and non-financial information related to our economic, environmental and social performance for the financial year ended 31st March 2019. Every year, we seek to expand our scope in financial reporting to provide an insightful overview of our activities to stakeholders.

Our reporting enhancements during the year include:

- Improved the strategic focus of the report by linking strategy and KPIs.
- Signposting material topics in strategy, risk management and the capitals report to improve the connectivity of information.
- Explained our commitment to inclusive growth by signposting sustainability development goals in the report.

Our reporting framework

Scope and Boundary

The report covers the operations of LAUGFS Gas PLC and its subsidiaries.

This report covers both financial and non -financial information of the Company, LAUGFS Gas PLC and its subsidiaries as described on pages 8 and 9.

Assurance on the Financial Statements have been provided by Ernst & Young. Assurance on the adoption of sustainability standards - GRI is provided by Ernst & Young.

Reporting Cycle

Reporting Period:
1 April 2018 to 31 March 2019

Previous Report:
1 April 2017 to 31 March 2018

Reporting Cycle: Annual

External Assurance

The Financial Statements and sustainability information are audited by the external auditors, Ernst & Young.

Memberships

- World LPG Association
- LPG Association of Bangladesh

Regulatory Requirements

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

Voluntary Frameworks

- Integrated Reporting Framework issued by the International Integrated Reporting Council.
- Standards issued by the Global Reporting Initiative (GRI). Adopted the “core option” of GRI.
- 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.

The Directors acknowledge the responsibility for the Annual Report.

For inquiries about this report, please contact:

Legal Officer.
LAUGFS Gas PLC
No 101, Maya Avenue, Colombo -06

Financial Highlights

	Group			Company		
	2019 Rs.'000	2018 Rs.'000 Restated	Change	2019 Rs.'000	2018 Rs.'000 Restated	Change
Summary of Operations						
Revenue	24,919,775	21,354,621	17%	15,192,633	12,834,119	18%
Gross Profit	3,293,326	2,144,568	54%	1,337,408	575,676	132%
Profit from Operations	510,381	172,862	195%	962,134	318,430	202%
Other Operating Income	550,231	589,695	-7%	1,149,407	1,124,769	2%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,651,132	1,180,202	40%	1,506,026	839,829	79%
Finance Cost	(1,936,581)	(1,585,477)	22%	(1,817,854)	(1,500,544)	21%
Profit/(Loss) Before Tax	(1,249,910)	(1,260,764)	-1%	(819,542)	(1,133,210)	-28%
Income Tax Expense	(47,964)	(76,435)	-37%	377,563	153,183	146%
Profit/(Loss) for the Year from Continuing Operation	(1,297,874)	(1,337,199)	-3%	(441,979)	(980,026)	-55%
Profit/(Loss) after Tax for the Year from Discontinued Operations	-	296,263	-100%	-	-	-
Profit for the Year	(1,297,874)	(1,040,936)	25%	(441,979)	(980,026)	-55%
Total Comprehensive Income for the Year Net of Tax	(809,792)	(1,057,330)	-23%	6,059,057	6,051,088	0.13%
Summary of Financial Position						
Property, Plant and Equipment	22,471,637	17,070,443	32%	7,933,407	7,586,202	5%
Investment Properties	2,652,607	2,507,307	6%	833,700	804,500	4%
Investments in Subsidiaries	-	-	-	32,183,542	22,553,655	43%
Other Non-Current Financial Assets	103,265	137,634	-25%	103,265	137,634	-25%
Current Assets	7,500,399	9,224,835	-19%	4,551,345	4,472,915	2%
Total Assets	35,396,621	31,290,120	13%	45,606,494	35,567,271	28%
Non-Current Liabilities	18,191,752	16,688,271	9%	10,211,974	9,261,176	10%
Current Liabilities	16,050,845	12,638,032	27%	12,763,996	9,734,628	31%
Total Liabilities	34,242,597	29,326,303	17%	22,975,970	18,995,804	21%
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 FVOCI	(337,972)	(303,253)	11%	21,651,144	15,151,965	43%
Revalaution Reserve	86,842	86,842	0%	-	-	-
Foreign Currency Translation Reserve	661,543	123,987	434%	-	-	-
Retained Earnings/(Losses)	(678,041)	670,057	-201%	(20,621)	419,502	-105%
Net Assets (Equity) - Attributable to Equity Holders of the Parent	732,371	1,577,633	-54%	22,630,524	16,571,467	37%
Return on Equity (%) - Continuing Operation	-182%	-85%	114%	-2%	-6%	-67%
Net Assets Value per Share (Rs.)	1.89	4.08	-54%	58.48	42.82	37%
Leverage						
Interest Cover (Times)	0.35	0.20	73%	0.55	0.24	124%
Financial Ratio						
Gross Profit Margin	13%	10%	32%	9%	4%	96%
EBITDA Margin	7%	6%	-17%	10%	7%	51%
Net Profit Margin	-5%	-6%	-17%	-3%	-8%	-62%
Earnings per Share (Rs.)	(3.45)	(2.69)	0%	-	-	-
Dividend Payout (%)	0%	0%	-	-	-	-
Assets Turnover (Times)	0.70	0.68	3%	0.33	0.36	-8%
Equity to Assets (Times)	0.03	0.06	-48%	0.50	0.47	7%
Current Ratio (Times)	0.47	0.73	-36%	0.36	0.46	-22%
Quick Ratio (Times)	0.37	0.62	-40%	0.30	0.38	-22%

Non-Financial Highlights

Human Capital	Unit	2018/19	2017/18	Variance (%)
Number of employees	Nos.	**520**	1,609	-68
Female participation	Nos.	**48**	200	-76
New recruits	Nos.	**90**	540	-83
Number of training hours	Nos.	**3,498**	5,183	-33
Fatal injury rate	Nos.	**0**	0	0

Manufactured Capital	Unit	2018/19	2017/18	Variance (%)
Value of PPE	Rs.	**22,471,636,626**	17,070,447,596	32
Capital expenditure	Rs.	**6,521,265,834**	6,090,317,346	7
Storage capacity	MT	**34,950**	4,900	>100
Depreciation and amortisation	Rs.	**964,461,070**	1,323,431,215	-27

Intellectual Capital	Unit	
Number of certifications	03	OSHAS Certification, Lloyods Registry Certification and ISO 9001:2015

Social and Relationship capital	Unit	2018/19	2017/18	Variance (%)
Channel partners	Nos.	**16,100**	15,000	7
Distributors	Nos.	**201**	200	0.5
Number of suppliers	Nos.	**293**	364	-20
Proportion of operational staff recruited from local communities	%	**100**	100	-
% of products complying with safety standards	%	**100**	100	-
CSR	Rs.	**3,577,110**	2,576,273	39

Natural Capital	Unit	2018/19	2017/18	Variance (%)
Raw materials consumed	MT	**102,191**	95,600	7
Energy consumption	MJ	**14,104,911**	26,979,144	-48
Water consumption	M^3	**25,298**	75,671	-67

Chairman's Review

LAUGFS Gas PLC strengthened its position as a regional player in LPG with the commencement of commercial operations of South Asia's largest LPG terminal in Hambantota in June 2019, propelling us forward to a new era of growth. Opening of the LAUGFS Import/Export LPG Terminal is the realisation of a long-term goal of the Group, supporting Sri Lanka's vision of becoming a maritime hub.

Dear Shareholders,

LAUGFS Gas PLC strengthened its position as a regional player in LPG with the commencement of commercial operations of South Asia's largest LPG terminal in Hambantota in June 2019, propelling us forward to a new era of growth. Opening of the LAUGFS Import/Export LPG Terminal is the realisation of a long-term goal of the Group, supporting Sri Lanka's vision of becoming a maritime hub. This venture extends our presence across the LPG supply chain, adding storage to the trading, transporting, packaging and distribution functions already in place.

Accordingly, it is my pleasant duty to present the Annual Report for the year ending March 31, 2019 to our shareholders which gives insights in to the opportunities in this sector as well as the challenges faced in navigating this Group to its current positioning during the reporting year. This was the first year of operations focused on managing the business verticals which are fully aligned to the LPG value chain.

FOCUSED GROWTH

LAUGFS Gas is focused on energy and our vision is to become a regional player in Energy in South Asia leveraging Sri Lanka's strategic location and our broad-based presence within the Energy supply chain. Our operations cover a procurement arm in Dubai, maritime transport with a fleet of three vessels, an LPG transshipment storage terminal and storage and distribution of LPG in Sri Lanka and Bangladesh supporting significant operational efficiencies and a pool of specialised skills which can be leveraged to drive focused growth. Completion of the LAUGFS Import/Export LPG Terminal was at the top of the Board agenda and completion of this landmark project is testimony to the capabilities we have nurtured within the Group.

OPPORTUNITIES & CHALLENGES

The operating environment remained challenging due to tightening fiscal and monetary policy in response to widening budget deficits exacerbated by political and policy uncertainty. Price regulation of LPG in the local market remained a key consideration as it did not move with global markets which moved up sharply during the year, resulting in decreasing operating margins. LPG price have declined since reaching a peak in September 2018 although the lag effects of price changes are evident in the financial performance of the Group.

High interest rates were also a concern due to high levels of debt to finance expansion of our businesses. At present we are exploring options for resolving the high levels of debt through a strategic alliance with potential partners with the technical expertise and networks to accelerate our growth trajectory. This is perhaps the most important opportunity that we need to explore with due diligence to ensure that long-term visions, and goals are aligned and corporate values are compatible.

In Sri Lanka, low penetration levels presented an opportunity while the price ceiling deterred growth. We have carefully managed to increase our penetration into the market by targeting appropriate customer segments that supported increased penetration while enabling us to manage profitability. This has been a key challenge during the year as we needed more flexibility to accommodate fluctuations in LPG prices in global markets.

POSITIONED FOR GROWTH

LAUGFS Gas PLC continues to grow its franchise both in the domestic market and in Bangladesh while it's trading and transportation subsidiaries consolidate their positions, supporting our regional

Capital Expenditure

Rs. 6.5bn

aspirations. Bangladesh operations recorded significant volume growth of 12% and is the fifth largest player in a market of 20 players. We are excited about our opportunities for growth in this market and have enhanced our capacity with new spherical with 3,000 MT being built that will enable volume growth and cost optimisation. Overall, the Energy sector has improved profitability despite the prevailing price ceiling in Sri Lanka, recording a profit of Rs.47mn in comparison to a loss of Rs.769mn in the previous year.

Operations of SLOGAL Energy DMCC grew its revenue by 38% despite subdued growth of downstream operations in Sri Lanka and is positioned for growth with the enhancement of our business model as LAUGFS Storage Terminals becomes operational.

LAUGFS Maritime had a challenging year due to the need to co-ordinate shipments for the new terminal at agreed times which resulted in an unusually high level of idle time which is a non-recurrent event. This is reflected in the decline in turnover and profitability which is expected to resume an upward trajectory with the commencement of operations of the LAUGFS LPG Import/Export Terminals.

LAUGFS LPG Import/Export Terminal forms a vital link in our business model supporting a new revenue stream and cost efficiencies for our downstream operations, The facility was completed at a cost of USD 65mn marks a milestone in the history of the Group and stands testimony to our vision and execution capability

Chairman's Review

This was the first year of operations after restructuring of the Group to focus on Energy having separated former subsidiaries LAUGFS Eco Sri, LAUGFS Leisure and LAUGFS Power from the core operations.

as this was completed despite several significant challenges. LAUGFS Gas PLC is well positioned for growth with a broad presence across the LPG value chain that has enabled us to move into a different league amongst regional players.

GOVERNANCE

This was the first year of operations after restructuring of the Group to focus on Energy having separated former subsidiaries LAUGFS Eco Sri, LAUGFS Leisure and LAUGFS Power from the core operations. We have applied to the Colombo Stock Exchange for the listing of LAUGFS Eco Sri and LAUGFS Power and are evaluating multiple options for the LAUGFS Leisure in this regard in accordance with the promise to our shareholders who were issued shares in these ventures. This will enable shareholders to trade the shares issued in the previous year completing the re-structure.

We welcomed Professor Sampath Amaratunga as an Independent Non-Executive Director to our Board who is an academic luminary in the country. We also appointed Mr. Chaminda Ediriwickrama as Chief Executive Officer of LAUGFS Gas PLC and also as a member of Board of Directors since Mr. Ashan De Silva who held the position of Chief Executive Officer previously took over the position of Director Investment and Business Development. Mr. Asanga Ranasinghe who held the post of Marketing Director tendered his resignation during the year as well due to personal reasons.

Progress of LAUGFS LPG Import/Export Terminal, performance review and funding of operations were key areas of attention for the Board during the year due to the potential impacts on the Group. We will continue to maintain focus on these in the coming year as they remain key to the long-term growth of our Group.

OUR PROSPECTS

Downstream operations in Bangladesh are expected to continue its double digit growth trajectory in the year that has commenced supported by investments of Rs. 1.4bn during the reporting period and a favourable policy environment. In Sri Lanka, we will continue to engage with the Consumer Affairs Authority to exercise the price formula in a consistent manner the new pricing formula expected to bring in shortly. As mentioned above, Maritime operations are also expected to grow significantly while Storage Terminals is expected to add another revenue stream. SLOGAL Trading volumes are also expected to increase, supporting Group synergies. A broad based presence across the value chain provides us significant advantages for growth in the regions and we will continue to explore new markets and opportunities to drive growth.

Rationalising debt remains a key priority to reduce finance costs and strengthen the balance sheet. The Board is considering options available and are optimistic about finding a suitable solution in the year that has commenced, strengthening the prospects for the Group.

Terminal Capacity

30,000MT

ACKNOWLEDGEMENTS

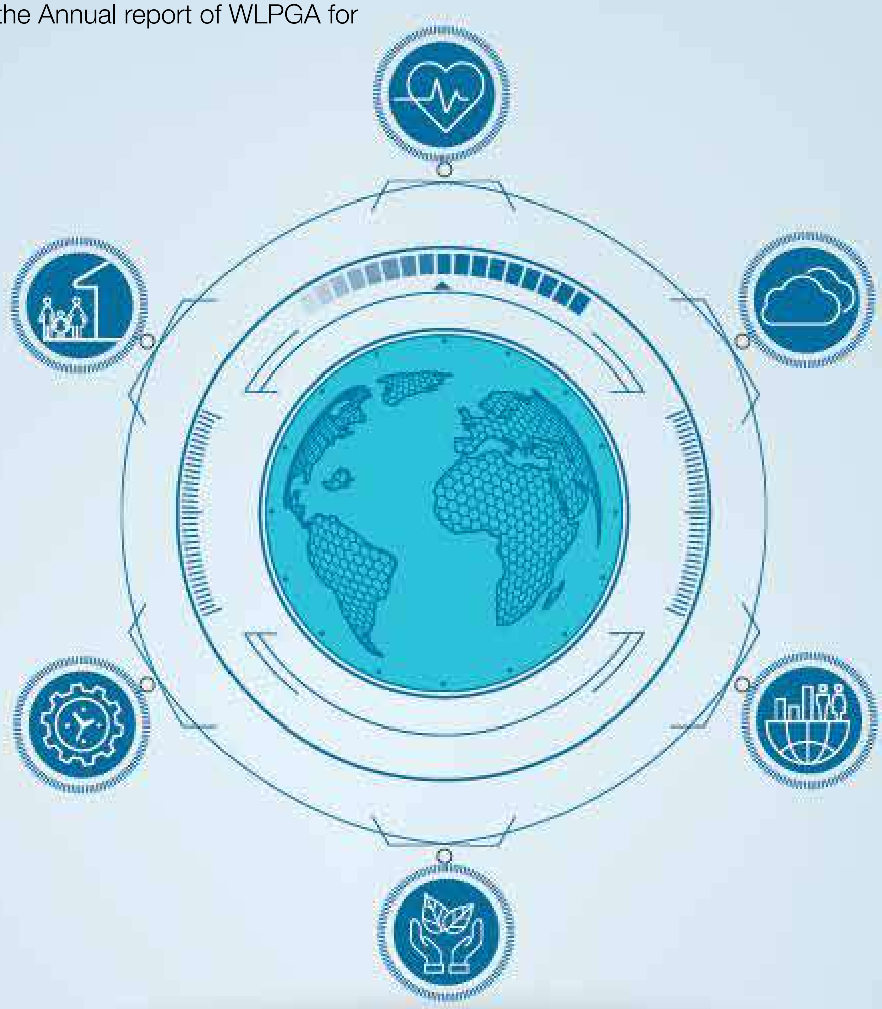
I commend the leaders of the LAUGFS Gas PLC Group who have inspired their teams to deliver the performance set out in this report despite significant challenges and economic headwinds. I thank the regulators for their continued engagement on matters of mutual concern. I extend our appreciation of the continued support of our Bankers and look forward for their continued support. In conclusion, I thank our shareholders who have supported our vision to make LAUGFS Gas PLC a beacon for Sri Lankan grit and ability in the region and their continued confidence in our ability to deliver the same.

W.K.H. Wegapitiya
Chairman/Group CEO

5th August 2019

LPG, the energy of the future

The usage of LPG provides several benefits to consumers as per the World LPG Association (WLPGA). Below is an extract from the Annual report of WLPGA for the year 2018[1].



LPG is a clean burning fuel that provides smoke free indoor cooking and can also help reduce outdoor and urban air pollution, today.

Using LPG produces less CO_2 than coal, heating oil or petrol, emits virtually no black carbon or other particulates and is as clean as natural gas.

LPG is a driver for economic growth, especially in rural areas and developing countries.

The majority of LPG produced is a co-product of natural gas and oil extraction and thus inherently resource efficient. LPG also plays a major role in reducing deforestation and desertification.

A billion people and businesses across the world count on LPG because it provides instant, reliable, constant and transportable energy.

LPG is a key component of a sustainable energy future in cities and rural areas both in developed and developing countries.

[1] WLPGA_Annual Report_2018 and Charter of benefits

Managing Director's Review

Our operations now comprise a trading arm located in Dubai, three LPG tankers for transportation, a LPG import/export terminal which is the largest in South Asia and downstream distribution operations in Sri Lanka and Bangladesh giving us the broadest presence in LPG in the history of the country.

Dear Shareholders,

We pursued our vision to become a regional Energy player with relentless focus and I am pleased to report that we have completed construction of the LPG Import/Export Terminal which elevates our business model to support this vision. Our operations now comprise a trading arm located in Dubai, three LPG tankers for transportation, a LPG import/export terminal which is the largest in South Asia and downstream distribution operations in Sri Lanka and Bangladesh giving us the broadest presence in LPG in the history of the country. We are indeed proud to have realised this vision to become a maritime hub for LPG, leveraging the strategic location of Sri Lanka in line with not just ours but the country's aspirations.

SRI LANKA

Our Sri Lankan operations comprise distribution of LPG, transportation of LPG and the import/export terminals. Sri Lankan operations account for 66% of Group revenue which amounted to Rs.16bn for the reporting year. Operating profit remains subdued due to non implementation of the LPG pricing formula. Despite this, we managed to increase operating profit by 8% to Rs. 665mn due to optimising logistics with adoption of an integrated strategy in the LPG value chain. It is noteworthy to state that we increased our penetration in the country as well, focusing on expansion outside the Western Province to support their changing lifestyles. Profitability was also hampered by increased idle time of the LPG tankers due to coordinating construction schedules to ensure availability of the vessels for transporting the necessary shipments of LPG for testing and commissioning.

Finance costs increased by 20% during the year due to increased borrowing as construction of the terminal was financed by debt beyond forecast levels due to cashflow constraints stemming from the operation of the price ceiling in distribution of LPG in Sri Lanka. Consequently, finance costs amounted to Rs. 1.9bn during the financial year resulting in a loss before tax of Rs.1.1bn.

BANGLADESH

Bangladesh operations continue to thrive as the country shifts to LPG as the country's natural gas reserves deplete necessitating policies supporting LPG growth. As there are 20 players in the country, there are no price ceilings and pricing is driven by market factors facilitating long-term sustainability of operations. The market grew at 23% in 2018 and is expected to reach a peak in the near future. LAUGFS is the fifth largest player in this lucrative market and we are gearing for growth to support increased demand for auto, domestic and industrial users. We have also invested US$ 7.2mn in cylinder re-qualification plant enhancing the brand and supporting margin growth. These investments will support efficiencies in logistics and enhance our ability to grow and compete effectively.

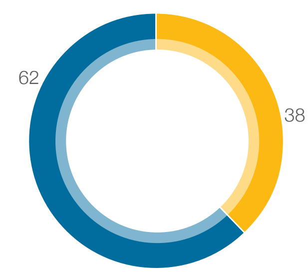
We also restructured our Distribution network which now covers 170 distributors of which 30 are exclusive distributors. This will enable us to ensure accessibility and availability which are hampered by frequent flooding and related transportation issues. We expect to increase the number of distributors in the year that has commenced gradually a franchised model. Six regional distribution centres managed by us support our operations in this lucrative market.

Total Assets

Rs. 35.4bn

INVESTING FOR THE FUTURE

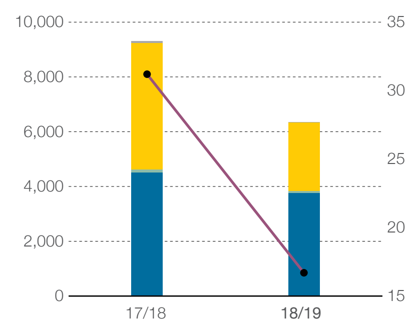
%



Energy Transportation and logistics

REVENUE GROWTH

Rs. Mn %



Energy Transportation and logistics
Trading Property Revenue growth

Managing Director's Review

Overall revenue increased by 17% supported by both Sri Lanka and Bangladesh distribution operations. Gross margins improved from 10% to 13% supported by improved margins in Bangladesh and a decline in the price of LPG in global markets.

Accordingly, Bangladesh revenues grew by 18% while operating profit grew by 152% due to efficiencies and volumes contributing Rs.765mn as operating profit which was the highest contribution to the Group. It also contributed Rs.488mn as PBT which cushioned the losses from other operations of the Group. Total assets of our Bangladesh operations amount to Rs.5.9bn which is equivalent to 17% of Group Total Assets.

UNITED ARAB EMIRATES

SLOGAL Energy recorded a revenue growth of 38% to Rs.9bn during the year to support growth of our downstream operations in Sri Lanka and Bangladesh, including the shipments for testing of the LAUGFS Import/Export Terminal. However, we need to drive growth of this operation in order to deliver profits. Operation of the terminals is expected to deliver the necessary volumes to turn around the fortunes of this company. This midstream operation incurred a loss of Rs.129mn as finance costs increased during the reporting period.

GROUP PERFORMANCE

Overall revenue increased by 17% supported by both Sri Lanka and Bangladesh distribution operations. Gross margins improved from 10% to 13% supported by improved margins in Bangladesh and a decline in the price of LPG in global markets. Operating profit increased by 195% to Rs.510mn due to improved gross profit which also cushioned a foreign currency loss of Rs.378mn.

Finance costs increased by 22% to Rs.1.9bn as interest bearing borrowings increased by 22% to Rs.25.7bn. We were able to maintain losses before tax at Rs.1.2bn in line with the previous year despite the increased finance costs and the forex loss due to the improved performance of Bangladesh operations and declining LPG prices. Income tax charge was also reduced in view of continuing losses and capital allowances which enabled the Group to marginally reduce the losses which amounted to Rs.1.3bn for the year. It is noteworthy that EBITDA increased by 40% from Rs.1.18bn to Rs.1.65bn during the year reflecting the enhanced earnings capacity of the Group.

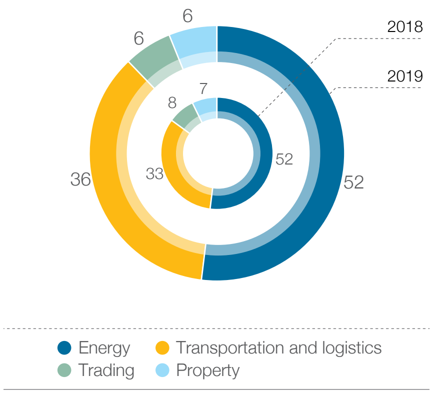
Total assets grew by 13% to Rs.35bn as we invested Rs.6.5bn in enhancing our capacity with the bulk of it invested in the LPG Import/Export Terminal. Net cashflows from financing activities added on Rs.3.5bn in debt while the balance was through cash generated within the Group. Regrettably, continuing losses eroded retained earnings and equity declined from Rs.1.9bn to Rs.1.1bn during the year. Debt to equity increased from a multiple of 11 to 22 indicating high levels of debt in the Group which is being addressed by the Board who are at present evaluating several options for strengthening the Group's balance sheet. It is also noteworthy that the debt and share capital are represented by values of operational assets which are arguably worth more than the sum of its parts given the intellectual and human capital that power our growth.

Revenue

Rs. 24.9bn

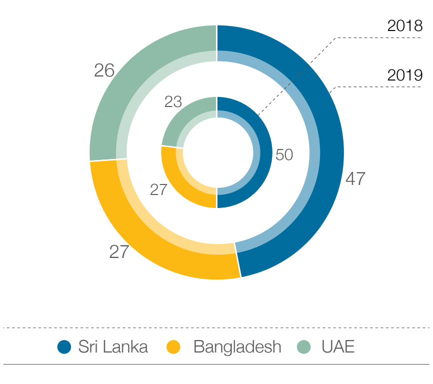
DISTRIBUTION OF ASSETS

%



EXPANDING OUR FOOTPRINT

%



NON-MONETISED VALUE

Our growth is propelled by the expertise and leadership of our management teams and a committed and loyal staff who walk the extra mile to make things happen. Their determination, attitudes and capabilities are a large part of the non-monetised value of the Group. We continue to invest in them to nurture their talents to support their career aspirations as they support the aspirations of the Group. Despite our rapid growth, we have maintained a strong team focus and a heart-warming camaraderie that is a key strength in driving mutually beneficial progress.

We have also nurtured high levels of awareness on health and safety as our team handles highly flammable materials. Additionally, we have also inculcated a sustainability mindset to minimise the impacts of our operations. Accordingly, a comprehensive framework of policies have been implemented with compliance audited to ensure that risks to staff and business partner are minimised providing a safe work environment for our staff on land and sea. We are indeed thankful for the track record on health and safety not just within our own premises but also that of our distributors who are key players in our supply chain.

POISED FOR GROWTH

Our investments across the value chain have positioned us to realise our regional aspirations as the first Sri Lankan company in the energy sector. Our presence along the LPG value chain is unparalleled in the country and we are justifiably proud of the Group we have created, starting from a LP Gas downstream operation in 2001. The past two years tested our mettle and we maintained our commitment to our vision through undeniably stressful times.

However, we believe that the year that has commenced will witness enhanced earnings as we move past the capital intensive stages to grow the top line at an accelerated pace. Indicators such as EBITDA are expected to continue their upward trend while solutions for reducing debt will support a return to profitability.

ACKNOWLEDGEMENTS

Firstly, I wish to thank my team for their continued support and commitment to our vision which has enabled our growth. I thank our Chairman and the Board for their vision and guidance as we navigated a challenging course in the reporting year. Our business partners play a key role in driving our growth and strengthening our franchise and I extend my sincere appreciation of their efforts. I thank our shareholders who have supported our vision and given us the required approvals to shape our future.

U.K. Thilak De Silva
Group Managing Director

5th August 2019

Focus on Strategy

HOW WE CREATE VALUE

Our business model describes the value-creating activities of the group. It defines our business processes, how we use resources, and leverage our relationships. In creating value for the organisation, we also create value for our key stakeholders. The model below attempts to capture this.

Capital used during the year

Financial Capital

Total Assets - Rs.35,397mn
Total Liabilities - Rs.34,243mn

Page 57

Social and Relationship capital

Channel Partners
Suppliers
Customers

Page 62

Manufactured Capital

1. Three vessels
2. 34,950MT storage capacity
3. Filling capacity Per Annum - 314,000MT

Page 68

Human Capital

520 employees

Page 71

Intellectual Capital

1.Certifications
2. Safety frameworks

Page 79

Natural Capital

Energy
Materials

Page 84

Vision

Page 2

Corporate governance

Risk management

What we delivered

Shareholders

Maximising Shareholder returns
Group revenue growth - 17%
Group operating profit - Rs. 510mn

Employees

Salaries and
other benefits - Rs. 1,423mn
Training hours - 3,498

Customers

High quality and safe products.

Suppliers

Payments of Rs. 22,572mn

Communities

910 indirect employment

Government

Rs. 48mn Taxes

Responding to our Stakeholders

Engaging with stakeholders plays a vital role in enhancing value creation. The below stakeholder groups have been identified based on their materiality to the business and significance in terms of affecting or being affected by our decisions and activities. We seek to develop long-term relationships with stakeholders by engaging and promptly responding to their concerns.

Customers

How we engage
- Meetings
- Conferences
- Workshops and seminars
- Surveys/focus groups
- Advertisements
- Press releases
- Social media

Key issues
- Customer satisfaction
- Awareness
- Health and safety
- Product quality
- Accessibility

Our responses
- Safety precautions are included in product labelling
- After sales services
- Compliance to quality standards
- Easy payment schemes
- Island-wide dealer network expansions

Employees

How we engage
- Monthly HR meetings
- Welfare events
- Performance appraisals

Key issues
- Skill development
- Performance appraisals
- Career progression
- Employee benefits
- Grievances

Our responses
- Reviewed HR policies
- Training programs
- Re-aligned compensation and benefit structures
- Set Key Performance Indicators (KPIs)

Suppliers

How we engage
- One-on-one discussions
- Written communications
- Routine meetings
- E-mail communications

Key issues
- Prices
- Credit periods
- Terms of contract
- Meeting quality standards
- Delivery time
- Transparency

Our responses
- Independent procurement committee
- Formed an independent supply chain department
- Import/Export Management System (IEMS) to improve transparency in dealings

Channel Partners and Distributors

10 REDUCED INEQUALITIES

How we engage
- Channel Partners and Distributor conventions
- On-site inspections
- Workshops
- Awareness programs
- On the job training

Key issues
- Product availability
- Commissions
- Health and safety

Our responses
- Appointed a channel development manager to oversee channel safety and improve visibility

Communities

11 SUSTAINABLE CITIES AND COMMUNITIES

How we engage
- Awareness programmes
- CSR
- Press releases
- Social media
- Direct communication through safety awareness programmes

Key issues
- Employment opportunities
- Community development
- Product safety
- Environmental concerns
- Awareness of product features

Our responses
- Recruit from local communities
- CSR projects
- Aid for flood affected communities

Government

How we engage
- Written communication
- Meetings

Key issues
- Pricing regulation
- Laws and compliances
- Government initiated projects
- Health and safety

Our responses
- Initiated discussion to adopt an industry-based pricing mechanism
- Adhere to laws and regulations
- Improved health and safety procedures

Shareholders

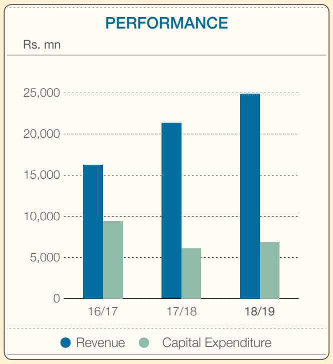
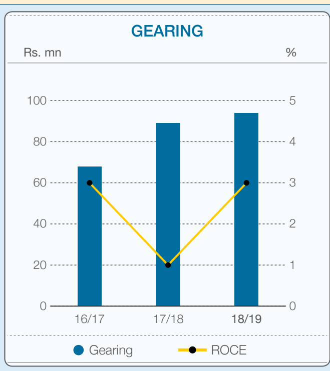
How we engage
- Quarterly Financial Statements
- Press Releases
- Annual Report
- Annual General Meeting

Key issues
- Road map for the next year
- Progress of companies

Our responses
- Formulation of sustainable long-term strategies

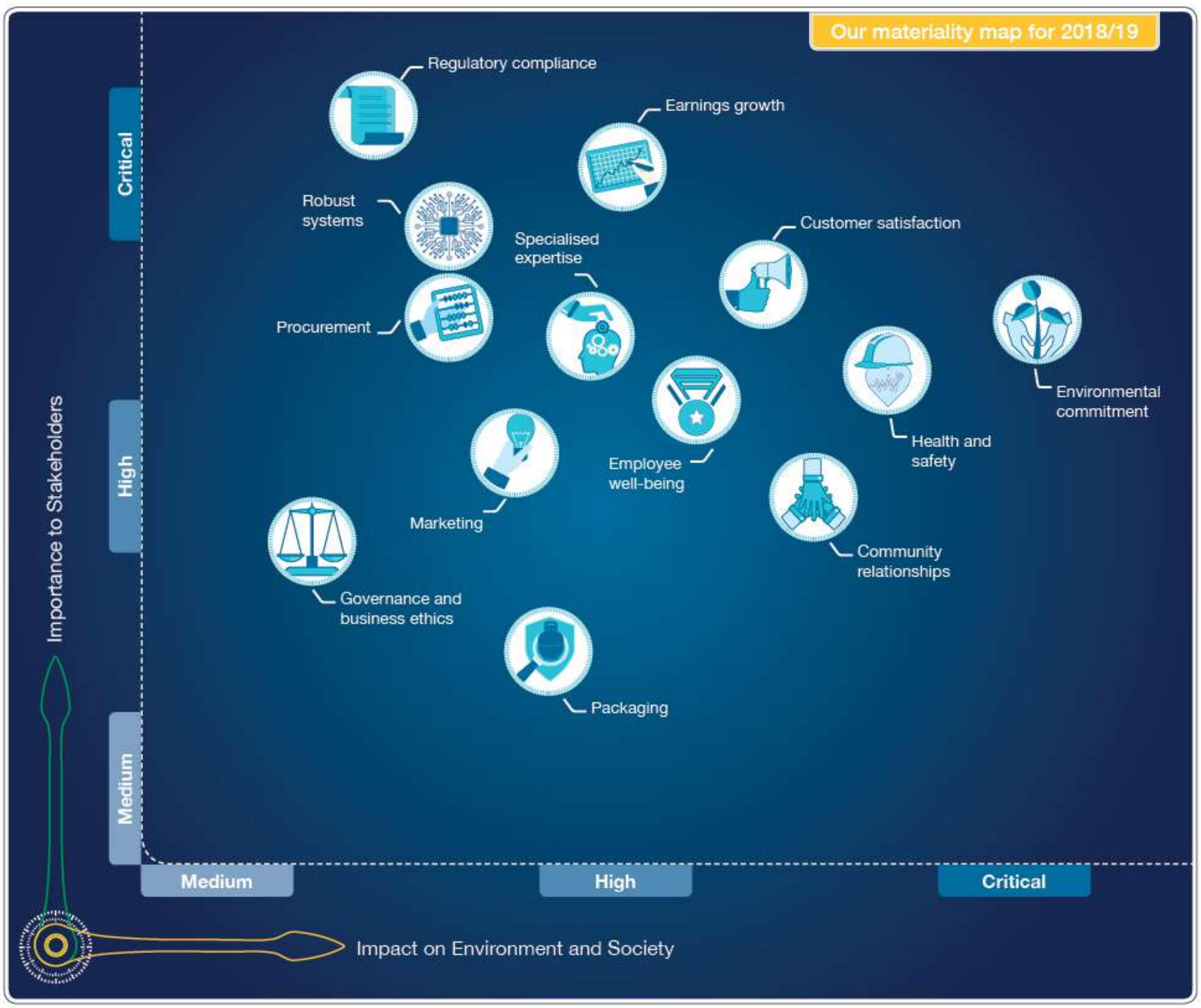
Strategy

	Initiatives in 2018/19
Growth	**Accelerate volume growth** • Expand presence outside the Western Province • Increase awareness of using LPG • Ease affordability of products • Foster long-term relationships with industrial customers **New revenue streams** • Charter vessels to third parties • Procure and store LPG for external customers using the new storage terminal **Expansion** • Construction of a new storage terminal • Expand retail infrastructure • Invest on machinery and equipment
Financial Stability	• Optimise cash management • Finance capacity expansion • Manage financial leverage
Improve Efficiency	**People** • Improve employee productivity • Maintain high levels of staff engagement • Develop specialised expertise at all levels including factories • Foster a health and safety culture **Process efficiencies** • Streamline work flows **Inventory management** • Form an independent supply management function • Effective use of robust management systems
Operating sustainably	• Optimise use of natural resources • Develop communities • Comply with environmental standards • Ensure health and safety across the value chain

	Measuring performance	Challenges in 2018/19	Link to material topic
		Subdued economic growth. Price regulation	Earnings growth Regulatory compliance Marketing Product quality
		Increasing cost of borrowing High leverage	Earnings growth
	Total Revenue **Rs. 24.9bn**	Local currency depreciation Erratic LPG prices Increasing market interest rates Increasing freight costs	Earnings growth Specialised expertise Procurement Robust systems
	Total Assets **Rs. 35.4bn**	Climate action Maritime risks	Health and safety Environmental commitment Community relationships Governance and business ethics

Materiality

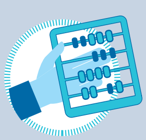
We identify our material topics through a continuous process of stakeholder engagement and risk evaluation. These topics are assessed on two dimensions: importance to stakeholder and impact on the environment and society. The aim of materiality assessments is to derive the materiality of each identified topic. These topics are the focus areas throughout the year. We use policies, internal controls and action plans to manage these material topics. It also forms the basis of our reporting during the year.



There were no changes in the list of material topics, topic boundaries and no restatement of information from the previous report.

Material topics and reporting guidelines	What we monitor	Why it matters	Management approach
Earnings growth GRI: 201	1. Revenue growth 2. Capacity expansion 3. Efficiency and cost management 4. Leverage	Growth in the earnings of the company impact our direct stakeholders such as shareholders and employees.	Goals and targets Process efficiencies Planned investments
Regulatory compliance GRI: 419	1. Compliance to pricing formula. 2. Compliance to other applicable laws and regulations.		Propose changes in the pricing formula to regulatory authorities
Marketing	1. Market penetration 2. Market share 3. Product accessibility 4. Relationship with dealers and distributors 5. Competition	Our marketing approach is important to drive customer loyalty and acquire new customers.	Set and monitor KPIs Planned investments
Customer satisfaction GRI: 418	1. Product quality 2. Customer privacy	Product packaging, quality and marketing communication is important for safety. This is also vital to maintain customer relationships.	Obtaining customer feedback Certifications
Packaging GRI: 417	1. Ensure all safety precautions are covered in product labels 2. Quality of cylinders		

Materiality

Material topics and reporting guidelines	What we monitor	Why it matters	Management approach
Employee well-being  **GRI: 401,402,407.**	1. Health and safety 2. Employee satisfaction 3. Labour relations 4. Grievances	Employees play a vital role in fulfilling our business objectives.	Engagement Sound policies for talent acquisition, health and safety and grievances handling
Specialised Expertise  **GRI: 404**	1. Employee productivity 2. Training and development	We use specialised skills to deliver comprehensive energy solutions.	Employee referral policy Training programs
Health and safety  **GRI: 403 and 416.**	1. Compliance 2. Awareness 3. Occurrence of any incidents and hazards	Health and safety is vital to develop consumer confidence and corporate reputation.	Health, safety and environmental (HSE) policy Certification Safety compliance audits Health and safety committee Training programmes Access restrictions to hazardous areas
Procurement 	1. Availability of LPG in source regions 2. Cost of supply	Access to a secure supply of LPG is important to continue business activities.	Independent procurement team Robust procurement and inventory management systems

Material topics and reporting guidelines	What we monitor	Why it matters	Management approach
Robust systems	1. Instances of cyber threats 2. System failures	Accuracy of information plays a vital role in supporting agile decisions as the group operates in a volatile environment.	Certifications IT policies Business continuity plans
Environmental commitment GRI 301,302,303, 304,305,306,307 and 308	1. Energy 2. Materials 3. Water 4. Compliance 5. Emissions 6. Effluent and waste	Environmental commitments and harmonious relationships are important to maintain our social license to operate.	Health, safety and environmental (HSE) policy Zero tolerance policy of LAUGFS Maritime Certifications
Community relationships GRI: 202, 203 204 and 413	1. CSR		
Governance and business ethics GRI: 205, 206 405,406,408,409,410 411,412,414 and 415	1. Diversity 2. Equal opportunity 3. Non-discrimination 4. Child labour 5. Forced labour 6. Human rights	Governance and ethics ensure we operate in a fair and equitable manner.	External assurance Disciplinary policy Recruitment policy

Risks and Opportunities

Risk management plays a vital role in protecting shareholder value by proactively identifying and managing the risks of our businesses. The Group follows the Enterprise Risk Management framework (ERM) presented by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). This is a structured and well recognised approach to identify, manage, and mitigate our principal risks. The broad aim of our risk management function is to minimise the Group exposure and vulnerability to market variables. In addition, the process of risk management ensures the business continuity while granting reasonable assurance to our key stakeholders from the occurrence of negative events due to our presence in the business community.

RISK GOVERNANCE

While the Board of Directors bear the apex responsibility for risk management, all employees of the Group are responsible for risk management in their sphere of operations.

The Group Risk and Control Division ensures that the Group risk exposures are within our risk appetite. Risk strategies and appetites are defined by the GRC Division and approved by the Board of Directors.

The Audit Committee independently evaluates the Group risk profile bi-annually. The findings are communicated to the Board of Directors.

PROCESS OF RISK MANAGEMENT

Risk identification

The Group Risk and Control Division is constantly in search of internal and external threats which would have an impact to our corporate performance because we believe that these threats could lead to costly lawsuits and excessive damages to our corporate reputation.

Risk Assessment

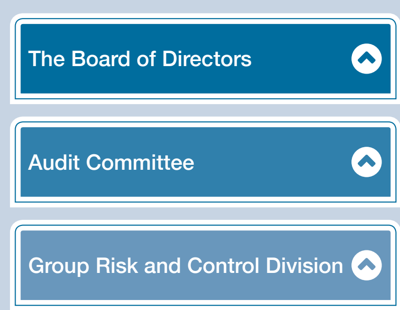
The strategies adopted to manage risks are outlined below, this depends on the types of risks, the severity of the risks and market situation in which it occurs.

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

This framework has been shared at both Group and SBU level to enable the Group to achieve its corporate objectives within a well-managed risk profile.

Risk Reporting

The Board, through Committees where appropriate, regularly review significant risk areas and decisions that could have a material impact on the Group. These reviews consider severity and likelihood of the risk and recommend risk response plans. These are also continuously monitored to ensure the Group operates within the set risk appetites.



RISK TREATMENT AND MONITORING

The Risk treatment and monitoring is a continuous process, which is vital for sustainable risk management. The core risks relevant to each Company, are identified by the management during the risk review process. These risks are included in the Risk Register of each company along with the mitigation plans and presented for review to the Top Management and the Audit Committee.

KEY DEVELOPMENTS DURING THE YEAR

During 2018/19, Group Risk and Control Division performed a comprehensive risk assessment of structural, operational, financial and environmental risks by using a Risk Register uniquely prepared for LAUGFS, from which an annual audit plan was also compiled. The Group also reinforced its internal controls by strengthening IT-related defence mechanisms in collaboration with the Group IT Division to manage the cyber risks to the Group.

In addition, the Group's Top Management actively participated along with the competitor in lobbying concerns over a fair and decisive pricing methodology to be used on an ongoing basis and handle concerns due to political pronouncements, to policy making bodies.

Risks identified are conveyed to the Management through risk registers, special risk reports and internal audit reports and actions are agreed upon with the management and these are followed up through the GRC Division.

Low Moderate High

The Risk Register comprises risks in the following categories:

RISK LANDSCAPE

Principal Risks	Likely Impact	Likelihood	Mitigative actions	Link to material topic
Business environment and operations				
Production and process - Operational risks associated production/ processes adversely affect productivity and smooth operation of the Company - Drop in productivity	- Lower utilisation of plant capacity - Inability to achieve growth plans - Weaken profitability - Lower productivity		- Use state-of-the-art technology - Business continuity plan - Formulate and monitor production plans - Enhanced filling bay to facilitate additional loading arms to reduce trailer loading time - Appropriate forecasting of demand through statistical techniques and analysing business environment and preparing production plan - Scheduled preventive plant maintenance plan with routine reviews - Plant carousel output was increased from 90% to 95% within the period - Carousals were placed stand-by at Hambantota Terminal Premises in case of emergency situation	 Earnings growth

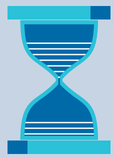
Risks and Opportunities

Principal Risks	Likely Impact	Likelihood	Mitigative actions	Link to material topic
Changes in the business environment Changes in the Political, Economic, Legal and Social Environment and Technology (PESTLE)	- Impact profitability - Affect the Group plans and implementation of strategies		- Review regulatory compliance - Active participation of Group's Senior Management personnel in discussions with policy making bodies - Engage with trade associations to lobby with the Government and the Consumer Affairs Authority (CAA) on the pricing formula. This enables the Group to recover total landed cost and maintain reasonable profit margins - Maintain strong relationship with stakeholders influencing socio-economic stability within the country	Earnings growth Regulatory compliance Environmental commitment
Health and safety Adverse impact on business processes due to hazards, accidents or injuries to employees .	- Lower productivity - Negative impact on corporate reputation - Unfavourably impact on employee satisfaction		- Robust HSE Policy - Implementation and regular monitoring of Health, Safety and Environment (HSE) policies - Accreditation of OHSAS 18001:2007 - Company is in the process of streamlining operations to upgrade OHSAS 18001 into latest ISO 45001:2018 - Promote safety culture through continues awareness programmes and Safety Weeks - Periodic audits and follow up by the Group Risk & Control Division monitoring the process and outcomes - Routine and ISO surveillance audits by the Safety Division - LAUGFS Maritime Services: DOC certification and effective implementation of the ISM Code for the Company and its safe operation of ships and pollution prevention	Earnings growth Health and safety Employee well being Packaging

Principal Risks	Likely Impact	Likelihood	Mitigative actions	Link to material topic
Sourcing • Affect the smooth operation of the business • Declining availability of LPG supply in Global markets • Dependency on few major suppliers	• Interrupt supply chain • Impact production plans • Increase in plant idling days leading to potential additional cost to the company		• Network with a list of registered suppliers in the Middle East and Europe • Engage with expert LPG traders to minimise the material (LPG) sourcing risk • Maintain long-term relationships with suppliers • Supplier screening and annual evaluation process • Well -defined quality control process across the Group	Earnings growth Procurement Specialised expertise
Human Resources Inability to attract and retain critical talent and specialised expertise	• Lower levels of productivity • Affect customer service levels • Weaken organisation structure and profitability		• Strengthening the cadre by recruiting experts/specialists • Offer attractive reward schemes • Career development and succession planning • Focus on possibilities of lateral movements within the Group for career enrichment • Performance recognition through bi-annual and annual reviews through Performance Management System (PMS) • Cordial relationship with 3rd party Man-Power suppliers in the Manufacturing Business • Structured training, team building and leadership programs in place for all the employees	Earnings growth Health and safety Specialised expertise

Risks and Opportunities

Principal Risks	Likely Impact	Likelihood	Mitigative actions	Link to material topic
Depreciating currency and erratic LPG prices in Global markets Inability to adjust prices based on market dynamics	• Increases costs of imports • Weaken profitability and margins		• Establish procurement hub in Dubai • Lobbying for an effective industry-based pricing formula to CAA • Negotiations with international banks for a competitive dollar LC rate on an ongoing basis	Earnings growth
Rivalry Risk The negative impact of competitive positioning and rivalry on emerging market	• Scrutinised market share • Loss of corporate clients		• Investing in channel visibility strategies • Town-Activation programs to promote new cylinder circulation • 18% increase in new dealer appointments	Earnings growth
Information Technology • Cyber incidents • Lack of information accuracy in management systems	• Loss or corruption of information assets/critical and confidential information • Exposure to cyber crime • Potential impact on reputation • Operational delays		• Comprehensive Group IT policy • IT systems comply with ISO 27001 accreditation for Information Security Management System (ISMS & 22301 accreditation for Business Continuity Management System (BCMS) • Continues awareness programmes on malware attacks and cyber security	Earnings growth Robust systems
Changes in Consumer Demand • Weak economic growth • Lack of awareness in using LPG • Availability of alternative/ substitute at an economical rate • Changes in consumer attitudes • Intense competition	• Inability to achieve growth plans. • Weaken profitability		• Focus on innovation • Monitor customer trends • Foster long-term relationships by providing value-added services • Measure customer satisfaction • Use of various MACRO and MICRO economic planning reports for consumer demand planning and monitoring • Market monitoring and deploy of sound operational strategies	Earnings growth Robust systems

Principal Risks	Likely Impact	Likelihood	Mitigative actions	Link to material topic
Customer Service Risk	• Impact brand image		• Perform customer feedback surveys • Customer inquiry system with a team of sound technical knowledge • Customer complain management system with first time resolution	 Customer satisfaction
Finance				
Liquidity Risk The Group ability to repay financial liabilities as and when they fall due.	• Impact cash flows • Affect profitability • Unfavourably impact the reputation of the Group		• Adhere to policies and liquidity risk limits approved by the Board of Directors and Group Treasury • Maintain a diverse funding base. • Maintain adequate liquidity by: 1. Centralising Group Treasury and finance functions 2. Rigorously monitor liquidity requirements	 Earnings growth
FOREX Risks Change in exchange rates. **Interest Rate Risk** Changes in market interest rates	• Declining profitability • Impact on financial position		• Negotiate with banks and other financial agencies • Constant monitoring and effective decision making by the Group Treasury function • Regular review of the rates to ensure smooth conversion management • Continuous monitoring of LIBOR exposure pertaining to the loans obtained to avoid potential interest rate risks	 Earnings growth
Credit Risk Failure of counter-parties to meet financial obligations.	• Impact cash flows and profitability		• Efficient follow up/collection practices • Implement credit policies and regular debtor monitoring • Monitor and review exposure levels and limits • Customer screening process prior to credit approval • SAP system control over limits	 Earnings growth

Risks and Opportunities

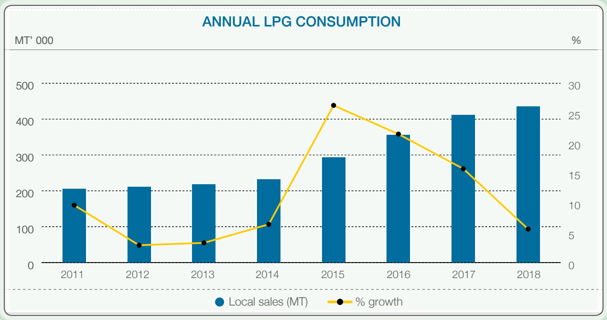
Principal Risks	Likely Impact	Likelihood	Mitigative actions	Link to material topic
Reputation				
Reputation Risks - Adverse impacts on corporate image - Key businesses entering into a maturity or declining phase - New market or businesses entered not materialising the expected yields	Impair shareholder value		- Maintain high ethical standards - Assess customer satisfaction - Ensure compliance to statutory and environmental regulations - ISO 9001:2015 certification for effective implementation of Quality Management System - Winner of National Quality Awards	Earnings growth Regulatory compliance Governance and business ethics Environmental commitment Community Relationships

Market Trends

Market trends

Changes to LPG demand

- LPG consumption in Sri Lanka increased by 5.6% to 445,000 MT in 2019.
- The growth in local LPG consumption was influenced by:



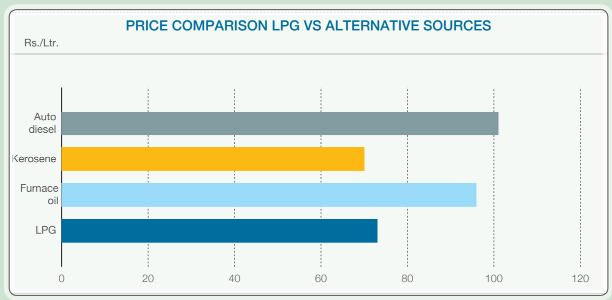
1. Moderate economic growth of 3.2% compared to 3.4% last year. This affected the disposable income of consumers despite lower inflation in 2018. However, the strong recovery of the agricultural sector to 4.8% in 2018, improved affordability in Agri dependent rural areas.
2. Improving awareness especially in rural areas of the benefits in using LPG compared to firewood. This promoted LPG usage in the outskirts of the country.

- In Bangladesh, demand for LPG increased by 23% compared to last year. This was primarily driven by the depletion of natural gas supplies in the country. As a result, demand for alternative cooking fuels such as LPG increased.

Competitive environment

LPG Prices for domestic use are regulated by the Consumers Affairs Authority (CAA). As a result, the prices of market players in the domestic segment, are set by the CAA. During the year, LPG prices of both operators increased by 21% to Rs. 138.64/kg in 2018/19.

Competitive rivalry is mainly on the volume of LPG sold as only two operators cater to LPG demand. State-owned Gas company and the only private sector operator - LAUGFS Gas PLC, form a duopoly LPG industry in Sri Lanka. In addition, the availability of other subsidized fuels, such as furnace oil intensifies competition, as LPG industrial users easily switch between products.



How we responded

- Increased market penetration outside the Western province.
- Added 1,100 channel partners.
- Provided easy payment schemes to low income families especially in rural areas.
- Set up 170 regional distribution centres in Bangladesh.

- Foster long-relationships with consumers by providing comprehensive energy solutions.
- Maintain high quality and safety standards to enhance customer loyalty.

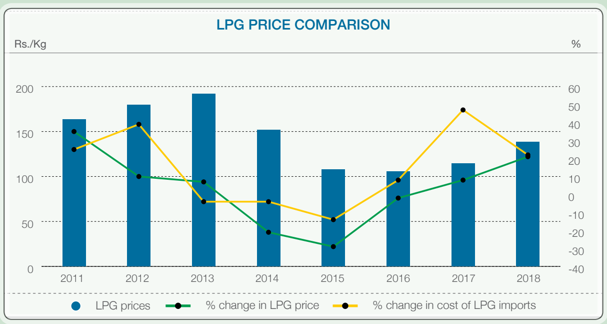
Market Trends

Market trends

LPG prices

LPG prices for domestic use is regulated by the Consumer Affairs Authority through a pricing formula. LPG prices by the end of 2018 increased by 21% to Rs. 138.64/kg.

However both the operators continued to lobby for the implementation of the existing pricing formula or a new common pricing formula acceptable to both operators. This was to address the challenges of erratic LPG prices, which severely impacted the profitability of operators. The sharp LKR depreciation against the USD in 2018 further exacerbated the impact. As a result, cost of LPG imports increased by 22% to Rs. 43bn although volume of imports only increased by 6.7% in 2018.



Trends in global LPG market

As 94% of Sri Lanka LPG supply is met through imports, the global LPG industry plays a significant role.

Global LPG prices continued to be erratic during 2018 affected by the market imbalances. However, the growth in prices softened to 16% compared to 44% last year. The trend continued to 2019. During the 1st half of 2019 propane prices averaged USD 457/MT compared to USD 520/MT in the comparable period of 2018.

Supply of LPG in the global market was impacted by escalating trade wars, trade sanctions, production cuts and adverse weather conditions. Trade flows were re-routed to the Middle East, due to US trade sanctions on China and Iran. As a result, demand increased in the Middle East, impacting the availability of LPG in the region. Despite supply disruptions, demand continued to be robust in 2018. This was driven by the opening of several petro-chemical plants in China and increasing environmental consciousness of consumers.

How we responded

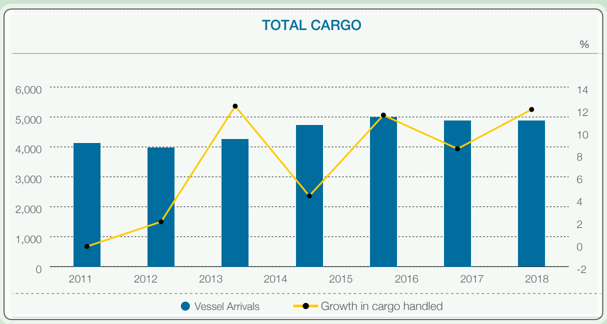
- Cost management
- Lobbied with competitor to implement existing pricing formula or implement a new common pricing formula acceptable to both players.

- Engaged with number of alternative new suppliers.
- Secure supply of LPG by using the services of in-house expert LPG traders in Dubai.
- Strengthened procurement management by using robust systems and setting up an independent supply chain department.

Market trends

Demand for maritime services

Demand for port services expanded during the year although global trade activity slowed. In 2018, the Port of Colombo was ranked as the fastest growing port among the top 30 container ports in the world by Alphaliner Global Port rankings. It was also considered as the best interconnectivity port in the region last year. The ports of Sri Lanka are strategically located along popular trade routes such as the East West maritime route. This drives robust demand for maritime services.



Vessel arrivals remained in line with last year. Total cargo handled increased by 12% in 2018 compared to 8.5% last year.

Charter rates

During the year, the VLGC charter rates declined and this was mainly due to a persistent over supply of ships in the global market.

LPG trade flows

Sea borne trade expanded by 31% between 2007 and 2016. This was driven by economic expansion and increasing population in developing economies such as China and India. This also led to an increase in seaborne LPG trade to 4% in 2018. This was driven by increasing exports from North America and the Middle East to Southeast Asia.

LPG exports from Middle East grew by 2% in the last quarter of 2018 despite US re-imposing sanctions on Iran in November 2018 and OPEC production cuts. Export growth was mainly driven by Saudi Arabia, Qatar and UAE. The main export destinations were India, China and Southeast Asia. US trade sanctions on China led to re-routing of LPG trade flows to the Middle East.

How we responded

- Constructed the largest Import/Export LPG storage terminal in South Asia. The terminal will be used to store LPG for customers in regional markets able to conveniently access the ports of Sri Lanka. Our trading arm, SLOGAL will support procurement of LPG from key source regions in the world such as the Middle-East.
- Charter vessels to external customers.

Manag

Discussion

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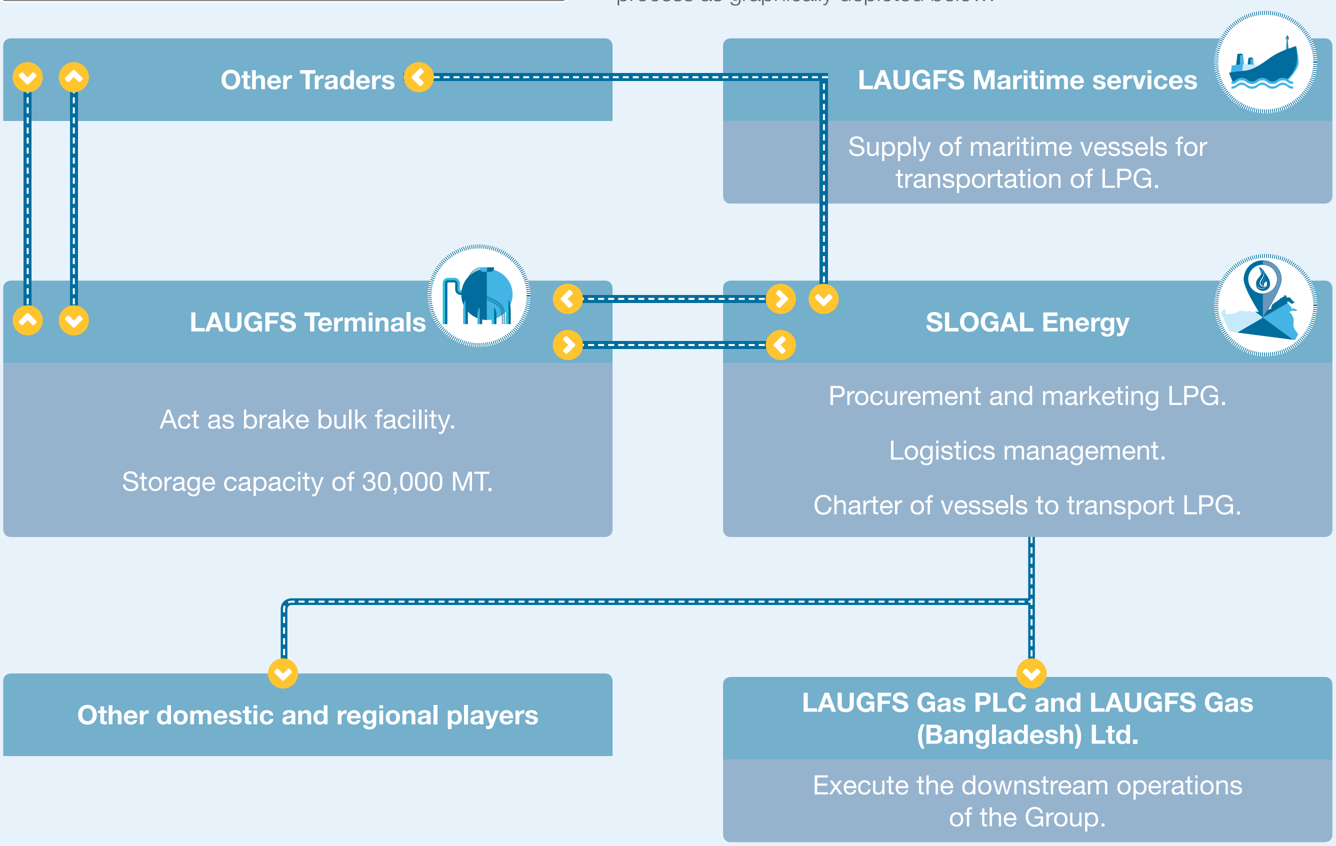
& Analysis

Business Line Reviews

LAUGFS Gas PLC is a group of companies that link to form a strong supply chain for the distribution of LPG. At every stage of our value chain from sourcing to distribution, we partner with internal stakeholders such as energy traders and vessel operators. This supports the group in ensuring high product quality and safety standards on par with our quality policy and certifications. In addition, these group linkages improve cost efficiencies by optimising inventory management, reducing procurement costs and optimising logistics and production. These entities are also used by third parties, expanding the revenue stream of the Group.

Our Business Line Value Creation process

There are five entities with well-defined roles in the value creation process as graphically depicted below:



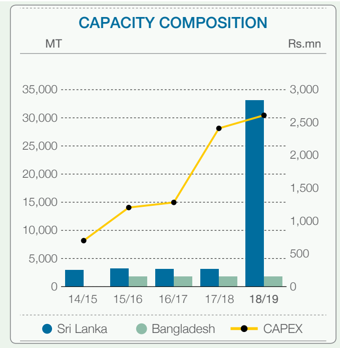
Business sector	Revenue Rs.mn	Manufactured capital (PPE) Rs.mn	Human Capital No.of employees	Assets Rs.mn	Liabilities Rs.mn	Value creation
Energy						
1. LAUGFS Gas	15,193	7,560	343	45,606	22,976	1. Drive revenue growth
2. LAUGFS Gas (Bangladesh)	9,284	3,154	117	5,944	3,737	2. Strengthen customer relationships 3. Engage with channel partners
Trading						
SLOGAL Energy DMCC	9,075	3.5	02	2,358	1,315	1. Source LPG at competitive prices 2. Ensure a stable supply of LPG
Transportation and Logistics						
1. LAUGFS Maritime	1,232	1,805	17	2,274	1,318	1. Manage freight costs
2. LAUGFS Terminal	-	9,845	32	11,117	8,132	2. Optimise inventory
Property						
LAUGFS Property Developers	137	48	09	2,281	574	1. Optimising office space

Business Line Reviews

Energy

The energy cluster comprises two entities involved in downstream operations, namely LAUGFS Gas PLC, which is the parent company and LAUGFS Gas Bangladesh. These entities account for 98% of consolidated revenue. Other business sectors primarily provide in-house services such as procurement, transportation and logistics.

REVENUE	PAT	ASSETS	CAPEX
Rs. 24,477mn	Rs. 47mn	Rs. 19,389mn	Rs. 2,629mn

Capital	Nurturing Activity	Impact
Manufactured Capital • PPE - Rs. 11,087mn • Storage capacity - 4,950 MT • Filling capacity Per Annum - 207,000 MT	• Invested Rs. 921mn in Sri Lanka • Invested Rs. 1,205mn to install spheres and a cylinder re-qualification plant in Bangladesh	 • Re-qualified 69,241 cylinders to the brand-new category in Sri Lanka • Capacity utilisation was 95%
Social & Relationship Capital • No. of channel partners 7,100 9,000 • No. of distributors 31 170	• Added 1,100 new channel partners in Sri Lanka • Enhanced value-added services provided to clients	• Customer satisfaction score of 82.6% • Sales volumes increased by 3.4% in Sri Lanka and 12% in Bangladesh • Maintained a steady source of supply
Human Capital • No. of employees - 460	• Invested Rs. 2mn on training programs • Increased awareness on health, safety and environmental (HSE) matters	• Labour turnover rate was 20% • 0% fatal injuries • Zero fatalities
Intellectual Capital • Two certifications	• Comply with certifications • Monitored compliance to health and safety framework	• No reported incidents related to health and safety

Natural Capital
• Raw material Consumption:
  • Use of recycled steel for cylinders
  • Energy Consumption from operations 14,104,911mJ
	• Environmental compliance	• Steel is used as a 100% reusable material
		• Energy intensity ratio was 311.68 kJ/Kg

Financial Capital • Equity - Rs. 23,764mn • Liabilities - Rs. 25,762mn	• Revenue growth • Streamline processors and workflows. • Optimise supply chain • Optimise cash resources • Fund capacity expansion	• Gross margins of LAUGFS Gas Sri Lanka improved to 9% from 4% • Inventory days improved to 11

Business Line Reviews __ Energy

LAUGFS GAS SRI LANKA

We play a leading role in the economy as the only private sector operator in the local LPG industry since 2001. Our market share is over 60% in the industrial bulk segment and with an overall market share of 26.5%. The strong market presence articulates our deep understanding of consumer priorities. Product quality, safety, availability, and affordability are among our top priorities. These are achieved by utilizing specialised engineering skills, high safety and quality standards, reliable supply chain and a broad market presence. Today, LAUGFS Gas Sri Lanka is recognised as the 'energy expert' in the industrial sector.

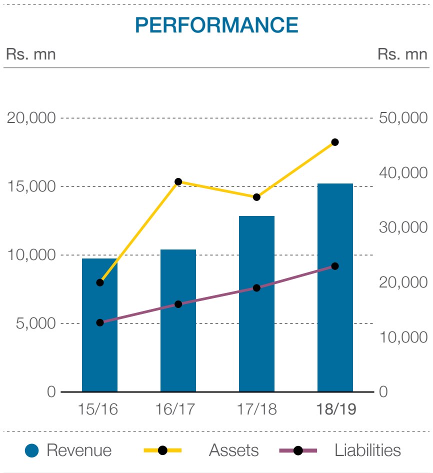
REVENUE

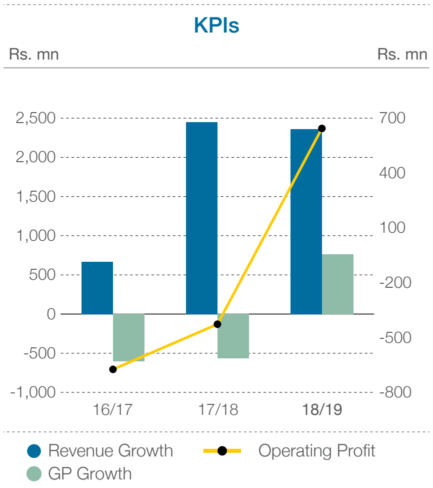
Revenue increased by 18% to Rs. 15,193mn. The volume of LPG sold increased by 3% in 2018/19 compared to last year. This was driven by increasing market penetration in under-served markets outside the Western Province. Our focus was to acquire new customers by broad basing our presence. We added 1,100 new channel partners in nine regions during the year. Households especially in rural areas conveniently accessed our products. Within our customer segments, the domestic category increased by 6% in 2018/19 compared to last year.

We deployed a different marketing strategy for industrial/bulk customers. The focus was to maintain market leadership in the segment by nurturing long-term relationships and customer loyalty. The volume of LPG sold to industrial customers increased by 234MT during the year. We provided comprehensive energy solutions and partnered with our industrial customers to enhance their value chain by improving safety practices. We used our specialised engineering competencies to provide value-added services such as piping solutions, tank installations, safety audits, etc. These services enhanced brand loyalty as corporates portrayed LAUGFS Gas as an energy expert. Despite the availability of cheaper alternative fuel such as furnace oil, we successfully maintained our market share in 2018/19.

However, LPG prices for domestic use was regulated by the Consumer Affairs Authority (CAA). There were three price revisions done during the year as follows;

- April 2018, the price of a 12.5 kg cylinder increased to Rs. 1,676.
- June 2018, the price of a 12.5 kg cylinder decreased to Rs. 1,538.
- September 2018, the price of a 12.5 kg cylinder increased to Rs. 1,733.





PROFITABILITY

Operating profit improved by 202% to Rs. 962mn although erratic LPG prices and currency depreciation affected costs. During the year, the average Saudi Aramco contract prices increased by 7.7% to USD 523 per Metric Ton. LPG prices were primarily affected by supply disruptions and increasing Propane and Butane prices which are the key components of LPG. Growth in LPG production narrowed during the year due to trade sanctions on Iran and OPEC planned production cuts. However, demand continued to be robust led by India and China. Several petrochemical plants were opened during the year, which use propane as feed stock. The market imbalance increased global propane prices. In addition, the Chinese trade tariffs imposed on US products led to a change in trade flows from US gulf to the Middle East. This further impacted supply in the Middle East, which is main supply hub of the group. However, procurement and logistics were well-managed through our dedicated trading office in Dubai. Despite supply side pressures, we successfully maintained a secure supply chain throughout the year. In addition, we used robust inventory management systems to maintain an optimal level of inventory throughout the year. We also focused on stringent cost management practices as detailed below. Operating margins improved to 6% compared to 2% last year.

We added **1,100** new channel partners

Operating Profit improved to **Rs. 962mn**

Investments in Subsidiaries were elected to be reflected at its fair value.

Initiative	Impact
Streamline work flows and other processes	Drive process efficiencies Reduce wastage
Optimise logistics and meticulously managed procurement through our trading office in Dubai	Reduced procurement cost Source products at competitive price
Optimise inventory management	Inventory days improved to 10 compared to 12 last year Average inventory reduced by 7%
Develop specialised engineering expertise through training programmes.	Employee productivity increased

Relevance to Group
61% of Group Revenue
35% of Manufactured Capital
88% of Human Capital
64% of Group Liabilities

Profit/(loss) before tax amounted to Rs. (820mn) compared to Rs. (1,133mn) last year. Finance costs increased by 21% to Rs. (1,818mn) due to rising market interest rates and new borrowings. Nevertheless, revenue growth and tight cost management supported profitability. Profit/(loss) after tax amounted to Rs. (442mn) compared to Rs. (980mn) last year. Return on capital employed (ROCE) improved to 4% from 2% last year.

Expansion and Funding

Assets increased by 28% to Rs. 46bn mainly due to the revaluation of investments in subsidiaries. Interest bearing liabilities increased by 20% to Rs. 15,678mn as new borrowings were obtained to fund asset growth.

Business Line Reviews — Energy

OUTLOOK

We enter 2019 with an optimistic outlook. Organic growth will be driven through a formula of market penetration, customer relationships, talent development and cost management. We seek to further expand our customer base outside the Western province through new dealers. In the Bulk category, we will continue to strengthen relationships by improving value-added services. However, the price formula applicable for the domestic market segment has a profound impact on profitability and margins. We will continue to negotiate with CAA on reimplementing the existing pricing formula or implementing a new common formula which is acceptable to both operators. In the meantime, we explored opportunities to infuse capital by engaging with a strategic partner for LAUGFS Terminals. We expect to complete the deal in 2019. The capital infusion will reduce the financial leverage of the Group.

Opportunities

- Increasing awareness on the benefits of LPG usage
- Low inflation environment
- Low penetration in rural markets

Challenges

- Supply disruptions due to trade wars and geopolitical conditions
- Fluctuating prices of oil, propane and Butane
- Regulated LPG pricing
- Intense competition
- Adverse weather conditions
- Subdued economic growth
- Currency depreciation
- Increasing cost of borrowing

LAUGFS GAS BANGLADESH

We are the fifth largest market player in the LPG industry of Bangladesh. Our prime customers are households using LPG as cooking fuel. The domestic market segment accounts for 73% of revenue followed by industrial, commercial and auto fuel segments.

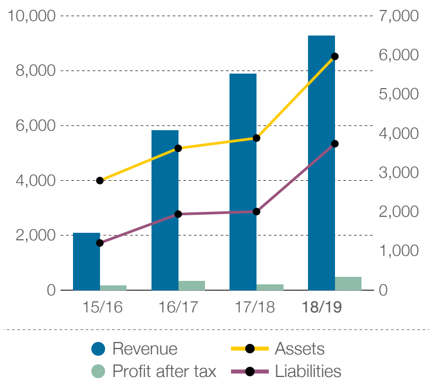
REVENUE

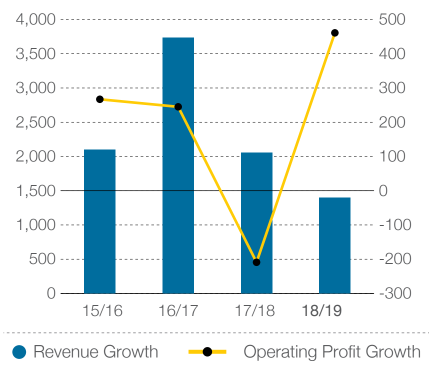
Revenue increased by 18% to Rs. 9,284mn supported by the 4% increase in the number of LPG cylinders sold. As natural gas reserves of Bangladesh continued to deplete, the government implemented measures to contain the supply of pipeline gas provided to households. This spurred demand for LPG, the alternative available as a cooking fuel. In addition, the opening of factories increased demand for LPG used as an industrial fuel. Usage of LPG as auto gas, gained popularity with increasing environmental awareness.

During the year, we installed a cylinder re-qualification plant as the new regulatory requirements require 10-year-old cylinders to be re-qualified. In addition, we upgraded the retail infrastructure to improve

Revenue increased by 18% to Rs. 9,284mn supported by the 4% increase in the number of LPG cylinders sold.

convenience and product availability to consumers. Our 170 distributors which include 30 exclusive distributors covered the entire country. However, as most of the regions were set apart by rivers, we continued to face the challenge of limited availability of ferries to transport LPG. To overcome this challenge, we increased the regional distribution centres in 2018 which will serve as storage hubs for distributors. We increased the regional distribution centres to seven to cater to regional LPG demand.





PROFITABILITY

Although the Bangladeshi Taka depreciated against the USD, the operating margins improved by 4% to 8% with the downward trend in global LPG prices. However, finance costs incurred by Rs. 11mn with new borrowings to fund the purchase of plant and machinery. Nevertheless, profit after tax significantly increased by 132% to Rs. 489mn, strongly supported by revenue growth and the improvement in gross margins.

EXPANSION AND FUNDING

Assets increased by 53% with the installation of new spheres and a cylinder re-qualification plant. This also increased liabilities as the capacity expansion was funded through new borrowings.

OUTLOOK

Our focus for 2019-20 is to accelerate volume growth through an active marketing strategy driven by exclusive distributors and Regional Distribution Centres. During the next financial year, we plan to add 15 distributor operated Regional Distribution Centres. This will be further supported by our group linkages with in-house energy traders and vessel operators to drive a steady supply of LPG. In addition, the investment in spheres and the cylinder re-qualification plant will further enhance value creation.

Opportunities

- Limited availability of cheaper pipelined gas.
- Low market penetration
- GDP growth rate of 7.9% compared to 7.3% last year [1]

Challenges

- Volatile LPG prices
- Currency depreciation
- Intense competition
- Climate action
- Increasing inflation

1. https://www.adb.org/countries/bangladesh/economy

Business Line Reviews

Trading

SLOGAL Energy is the trading office of the Group. Located in Dubai, we have an expert LPG trader who connects with an extensive supplier base to source the LPG needs of the Group.

REVENUE
Rs. 9,075mn

PAT
Rs. (129 mn)

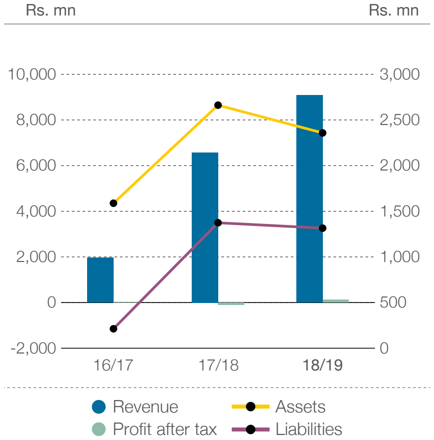
ASSETS
Rs. 2,358mn

Capital	Nurturing Activity	Impact
Manufactured Capital PPE - Rs. 3.5mn	Maintained sophisticated procurement systems that were integrated to in-house developed 'Imports & Exports Management System' (IEMS).	Optimise inventory management
Social & Relationship Capital Suppliers - Over 10	Maintained a list of registered suppliers.	Ensured product availability
Human Capital 2 Employees	One LPG trader	Managed the procurement needs of the Group effectively
Financial Capital Equity - Rs. 1,043mn Liabilities - Rs. 1,315mn	Cost management Steady supply of LPG	Procured LPG at competitive prices Catered the LPG needs of the Group at the right time.

REVENUE

From the trading segment increased by 38% to Rs. 9,075mn. SLOGAL has supplied over 90,000mt of LPG as the procurement needs of the Group expanded at both downstream locations in Sri Lanka and Bangladesh. We successfully managed the procurement needs of the Group by engaging with a network of suppliers. Despite supply constraints in the Middle East, SLOGAL played an integral role in ensuring a secure supply of LPG at competitive prices. However, operating losses of the trading segment continued to 2018/19 and amounted to Rs. 129mn.

PERFORMANCE



OUTLOOK

Going forward, SLOGAL will play an active role in the Group. With the commencement of LAUGFS Terminal, we plan to extend our role from an in-house procurement arm to cater the procurement needs of external parties as well. The new terminal will be our key source of infrastructure. Through the terminal, SLOGAL will cater to new markets such as Bangladesh, Myanmar and Maldives while also being the focal point to increase synergy between Group companies. The extended role of SLOGAL will provide additional revenue to the Group while also enhancing cost management by optimising vessel usage and inventory management.

Opportunities

- Presence in principal oil markets.
- Growth in demand driven by Asian regions such as India and China.

Challenges

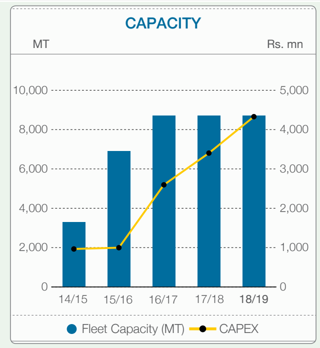
- Supply disruptions
- Fluctuating charter rates
- Fluctuating LPG prices

Business Line Reviews

Transportation and Logistics

Two companies are part of the transportation and logistics segment namely LAUGFS Maritime Services and LAUGFS Terminals. Our LPG vessels and maritime risks are well-managed through LAUGFS Maritime. The new transshipment terminal will be managed by LAUGFS Terminals. The sector performance during the year only relates to LAUGFS Maritime as the terminal was commissioned on 1st June 2019.

REVENUE	PAT	ASSETS	CAPEX
Rs. 1,232mn	Rs. (467 mn)	Rs. 13,391mn	Rs. 4,327mn

Capital	Nurturing Activity	Impact
Manufactured Capital - PPE - Rs. 11,650mn - No. of vessels - 3 vessels - Storage capacity - 30,000 MT	- Invested Rs. 4,133mn on LAUGFS Terminals - Invested Rs. 194mn on maintaining vessels	 - New storage capacity of 30,000 MT - Vessel utilisation was 74% - Average operating days of the ship was 260
Social & Relationship Capital - Vessel charterers - 2	- Chartered vessels to SLOGAL and other third parties - Adopted stringent safety practices to ensure products are safely transported	- Revenue of Rs. 880mn from in-house operators - Revenue of Rs. 352mn from chartering to external customers
Human Capital - No. of employees: - LMS: 17 - LTL: 32	- Invested Rs. 0.7mn on training - Complied with health and safety standards	- Zero incidents related to health and safety
Intellectual Capital - Certifications and memberships	- Complied with Lloyds Registry certifications - Terminal construction activities were supervised and reviewed by Lloyds Registry - Complied with International Safety Management Code (ISM Code) and the Group zero tolerance policy	- Improved brand image - Minimised maritime risks
Financial Capital - Equity - Rs. 3,941mn - Liabilities - Rs. 9,450mn	- Revenue growth - Fund capacity expansion	- Revenue from chartering to external parties amounted to Rs. 352mn - Gearing decreased by 10%

Business Line Reviews __Transportation and Logistics

REVENUE

Revenue growth slowed by 6% in 2018/19 as vessels were made available for the commissioning and testing requirements of the new terminal. Although the construction of the terminal was completed, the commissioning was extended up to 1st June 2019, as a result the Company faced a notable idle time.

Revenue from chartering to our in-house customer, SLOGAL amounted to Rs. 880mn.

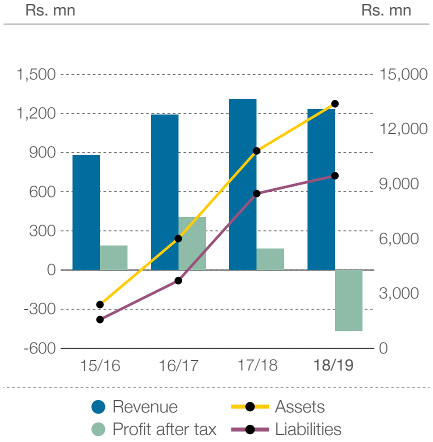
PROFITABILITY

Operating profits significantly declined to Rs. (397mn) compared to Rs. 216mn last year. This was mainly due to the increase in direct material costs as vessel contractual agreements changed from Time charter to Voyage charter for two ships since November 2018. This led to fuel costs being borne by LAUGFS Maritime, which was otherwise incurred by the customer. Operating costs increased by 49% to Rs. 1,741mn. Other operating income increased by 11% to Rs. 113mn.

However, finance costs increased by 17% due to continues rupee depreciation impact on dollar denominated borrowings. Resultantly, the LAUGFS Maritime reported a loss after tax of Rs. (9.9mn) during the financial year.

Plans are underway to infuse equity capital by engaging with a joint venture partner for LAUGFS Terminals

PERFORMANCE



EXPANSION AND FUNDING

Assets increased by 24% on completion of LAUGFS Terminals and liabilities also increased as the project was funded through debt. This had a profound impact on the gearing ratio of the Group. Plans are underway to infuse equity capital by engaging with a joint venture partner for LAUGFS Terminals.

Terminal will support a significant increase in LPG procurements enabling SLOGAL to cater to both in-house and external customers in regional counterparts

OUTLOOK

The LAUGFS storage terminal will bring online a 30,000 MT storage capacity. It's considered a breakthrough investment of the Group. The terminal will support a significant increase in LPG procurements enabling SLOGAL to cater to both in-house and external customers in regional counterparts. This will improve the cash generation and profitability of the sector. Our fleet of vessels would be utilised optimally to drive efficiencies in our value chain while providing additional revenue by catering to third parties. The shortage of LPG coasters in the global market continues to drive robust demand for LPG vessels. However, vessel operators will be affected by the new regulation that requires a shift to low Sulphur fuel from January 2020. This is a move to reduce carbon emissions. This will increase the fuel costs affecting the cost base of all players in the industry. In addition, we will incur an investment of Rs. 25mn to install new components to comply with the Ballast Water management convention of the IMO.

Opportunities

- Robust demand for LPG coasters
- Asia among leading net importers of LPG
- Availability of lucrative maritime routes such as the East West route

Challenges

- Changing regulation
- Increasing fuel costs
- Fluctuation of charter rates
- Geopolitical tensions affect trade activity and trade routes

Business Line Reviews

Property

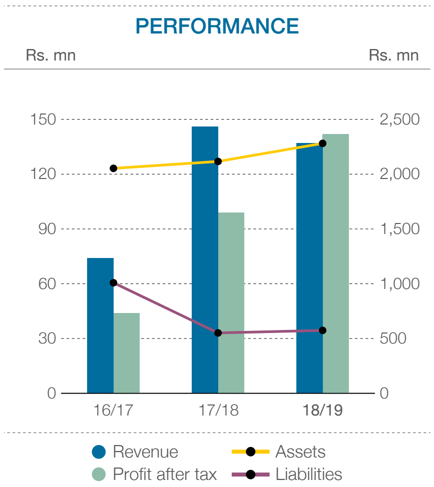
LAUGFS Property Developers, the property development arm of the Group holds a diverse land bank of 0.43 acres located in prime locations in Colombo and other cities. Engaged in the development of luxury commercial properties, our current real estate portfolio is valued at Rs. 1,829mn and includes two properties with a cumulative rentable space of 87,307 sqft.

REVENUE	PAT	ASSETS
Rs. 137mn	Rs. 141mn	Rs. 2,281mn

Our property segment includes the state-of-the-art building located in the Havelock Town. This includes 85,000 square feet.

Finance costs amounted to Rs. 26mn compared to Rs. 31mn last year. Profits after tax amounted to Rs. 141mn as Rs.79mn fair value gain was recorded.

Assets and liabilities remained in line with last year as no significant capex was incurred.



Capital Management Report

How we use our capitals to create value to stakeholders

Perform business activities effectively and efficiently to optimise returns

- Fund asset growth
- Develop specialised expertise
- Use robust management systems
- Invest on state of art technology
- Deliver ESG responsibilities

Develop relationships

- Engage with stakeholders
- Provide value-added services
- Ensure fair compensation
- Ethical work practices

Fulfil customer needs

- Product quality
- Convenience
- Accessibility
- Ensure product safety
- Secure supply of LPG
- Affordable products

Compliance

- Certifications
- Sound governance
- CSR projects
- Deploy a safety culture
- Assess operations for incidence of human rights, child labour, forced labour, etc.

Financial Capital

The financial capital refers to the pool of funds available to the company. This includes the capital contributions by various stakeholders including shareholders, lenders and other creditors. As the financial capital plays a vital role in value creation, it's essential to effectively manage the financial capital of the group to deliver sustainable growth and fulfill long-term aspirations.

Capitals Report __ Financial Capital

HIGHLIGHTS

LAUGFS Gas PLC continued its relentless focus on building capacity along the energy value chain. During the financial year, we met yet another milestone with the completion of the LAUGFS Terminal, one of the largest in South Asia. During the year, capital expenditure amounted to Rs. 4,133mn of which the investment on the LPG terminal accounted for a significant 60% of total. This was the main contributor to asset growth during the financial period.

However, the net assets of the group declined by 41% to Rs. 1,154mn due to the retained losses and the increase in group liabilities during the financial period. Retained losses amounted to Rs. (678mn) compared to Rs. 670mn last year.

Despite a tough operating environment both locally and globally, we expanded our market presence at both our business locations by adding new distributors and dealers. In addition, we leveraged our specialised energy expertise to provide an extensive range of value-added services to our corporate clientele. Revenue grew by 17% supported by volume growth and the increase in LPG retail prices in the local market. Group gross margins improved to 13% compared to 10% last year as the increase in retail prices was complemented with the downward movement in global propane prices especially during the latter part of the year. The group gross profits increased by 54% enabling a two-fold increase in the operating profits of the group to Rs. 510mn. However, the finance costs continued to weigh on profitability. Resultantly, the group continued to report a loss after tax of Rs. (1,298mn) compared to Rs. (1,337mn) last year leading to retained losses during the financial period.

Revenue grew by **17%** supported by volume growth.

Other operating segments of the Group is primarily used by in-house downstream segments.

With the dip in global propane prices and the increase in the local LPG retail prices the margins improved to **13%**

All figures in Rs. Mn.	2018/19	2017/18	% change
Financial Performance			
Revenue	24,920	21,355	17%
Gross profits	3,293	2,145	54%
Operating profits	510	173	195%
Profits/(Loss) before tax	(1,250)	(1,261)	(0%)
Profit/(Loss) after tax	(1,298)	(1,337)	(3%)
Financial Position			
Assets	35,397	31,290	13%
Liabilities	34,243	29,326	17%
Debt	25,597	20,945	22%
Equity	1,154	1,964	(41%)

REVENUE

Revenue increased by 17% to Rs. 24,920mn predominantly driven by the Energy segment that accounts for 98% of group revenue.

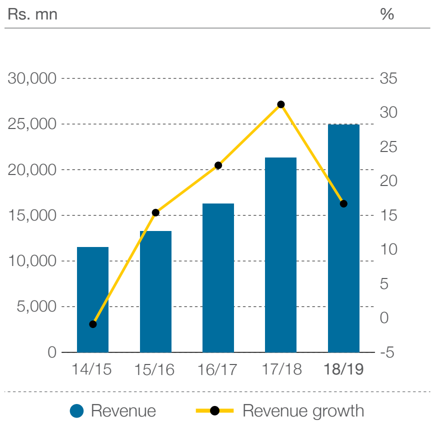
Revenue of the energy sector was driven by increasing sales volumes and local retail prices of LPG.

It was a challenging year with subdued economic growth, policy uncertainties and political turmoil in the country. However, we continued our focus on expanding market presence at both our geographic locations- Sri Lanka and Bangladesh. LPG sales in Sri Lanka grew by 18% to Rs. 15,193mn driven by initiatives to expand into underserved markets outside the Western province. Sales in Bangladesh grew by 18% to Rs. 9,284mn supported by the continuous increase in demand with the depletion of natural gas reserves in the country. The distribution network in both locations was expanded to strengthen market penetration to the outskirts of the country.

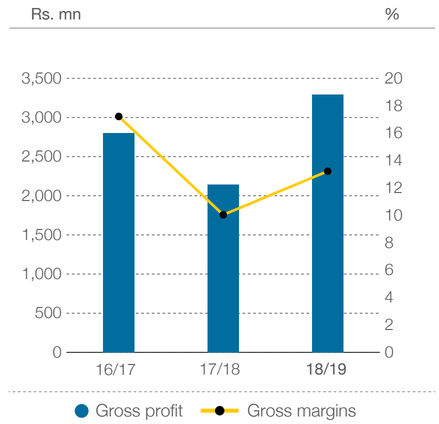
The other operating segments of the group such as Transportation and logistics and Trading is primarily used by the in-house downstream operations. These services have always played an integral role in operating an efficient and effective LPG supply chain while also enabling an improvement in the gross margins. However, income from these services are masked at the Group level due to consolidation. During the year, revenue from vessel chartering to in-house customer - SLOGAL, increased by 14% to Rs. 880mn. In addition, revenue from LPG trading activities increased by 38% to Rs. 9,075mn.

However, revenue from the provision of maritime services to external customers declined by 34% to Rs. 352mn as vessels were reserved in anticipation of the commencement of LAUGFS Terminal. Revenue from the property segment decreased by 6% and amounted to Rs. 137mn.

REVENUE GROWTH



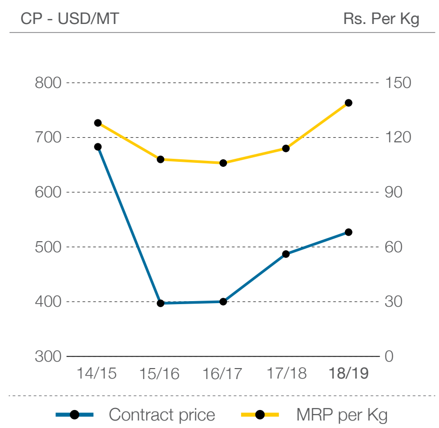
GROSS PROFIT



COST OF SALES AND GROSS PROFIT

During the year, the cost of sales increased by 12.5% to Rs. 21,626mn. The currency depreciation and erratic movements in global LPG prices affected the cost base of the group. Global propane prices increased by 16% to USD 541 per MT in 2018. However, towards the latter part of the year, global propane prices started to slide downwards. In November 2018, prices declined by USD 115/MT compared to the previous month. The downward movement in prices cushioned the impact of the continuous rise in LPG prices experienced at the beginning of the year. With the dip in global propane prices and the increase in local LPG retail prices, the margins of the group improved to 13% compared to 10% last year. Gross profits significantly increased by 54% to Rs. 3,293mn.

PRICE TREND



Capitals Report __ Financial Capital

OPERATING PROFIT

Alongside the increase in gross profits and other operating income, the operating profits of the group significantly improved to Rs. 510mn compared to Rs. 173mn last year.

- Other operating income declined by 7% to Rs. 550mn.
- Selling and distribution expenses increased by 15% to Rs. 1,569mn with an expanding distributor network. Administrative expenses also increased by 13% to Rs. 1,387mn.
- Foreign currency gains/(losses) amounted to Rs. (378mn) compared to a net gain of Rs. 27mn last year. The net loss in Forex was on account of the translation of USD debt as at the balance sheet date.

BORROWING AND FINANCE COSTS

Finance costs amounted to Rs. 1,937mn compared to Rs. 1,585mn. The increase was mainly due to the 22% increase in the borrowings, which was used to fund capital investments.

PRE -TAX AND POST-TAX PROFITS

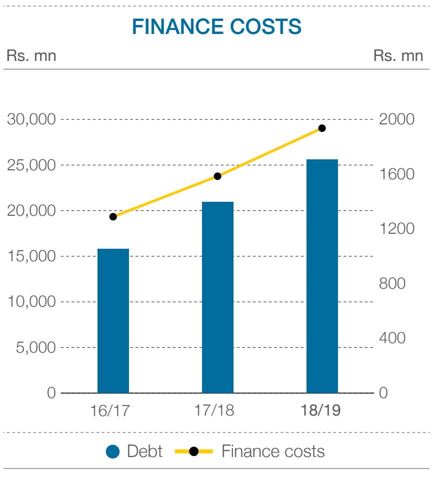
The finance costs continued to affect the overall profitability of the group. However, the impact was subsided through revenue growth and the improvement in gross margins. Losses after tax declined by 3% to Rs. (1,298mn) compared to Rs. (1,337mn) last year. Loss per share amounted to Rs. (3.45) per share compared to Rs. (2.69) per share last year.

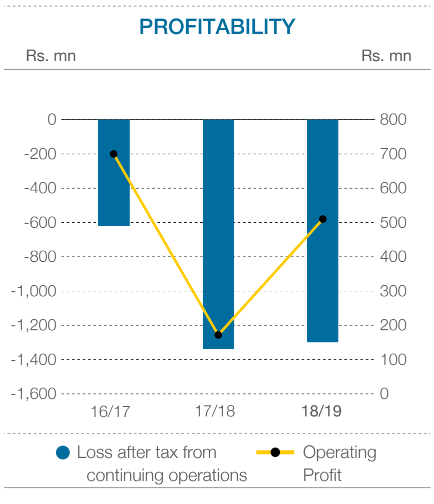
FINANCIAL PERFORMANCE

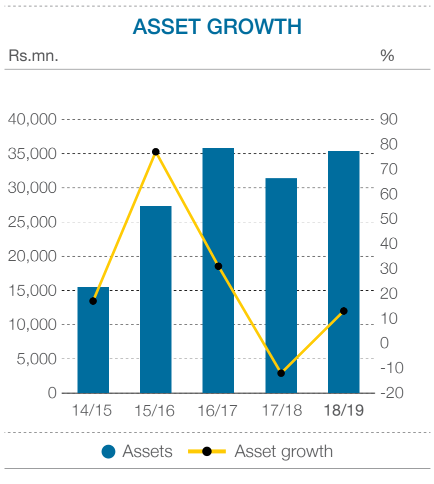
Assets of the group significantly increased by 13% to Rs. 35,396mn primarily driven by the investment on LAUGFS Terminals. The value of property, plant and equipment (PPE) increased by 29% Rs. 22bn compared to Rs. 17bn last year and represented 63% of total assets.

CAPITAL EXPENDITURE

During the year, capital expenditure amounted to Rs. 6,521mn compared to Rs. 6,090mn last year. This was mainly related to investments in LAUGFS Terminals which accounted for 63% of the group CAPEX. The remaining was primarily invested in the energy sector to expand storage capacity at filling plants and install new plant and machinery such as the cylinder re-qualification plant in Bangladesh.







CASH FLOW AND WORKING CAPITAL MANAGEMENT

Current assets representing 21% of total assets, declined by 19% to Rs. 7,500mn. This was primarily due to the decline in cash and short-term deposits and trade receivables.

Despite a subdued economic environment, we maintained stringent working capital management, thereby enabling trade receivables to reduce by 17% to Rs. 3,627mn. Inventory levels were also well managed through robust inventory management systems and the procurement and trading hub, SLOGAL based in Dubai. The value of inventory increased by 23% to Rs. 1,928mn. With effective working capital management, the operating cash flows of the group significantly improved to Rs. 1,620mn compared to Rs. 298mn last year. However, the cash and short -term deposits declined by 43% to Rs. 1,676mn compared to Rs. 2,957mn last year, due to the capital expenditure and debt repayment obligations of the group. Net cash outflows amounted to Rs. (1,353mn) compared to Rs. 855mn last year.

CAPITAL STRUCTURE

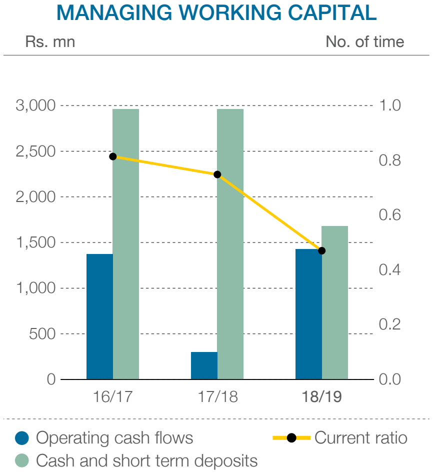
The capital structure of the group remained in line with last year with liabilities funding a predominant share of assets. During the year, total liabilities of the group increased by 17% to Rs. 34,243mn alongside an increase in borrowings. The interest bearing liabilities of the group increased to Rs. 25,596mn, a 22% increase to last year. Short- term debt amounted to Rs.10,459mn while the balance was considered long-term. As a result, the gearing ratio of the group increased to 96% from 91% last year. The other liabilities of the group included refundable deposits, trade payables and employee benefit liabilities.

Group equity amounted to Rs. 1,154mn, 41% decline compared to last year due to the retained losses of Rs. (678mn).

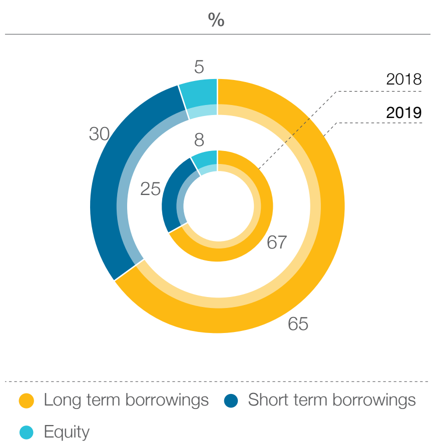
OUTLOOK

LAUGFS Gas PLC has progressively invested on building capacity in the supply chain to drive supply chain efficiencies, optimise capacity utilisation and ensure a sustainable supply of LPG for our downstream operations. In line with the vision of our Group, we will continue to integrate both forward and backward by exploring opportunities while expanding our brand presence in local and international markets. The completion of the LAUGFS Terminal with 30,000 MT of storage capacity is one of the significant milestones achieved by the Group during the financial year. This is one of the largest storage terminals in South Asia having access to one of the strategic maritime routes in the Asian continent. These investments will start to materialise in year 2019 in addition to our initiatives to expand market presence in both locations namely Sri Lanka and Bangladesh. In the meantime, we will continue to negotiate with CAA on the pricing formula applicable for LPG for domestic use. We expect these initiatives will enable the Group to recoup the losses of the Group.

MANAGING WORKING CAPITAL



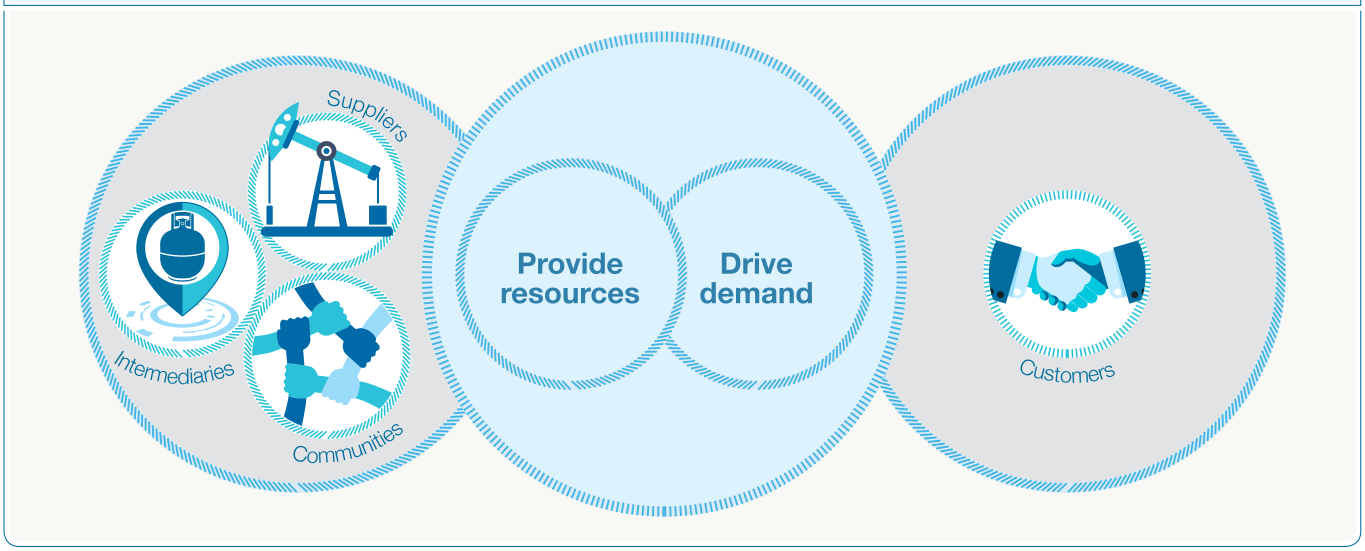
FUNDING MIX



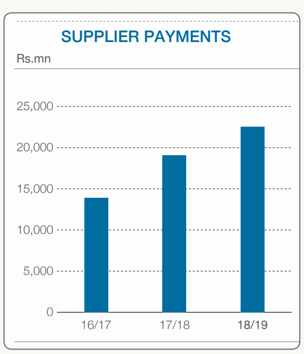
Social & Relationship Capital

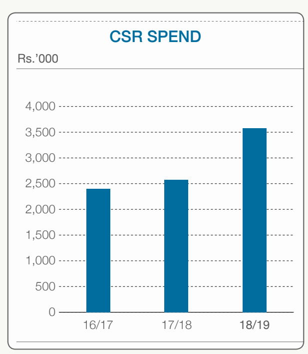
Our relationships matter to us. We network with a diverse network of customers, suppliers, market intermediaries and communities in our day to day activities. These relationships are pivotal in maintaining a secure supply chain and robust demand for our products. We nurture long-term relationships by delivering stakeholder needs effectively. This improves trust, confidence, and loyalty of our key stakeholders who drive our value chain.

Our Social & Relationship Capital Value Creation Process



Diverse supplier network	Widespread market intermediaries	Communities	Customers
600-700 registered suppliers 225 Local 25 Foreign 50 SME 100 Large-scale	201 distributors 16,100 channel partners	We spent Rs. 0.2mn in 2018/19 on constructing a purification filtration system to provide purified water for 200 students	Manufacturers Vessel charterers Other end customers ISO Quality certification OSHAS Quality certification





Capitals Report __ Social & Relationship Capital

Material Topics

- Earnings growth
- Customer satisfaction
- Community relationships
- Procurement
- Governance and business ethics
- Marketing

MEASURING OUR IMPACTS

Customers

Consumer value proposition

- Product quality
- Customer service
- Product affordability
- Convenient access
- Health and safety

Satisfied customers

We focused on serving our customer needs effectively by understanding their priorities. Customer satisfaction was measured through customer feedback forms, surveys and online campaigns. In addition, safety workshops and door to door campaigns educated consumers on LPG usage.

Our initiatives during the year

- Reached a wider customer base through 1,100 channel partners
- Supply clean energy to consumers. The benefits of LPG usage were evaluated by the World LPG Association as described below
- Improved customer service by training sales staff and providing online ordering facilities
- Complied with health, safety and environmental regulations and standards
- Quality certifications such as ISO and OSHAS
- Offered easy payment schemes to consumers

Intermediaries, channel partners and distributors

- Increase income
- Safe work practices

We nurture relationships with marketing intermediaries as they are the main marketing channel of the group. A widespread dealer network enables us to ensure island-wide availability of our product, supporting increased penetration.

Our initiatives during the year

- Added 1,100 new channel partners
- Engage with channel partners through conventions, on site visits and regular meetings
- Assessed health and safety of channel partners premises through periodic audits

Other stakeholders

Supplier value proposition

Transparency

Fair pricing

Responsible business practices

Reliable suppliers

We maintain a secure supply chain by developing long-term relationships with our suppliers. This is particularly important during instances of tight supply conditions.

Our initiatives during the year

- Added 54 new suppliers who are all from Sri Lanka
- Formed an independent supply management division
- Engaged with suppliers through meetings

Communities

Increase income

Safe work practices

We maintain harmonious relationships with our local communities while contributing to their upliftment.

Our initiatives during the year

- Provided 520 employment opportunities
- We constructed a water purification system with the capacity to filter over 400 gallons of water per day to fulfil the daily clean drinking water requirement of 200 students at Wahalkada D-5 Primary in Kebithigollawa
- 81% of senior management is hired from local communities
- A series of safety workshops and seminars were carried out to educate the commercial and industrial customers in our local communities on LPG usage

Consumers

Customer health and safety

We monitor health and safety through audits and certifications

- No incidents of non-compliance with regulations or voluntary codes related to health and safety of products and services

Customer privacy

- Customer data base is maintained in the CRM system with limited access given to relevant agent/stakeholders
- During the year, there were no complaints received concerning breaches of customer privacy and loss of data

Marketing communication

- The Company strictly adheres to all requisite guidelines on labelling
- Periodic audits are performed to ensure compliance
- Customer service trainings are provided to customer relationship management (CRM) and sales employees
- During the year, we provided home delivery and online ordering to improve customer service
- A dedicated team was available in LGBD to handle customer complaints and problems
- During the year, there were no incidents of non-compliance on product and service information, labelling and marketing communication

Capitals Report __ Social & Relationship Capital

MEASURING OUR IMPACTS

Communities

Procurement from local suppliers

Percentage of procurement spend on local suppliers by significant location of operations;

- LAUGFS Gas: more than 10% of procurement spend
- LAUGFS Gas Bangladesh: 20%-25% of procurement spend
- LAUGFS Property: 100% procurement spend
- LAUGFS Maritime: 10% of procurement spend

Local is defined as within the boundaries of the country of operation. Significant location refers to the main business areas of the Group.

Human Rights

All agreements exceeding Rs. 50mn entered with the BOI for various purposes include provisions to secure human rights.

Security practices

100% of security personnel received formal training on the human right policies of the Group.

Rights of indigenous rights

No identified incidents involving the rights of indigenous peoples during the reporting period.

Freedom of association

No identified incidents where the right to freedom of association and collective bargaining power are at risk in our operations and suppliers.

Environment & social impact

There have not been any negative environmental and social impact in our supply chain during the year, while there have been no incidents of significant actual or potential negative impact on our local communities by our operations.

Other impacts on economy

Socio-economic compliance

- Regulatory compliance is considered a priority by the group.
- We perform periodic audits to ensure compliance.
- During the year, there were no fines or monetary sanctions for non-compliance with laws or regulations in the social or economic area.

Anti-competitive behaviour

There were no legal actions pending or completed during the reporting period relating to anti-competitive behaviour or violations of anti-trust and applicable monopoly legislations.

Corruption

- The group risk and control division assess corruption risks during operational and process audit covering all businesses.
- The whistleblowing policy enables employees to highlight any fraud or corruption.
- Disciplinary action related to corruption is communicated to employees through various means such as the Idiriya employee handbook. Employees are also required to disclose any outside employment, business, professional commitments or any form of involvement even with volunteer activities, in order to establish transparency.
- There were no risks related to corruption identified during the reporting period.
- There have also been no direct or indirect political contributions in cash or kind.

CONTRIBUTION TO SDGS

Support mobilisation of resources to the outskirts of the country. Our products reach the entire country through channel partners in various localities.

Constructed a water purification plant to provide clean water to 200 students.

The CSR investment was Rs. 3.5mn during 2018/19.

Payments to local suppliers of Rs. 22,572mn.

100% of operational staff hired from local communities.

Provide clean energy sources to customers. The WLPGA has identified six benefits of LPG usage including health benefits.

Manufactured Capital

Our facilities use the latest technology to ensure a reliable daily supply of LPG for customers daily. The Manufactured Capital includes our filling plant, storage capacity, LPG vessels, and stock of cylinders. Below is a glimpse of how our Manufacturing Capital was used during the year.

Vessels
3

Storage Capacity 34,950 MT

Sri Lanka	-	33,150MT
Bangladesh	-	1,800MT

Filling Capacity Per Annum 314,000 MT

Sri Lanka	-	247,700MT
Bangladesh	-	66,300MT

GROWING OUR MANUFACTURED CAPITAL BASE

Our investments have enabled the Group to diversify revenue while expanding presence in our value chain. The highlight of the year was the construction of the new storage terminal, LAUGFS Terminal. This is a breakthrough investment of the Group as it broadens our in-house services such as procurement and vessel chartering to external customers.

Material Topics

Earnings growth

Customer satisfaction

Health and safety

Marketing

Storage terminal

- New capacity of 30,000 MT
- Provide a new revenue stream to the group. The Terminal will be used to store LPG for external customers in regional counterparts

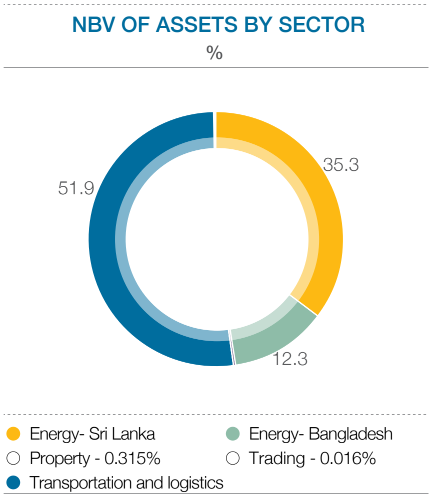
Maintenance expenditure

- Routine maintenance expenditure ensure the safety of all plant and machinery

Install new plant and machinery

- Install new plant and machinery
- Installed a cylinder re-qualification plant in Bangladesh. This will support the group to re-qualify older cylinders
- Investments on cylinders was to maintain a stable supply chain for customers

Capitals Report __ Manufactured Capital



2018/19	Investment Rs.	NBV at year end Rs.
Buildings	373,288,842	332,651,564
Plant & Machinery	2,335,346,730	1,516,529,534
LPG terminal project	9,791,869,847	9,791,869,847
Vessels	2,126,070,744	1,590,137,642
Cylinders in hand and circulation	8,391,469,880	6,406,351,905
Other	3,203,012,770	2,433,636,614
Total value of PPE	26,221,058,833	22,071,177,126

Human Capital

Our people are the core of our organisation. Our focus has always been to create a mutually conducive work environment that nurtures and enriches an evolving and satisfied workforce. We have created a work environment in which developing each employee according to his/her professional needs and aspirations is a priority. Career development via training, skill enhancement and shared/participatory programmes are on-going. To complement the same, we offer a work place that supports employees to learn, grow and develop specialised expertise in a more organic nature to sustain the success of our business model.

Capitals Report __ Human Capital

Employee Value Propositions

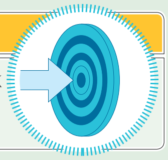
Compensation

- Salary satisfaction
- Compensation system satisfaction
- Raises and promotions
- Timeliness
- Fairness
- Evaluation system

Benefits

- Time off
- Holidays
- Insurance
- Satisfaction with the system
- Education
- Flexibility
- Family

Career



- Ability and chance to progress and develop
- Training and education at work
- Career development
- Evaluation and feedback

Work Environment

- Recognition
- Work environment
- Work-life balance
- Understanding of one's role and responsibility

Culture

- Understanding of Company goals and plans
- Colleagues
- Collaboration and team spirit
- Social responsibility

Human Capital	2018/19
Total workforce (employees only)	520
Retention rate	81%
Average Hours of Training per employee category	29 hours
Injury rate (number of injuries per 100 employees)	0%
No. of employees receiving performance reviews (%)	87%
Incidences of child labour (below 14 years) or young workers (between 14-18 years)	0
Incidents of forced labour during the year	0

Material Topics

- Earnings growth
- Customer Satisfaction
- Employee well-being
- Specialised expertise
- Health and safety
- Governance and business ethics

GOVERNANCE

The Human Resource function involves in managing our talent pool. The HR Business Partner plays a dual role by directly engaging with the Business as well as the Centralised Group HR Operation for compliance and governance across the Group.

Our HR philosophy is founded on our concept of "Great people make great teams who in turn makes great companies". The performance of every employee adds to the success of our organisation. Employee performance is managed through a well-structured performance management system which is in alignment with the Business Plans of the organisation. In addition, a sound HR framework consisting of well-defined policies and best practices ensure an conducive and ethical workplace. Our policies are formulated with reference to regulatory requirements and HR best practices which suits not only our business but also our culture.

- We take pride in being an equal opportunity employer, committed to ensure that our operations are free from any form of discrimination.
- While we maintain healthy industrial harmony through regular engagement with our employees, we do not have any employee trade unions, and thus there have not been any collective bargaining agreements or incidents of trade unions reported during the year.
- Our policies also describe our commitment to maintain high ethical standards. The whistleblowing policy of the Group enables employees to highlight any fraud or corruptions at any given time and handled with total transparency and 0% ambiguity. In addition, the Group is also in the process of designing a Code of Conduct which will provide all employees a basic knowledge of governance across the Group. During the year, we also requested all employees to "Disclose" any outside employment, businesses or any related professional commitments which would lead to a conflict of interest.

Board

CHAIRMAN/MD

DIRECTOR - CHRO

HR DIVISION

Recruitment

- Recruitment and selection
- Employee referral policy
- Policy for onboarding new employees

Employee Benefits

- Retirement policy

General

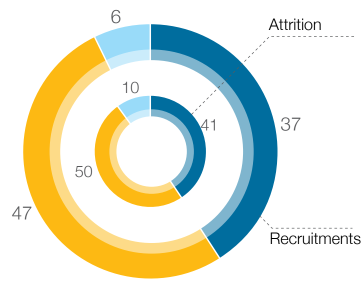
- Disciplinary policy
- Grievance policy
- Health and safety policy

Capitals Report __ Human Capital

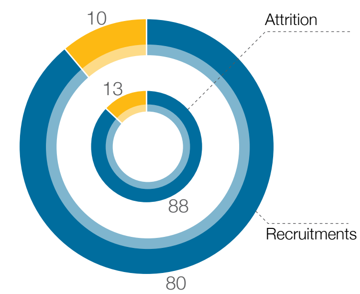
- During the year, there were no incidents of child labour and forced or compulsory labour in our operations and suppliers.
- The Group risk and control division plays an important role by continuously assessing for risks in all our processes and operations and take proactive measures to mitigate the same accordingly. As a result, there were no grievances reported on human rights, labour practices, and incidents related to corruption and discrimination.

Movements in our team during the year

RECRUITMENTS AND ATTRITION BY AGE
%



RECRUITMENTS & ATTRITION BY GENDER
%



** Currently region-wise recruitment and resignation data are not tracked*

Team Profile

Our workforce consists of all full time employees and is predominantly male driven due to the nature of work involved in the industry.

Category	Male (91%) 472	Female (9%) 48	Below 30	30-50	More than 50
520 (Total)	472	48			
27 HODs and above	26	1	-	21	6
109 Manager	98	11	14	90	5
110 Executive	82	28	39	70	1
272 Non-executive	264	8	38	204	30
2 Trainee	2	-	2	-	-

Number of employees by Employment Contract

408	451 Permanent	43
45	48 Probation	3
19	21 Contract	2

** Region-wise data on employment contract are not currently tracked*

Our total employee base reduced to 520 in comparison to 1,609 employees last year as the group underwent a restructuring process. Three business sectors including Power, Leisure and other services are no longer part of LAUGFS Gas PLC.

Talent attraction

During the year, we recruited 90 employees to the Group. Most of the recruits was within the Millennial Generation and predominantly males mainly due to the fact of the nature of our business. We chose a variety of means to attract the right talents by actively using online social network platforms, referrals and profile hunting.

Attrition

During the year, 101 employees left the Group. This was due to initiatives to streamline work processes to support our cost management strategy. Average attrition rate was 19%.

EMPLOYEE BENEFITS

We consistently seek to sustain attractive remuneration and benefit packages in line with industry standards and regulatory requirements. We maintained a standard entry level wage of 100% in comparison to local minimum wage rates as per the Wages Board Ordinance.

Apart from the standard regulatory payouts, our benefits include:

1. Three days of paternity leave.
2. Comprehensive health insurance schemes for all employees including personal accident benefits, surgical and hospitalisation claims.
3. Maternity care benefits with 84 days of paid leave for all newborns and three days of paternity leave.
4. A cash gift at the time of marriage and for newborns.
5. A cash donation at the time of a demise of a member of the immediate and extended family.

Parental leave	2018/19
Employees entitled to maternity leave	48 females
Employees entitled to paternity leave	472 males
Employees on parental leave	13 on paternity leave and 0 on maternity
Employees who returned to work during the period after parental leave	All
Return to work rate of employees on parental leave.	100%

Capitals Report __ Human Capital

Employee Engagement

We connect with our employees to build relationships and create a sense of belongingness.

Vesak Bakthi Gee 2018

Dansela 2018

International Women's Day Celebrations 2019

Spring Cleaning 2019

PERFORMANCE APPRAISALS

All our employees are connected to the performance management system which is designed based on the C & S framework implemented across the Group. This is a platform to measure employee performance through four key areas namely Business KPIs, Individual KPIs, Competencies and Initiatives/Enterprise Drivers. During the year, we recognised 450 employees through promotions and salary increments.

HEALTH, SAFETY & ENVIRONMENTAL

As LPG is a flammable fuel, we seek to adopt rigorous health, safety and environmental (HSE) measures through up to date policies, HSE trainings and safety audits. Our management team involves in effectively managing the health and safety risks of all employees. Our health and safety committee consists of 25 members, of which 13 are part of the steering committee. The HSE committee is also supported by line managers and three other supporting teams, namely emergency response team, firefighting team and the first aid team with 105 members.

During the year, we enhanced the safety culture within the Group by increasing awareness of HSE safety protocols and best practices. HSE training programmes covered all the employees. In addition, frequent safety audits were performed; every week, every month and once a year. Health, safety and environmental topics were also discussed at monthly management meetings.

Health and safety programmes during the year includes.

1. Induction trainings
2. Tool box meetings
3. Fire training
4. First aid training
5. Emergency response training.
6. Safety week

We monitor the health and safety incidents in our business operations by following the ISO standards. During the year, there were 283 injuries reported as first aid injuries. There were 54 workers with a high incidence of risk.

2018/19	Rate of Injury	Occupational Diseases	Lost Day rate	Work Related Fatalities	Absentee rate
All employees	0%	0%	0%	0%	6.9%
All workers	0.3%	0%	1.4%	0%	6.9%

Health & Safety

We have a safety culture that forms a core part of a healthy and safe work environment.

Our safety teams	No. of members
HSE	25
HSE Steering	13
Joint safety	12
Emergency responsible	15
Fire fighting	34
First aid	31

On average 34% of workforce was part of the Management-Worker Safety Committee.

Capitals Report __ Human Capital

STRENGTHENING CAPABILITIES

A learning culture is paramount in our business. We seek to develop our talent pool to increase our specialism in the industry. The focus of our training programmes in 2018/19 was to increase awareness, manage the changes in the Group, improve soft skills and foster employee motivation. The training and skills development programmes predominantly focused on technical trainings, change management, communication and presentation skills, negotiation skills, leadership skills and supervisory skills. The training expenditure was Rs. 2,101,645 in 2018/19. A total of 3,498 training hours were invested on talent development. Average participation was 183 personnel.

2018/19	Male	Female	Executive and above	Non-Managerial
Average training hours per year	19	3	6.47	23

A brief overview of our training focus during 2018/19.

Enhance our safety culture

During the year, 1,365 training hours were on increasing HSE awareness among employees. These programmes covered LPG awareness, safety standards, safety awareness, first aid, hazardous chemical training, etc. These programmes focused on reiterating the importance of safety standards in the organisation. The LPG awareness sessions focused on LPG Storage and Terminal Facility - Emergency generator and Ethyl Mercaptan training.

Management of change

With the restructuring of the Group, our focus changed to being a pure play energy company. In addition, we completed the construction of our storage terminal in 2018/19. With these significant changes during the year, the senior leadership team of the business had conducted a series of knowledge sharing and awareness sessions on the entire change management exercise that took place. A minimum notice period of two weeks is provided prior to any significant operational changes.

Developing technical skills

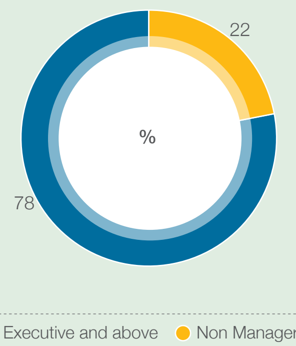
During the year, we focused on building our talent pool for the launch of the storage terminal. We conducted sessions such as Hazard Chemical training, Ethyl Mercaptan training and emergency generator training to facilitate this endeavour.

Risk assessments

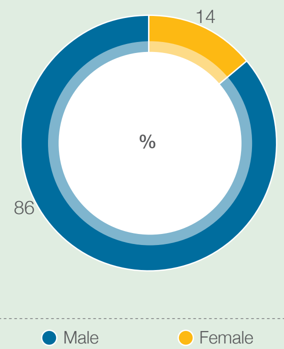
We improved the risk consciousness of employees by performing training sessions on risk assessments.

Specialised Expertise

AVERAGE TRAINING HOURS - CATEGORY WISE



AVERAGE TRAINING HOURS - GENDER WISE

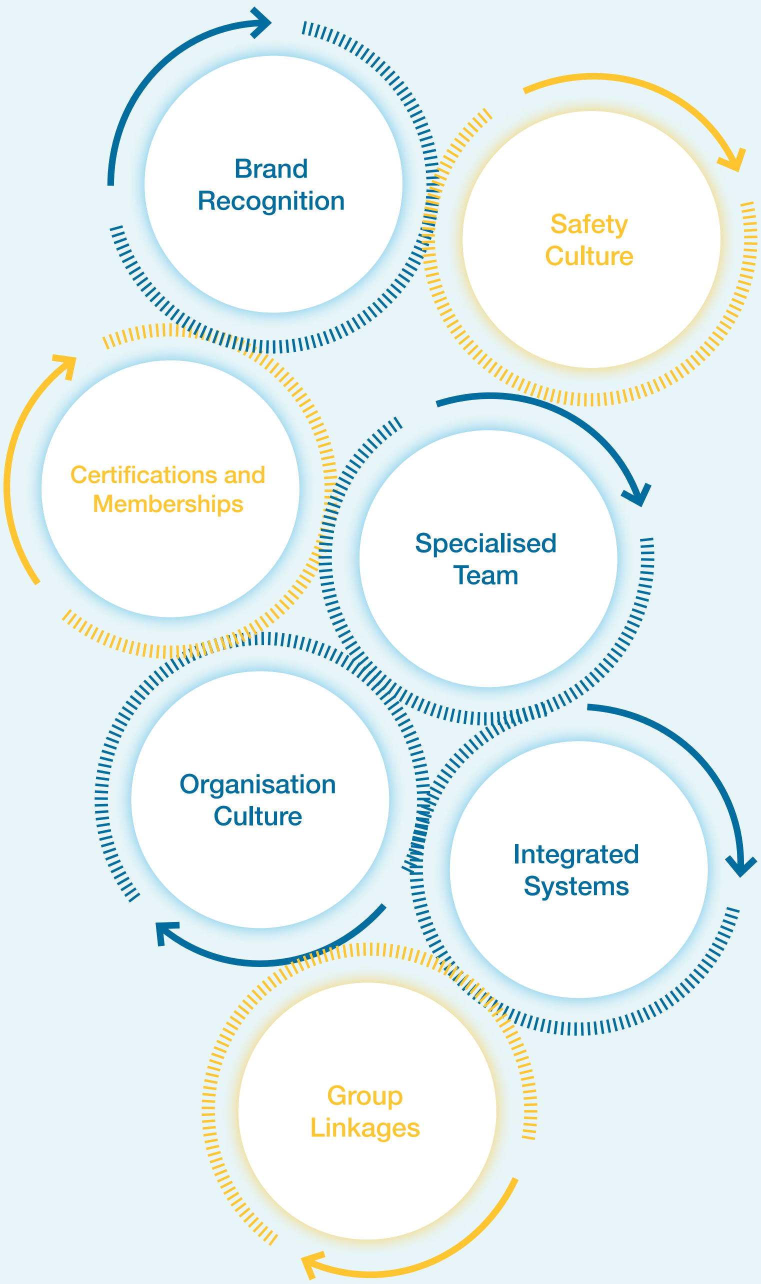


Intellectual capital

Our Intellectual Capital defines the differentiating factors of LAUGFS Gas PLC. With nearly two decades of industry experience, we have developed an effective and sustainable business model. Our brand is recognised across all sectors of the economy including households and corporates.

Capitals Report __ Intellectual Capital

Our intellectual capital



Material Topics

- Earnings growth
- Regulatory compliance
- Marketing
- Customer Satisfaction
- Governance and business ethics
- Specialised expertise
- Health and safety
- Robust systems

Our Values

- Customer Centricity
- Innovativeness
- Teamwork
- Integrity
- Responsible Corporate Citizen

BRAND RECOGNITION

We are the only private sector operator in the LPG industry in Sri Lanka. Our brand reflects the specialised LPG expertise of our group. We expanded across borders through our investment on LAUGFS Gas (Bangladesh). As we play an integral role by serving the energy needs of consumers and corporates, we set our brand image on trust, reliability and accessibility. We are recognised among corporates as the 'energy expert'.

ORGANISATIONAL CULTURE

Our corporate values and ethical principles shape the organisation culture. We are an organisation seeking to drive excellence as described in our mission statement. We seek to excel through learning and transformation.

Our adaptability to change is clearly seen throughout the year as the Group transforms to a pure play energy Group while preparing for the inauguration of the LPG transshipment terminal.

SPECIALISED TEAM

Our team comprises of highly experienced experts with sound technical and practical knowledge. Our technical members are unparalleled and undisputed in their reputations as the energy experts. We nurture and develop our specialisms through ongoing training programmes.

CERTIFICATIONS AND MEMBERSHIPS

We adopt best practices in every aspect of our value chain to operate responsibly and effectively.

Certifications

LAUGFS Gas Sri Lanka

- ISO 9001
- SLS
- OSHAS quality certifications

LAUGFS Maritime

- ISM Certified with Lloyds Registry of Shipping (LR)
- Ship Classed with Lloyds Registry
- ISPS certification by Lloyds Registry
- MLC certification by Lloyds Registry

Standards

LAUGFS Maritime

- Comply with IMO Convention
- Ballast Water Management Plan
- Ship Energy Efficiency Management Plan
- MARPOL Compliance
- Environmental Management System

Other

Supports all Initiatives of Central Environmental Authority and local bodies.

Memberships

LAUGFS Gas Sri Lanka

- Member of World LPG Association

LAUGFS Gas Bangladesh

- Member of Bangladesh LPG Association
- Member of Sri Lanka Bangladesh Chamber of Commerce

GROUP LINKAGES

Our supply chain is driven through our group linkages with companies involved in LPG trading, vessel chartering and logistic operations. This supports the effective functioning of our value chain as described in page 50 of the Annual report.

Capitals Report __ Intellectual Capital

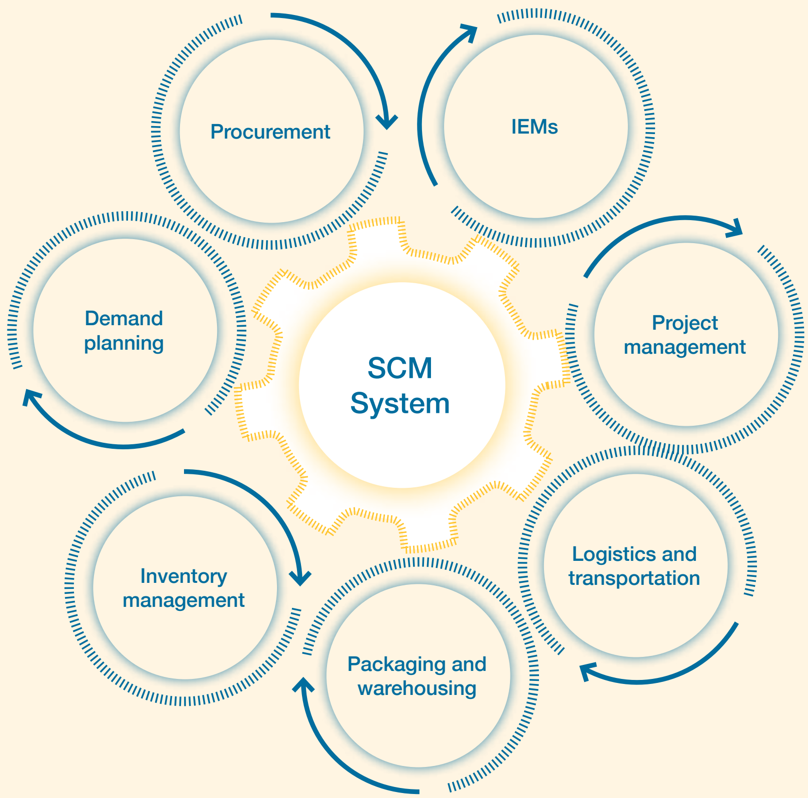
INTEGRATED SYSTEMS

We have been using robust management systems that provide us with analytical information to support agile decisions.

Supply chain management systems

During the year, we migrated from purchasing management model (PM) to supply chain management model (SCM). The system integrates the various supply chain activities including procurement, inventory management, planning, transportation and logistics. We maintain a list of qualified suppliers for procuring goods and services. The import and export management system (IEMS) integrate activities in supply chain management. This includes LPG suppliers, freight forwarders, main shipping liners and cargo consolidators' non-vessel operation common carriers (NVOCC).

The prime objective of the SCM model is to use our supply chain in the most effective and sustainable manner. This minimises risks in our supply chain while improving value chain efficiencies. We are also in the process of moving into sustainable procurement practices.



CUSTOMER RELATIONSHIP MANAGEMENT SYSTEMS

The objectives of our customer relationship management system is to effectively manage our customer base and measure customer feedback.

PERFORMANCE MANAGEMENT SYSTEMS

During the year, 100% of our workforce was connected to the performance management system. This system supports in monitoring employee performance through key performance indicators that connect to the corporate strategy of the Group.

HEALTH AND SAFETY

We recognise that LPG is a flammable fuel. At LAUGFS Gas, safety has always been our top priority. Our commitment is described in the health, safety and environmental (HSE) policy of the group. We adopt a sound health, safety and environmental framework across our entire value chain including consumers. Our commitment is reflected by the safety culture adopted by our employees. Safety is at the heart of everything they do. The health and safety committee monitor the adoption and effectiveness of our HSE framework. We also ensure strict adherence to safety standards for any new investments. During the year, the construction of the storage terminal was undertaken by a reputed constructor and all designs, materials, and processors were re-certified by the Lloyds Register. Our vessel operator, LMS was recognised as the only Sri Lankan flag bearer in gas tankers with no accidents, health related problems, oil spills, marine or atmospheric pollution and no damages to property.

Our comprehensive safety framework

Ensure cylinder safety

Purchase of accredited cylinders from reputed suppliers and all cylinders are SLS certified.

LAUGFS Bangladesh invested on a cylinder re-qualification to enhance the quality of cylinders.

Product quality

- All products comply with health and safety standards.
- We are the only ISO 9001:2015 (Quality Management System) certified LPG company in Sri Lanka.

Employees

- Safety training programmes for employees such as fire training.
- Comprehensive insurance scheme.
- Awareness programmes such as safety briefings, regular tool box meetings, safety drills and workshops.
- Access restrictions to hazardous areas by using electronic access control mechanisms and CCTV monitoring. In addition, emergency hot line numbers and contacts are available.
- Plant staff adhere to stringent safety guidelines including quality controls applied on refilling cylinders which avoid instances on over filling.

Consumers

- Safety risk assessments are performed for bulk customer installations. We also perform safety audits for industrial customers once in every three months.
- Product labels communicate all safety precautions to consumers.
- Brochures are distributed on LPG purchase with all detailed information on LPG, its properties, storage and safety. Brochures are designed in all three languages for consumers.

Plants and machinery

- Assessments of LPG filling plants.
- Routine safety compliance audits on premises covering several aspects including emergency evaluation processors and safety and quality of equipment.

Transport of LPG

- Minimise maritime risks by adopting our zero-tolerance policy.
- Vessels comply with International Safety Management Code (ISM Code).
- LAUGFS Maritime is certified by Lloyds Register.

Dealers and distributors

Periodical audits are performed at dealer premises to ensure the adoption of safety standards.

Natural Capital

Natural resources play an important role in our business activities. We have successfully replaced usage of firewood with cleaner energy sources such as LPG. We strive to create value responsibly and sustainably. At every part of our value chain, we have instilled an environmentally conscious culture. During the year, we further extended our commitment by initiating work on installing an effluent and water treatment plant. In addition, we are planning to introduce a process to assess suppliers for environmental criteria. Both these projects are in progress and expected to be completed by October 2019.

Setting the stage for an environmentally conscious organisation.

Managing consumption of raw materials such as LPG and steel.

Measuring impacts

We measure carbon emissions, effluents and waste, biodiversity and maritime risks such as oil spills.

Monitoring key indicators

1. Energy intensity
2. Volume of material consumption.
3. Number of environmental incidents.

Governance

A sustainability committee overseas the environmental performance of the Group.

Capitals Report __ Natural Capital

ENVIRONMENTAL COMPLIANCE

We complied with all relevant environmental laws, certifications, standards and guidelines as described on page 81. There were no significant fines or monetary sanctions for non-compliance with environmental laws or regulations during the year.

GOVERNANCE AND POLICIES

The Sustainability Committee is involved in implementing environmental standards, monitoring key indicators and increasing awareness to ensure the Group delivers its environmental commitments.

- The Board of Directors
- Managing Director
- Sustainability Committee

Material Topics

Earnings growth

Regulatory compliance

Environmental commitment

Governance and business ethics

MANAGING INPUTS

Materials

Steel is used as a 100% renewable material for our cylinders and we consumed 102,191 MT during the year. Steel is fully recycled and reused. We also ensured that no cylinders are discarded.

Product	Material Used	Weight	Recycled
2kg cylinder	Steel	2.8kg	100%
5kg cylinder	Steel	8kg	100%
12.5kg cylinder	Steel	13kg	100%
37.5kg cylinder	Steel	28kg	100%

Steel is used as a **100%** renewable material for our cylinders and we consumed **102,191 MT** during the year.

Energy

Our main uses of energy are fuel and electricity. Energy consumption by our operations during the year was 14,104,911 MJ in 2018/19.

Non-renewable sources (MJ)	
Diesel	10,160,831
Petrol	1,659
Electricity	3,942,421
Total energy consumption	14,104,911

The energy conversion factors used were : 1L of Diesel = 35.8 MJ, 1L of Gasoline = 34.2 MJ and 1kWh = 3.6 MJ.

Energy consumption by our operations during the year was **14,104,911 MJ** in 2018/19.

The energy intensity ratio measured by LGSL was

311.68 kJ/kg.

This was calculated by using both fuel and electricity consumed during the year.

Water

During the year, we consumed 25,298 m3 of water. This was mainly sourced by the National Water Supply Board. Water was mainly used for operational needs. There were no water sources that were negatively affected by withdrawal for our activities.

Source of water withdrawal	Water withdrawn (m3)
Surface water	11,848
Ground water	12,388
Other	1,062

BIODIVERSITY

Our business operations are in areas that are not earmarked as protected areas. We also ensure that a safe distance is maintained to areas of high biodiversity value outside protected areas. There were no significant impacts on biodiversity reported during the year.

During the year, LGBD has 10.47 acres of surface land leased from the Port Authority. However, the site does not fall into the zone of protected areas. It is located at a safe distance to areas of high biodiversity values.

There was also no negative impact on IUCN Red List species and national conservation list species with habitats in areas where we operate.

MINIMIZING OUR IMPACTS

Emissions

The consumption of fuel and electricity by our business operations result in emissions. We understand the environmental impact of these emissions and seek to manage emissions effectively. Our vessels comply with environmental standards and emission guidelines. We performed routine self-assessments and periodic audits of LPG tankers to minimise maritime risks. There were no ozone-depleting substances, nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions from our activities during the year.

Water discharge

During the year, water discharge amounted to 21,591 m3. This was primarily untreated domestic waste water, which were discharged to internal sediment ponds/pits. As a measure to treat water prior to discharge, we decided to initiate the setting up of a new effluent and sewer treatment plant.

During the year, water discharge amounted to **21,591 m3.**

Effluents and waste

Our main forms of solid waste were paper, plastic, food and other non-hazardous waste. These were recycled or safely disposed of using registered suppliers during the year. There was no hazardous waste generated or transported through our activities, while there were also no oil spills reported during the year by LAUGFS Maritime. There were no water bodies affected by water discharge and/or runoff.

Type of waste	Hazardous/ Non-hazardous	Quantity (Kg)	Method of disposal
Paper	Non-hazardous	753 kg	Recycled/Disposed of using registered suppliers.
Plastic/ Polythene	Non-hazardous	390 kg	Disposed of using registered suppliers.
Food	Non-hazardous	1,712 kg	Recycled.

Evaluating impact on climate

Climate change risk/opportunity	Management of risk/opportunity
Increased focus on the environmental impact of using firewood as an energy source	Promoting LPG as a cleaner alternative for cooking
Increased focus on the environmental impact of conventional fuel used for transportation	Promoting auto gas as a cleaner energy alternative

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Independent Assurance Report

EY
Building a better working world

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Independent Assurance Report to LAUGFS Gas PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2018/19

INTRODUCTION AND SCOPE OF THE ENGAGEMENT

The management of LAUGFS Gas PLC ("the Company") engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2018/19 ("the Report").

- Reasonable assurance on the information on financial performance as specified on page 125 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: 'In accordance' – Core guidelines.

BASIS OF OUR WORK AND LEVEL OF ASSURANCE

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

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

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

MANAGEMENT OF THE COMPANY'S RESPONSIBILITY FOR THE REPORT

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

ERNST & YOUNG'S RESPONSIBILITY

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 14 May 2019. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the ICASL.

KEY ASSURANCE PROCEDURES

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

- Interviewing relevant the company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.

- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 March 2019.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines.

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

LIMITATIONS AND CONSIDERATIONS

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

CONCLUSION

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

- The information on financial performance as specified on page 128 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 March 2019.
- 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 Sustainability Reporting Guideline, GRI Standards - 'In accordance' Core.

Ernst & Young
Chartered Accountants

05th August 2019
Colombo

Stewa

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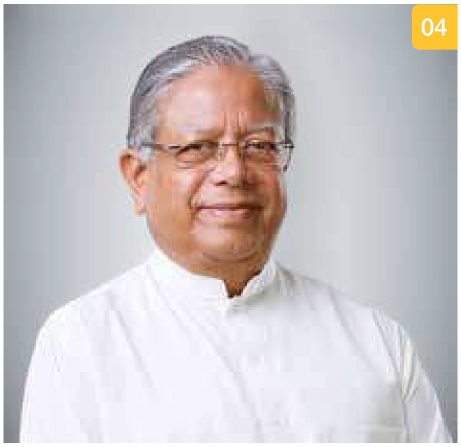
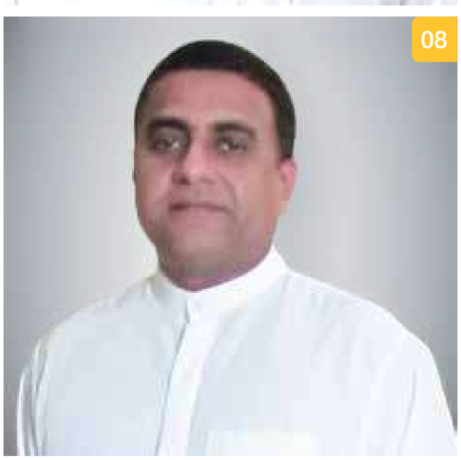
Board of Directors





01 **DESHABANDU W.K.H. Wegapitiya**
Chairman/Group CEO

02 **Mr. U.K. Thilak De Silva**
Group Managing Director

03 **Mr. H.A. Ariyaratne**
Non-Executive Director

04 **Mr. Tissa Bandaranayake**
Independent Non-Executive Director

05 **Mr. Murali Prakash**
Independent Non-Executive Director

06 **Mr. Dilshan Perera**
Group Finance Director

07 **Prof. Sampath Amaratunge**
Independent Non-Executive Director

08 **Mr. Chaminda Ediriwickrama**
Director/CEO *designate*

Board of Directors

01 DESHABANDU W.K.H. WEGAPITIYA
Chairman/Group CEO

Mr. W.K.H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC, one of the highly-diversified business 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 was appointed as the Executive Chairman and the Group CEO of LAUGFS Gas PLC at the time it was listed in the Colombo Stock Exchange in 2011. He holds a 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)

His entrepreneurial journey begun in 1990, starting a small freight forwarding company subsequent to a brief employment at Ceylon Shipping Corporation. Later, in 1995 he was instrumental in creating Gas Auto Lanka (Pvt) Limited, the initial enterprise of now diversified LAUGFS Holdings Limited. The visionary leadership, remarkable entrepreneurship and his extra-ordinary personal traits to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his 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" organized 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 Board member of Sri Lanka Telecom PLC. He served on many public and private sector institutes as a honorary member of the management. He was a Board member of Mobitel (Pvt) Limited, past Chairman of the Chamber of Young Lankan Entrepreneurs (COYLE), former Senior Vice President of FCCISL, Executive council member of FCCISL, Executive Committee member of Ceylon Chamber of Commerce, member of National Pay Commission, and Council member of University of Sri Jayewardenepura.

02 MR. U.K. THILAK DE SILVA
Group Managing Director

Mr. Thilak De Silva has been the Group Managing Director of LAUGFS Holdings Ltd. and all its subsidiaries from the inception in the year 1995, of this highly-diversified business conglomerate.

The Group in which Mr. De Silva is the Executive Managing Director, is engaged with the widest landscape in business in the country, consisting of LP Gas downstream operations, petroleum fuel distribution, blending, storage distribution and sale of lubricants, maritime services including ownership and management of gas carriers, heavy engineering, 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 and also higher education.

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

Mr. Thilak De Silva hails from a widely known, well-respected family 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. In the year 1995, however he was compelled to leave the business in the able hands of the rest of the family to join with his erstwhile colleague to commence the ground breaking initiative of "LAUGFS" to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate and the rest is history.

Mr. De Silva had been 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.

03 MR. H.A. ARIYARATNE
Non-Executive Director

Mr. Ariyaratne possesses over 35 years of experience in the banking industry as a well-known banker, is a First Class Honours Science Graduate with a wide exposure to the fields of development banking, investment banking, asset management, venture capital, corporate restructuring, etc. Mr. Ariyaratne served as the Executive Vice President of DFCC Bank in charge of overall lending and was the former Chief Executive Officer of Lanka Ventures PLC. In addition to that he has served in Director positions in other companies representing Lanka Ventures PLC and DFCC Bank. He has also served for many years as the Chairman of the Banking, Finance and Insurance Committee of the National Chamber of Sri Lanka.

He is the Chairman of the Remuneration Committee of LAUGFS Gas PLC and is a Director of LAUGFS Holdings Limited, the Parent Company of LAUGFS Gas PLC and serves on the Boards of several subsidiaries in the LAUGFS Group of Companies and Finagle Lanka (Private) Limited.

04 MR. TISSA BANDARANAYAKE
Independent Non-Executive Director

Mr. Bandaranayake, a Fellow of the Institute of Chartered Accountants of Sri Lanka and a Bachelor of Science from the University of Ceylon, is represented on the Board of LAUGFS Gas PLC from September 2010 and serves as the Chairman of the Audit Committee. Mr. Bandaranayake possesses over 45 years' experience in the fields of accounting, auditing and finance and was a Senior Partner of Ernst & Young until his retirement from active practice. At present, he serves as the Chairman of the Quality Assurance Board established by the Institute of Chartered Accountants of Sri Lanka, comprising of senior professional representatives from both the private & state sectors as well as regulatory bodies. He was a former Chairman of the Audit Faculty of the Institute Chartered Accountants of Sri Lanka. He holds Directorates in Nawaloka Hospitals PLC, Harishchandra Mills PLC, Overseas Reality (Ceylon) PLC, Renuka Foods PLC, Renuka Holdings PLC, Micro Holdings Limited, Brown & Co. PLC and Samson International PLC in an independent non-executive capacity, while serving as a Consultant to the Board of Directors of Noritake Lanka Porcelain (Pvt) Ltd.

05 MR. MURALI PRAKASH
Independent Non-Executive Director

Mr. Murali Prakash is currently the Group Managing Director/Chief Executive Officer of Ambeon Capital PLC and Ambeon Holdings PLC. Ambeon Capital PLC is the Investment company and the parent of Ambeon Holdings PLC, the Investment Holding and Management Company of Colombo City Holdings PLC, Ceylon Leather Products Limited, Dankotuwa Porcelain PLC, Millennium I.T.E.S.P. (Private) Ltd., Royal Fernwood Porcelain Limited, South Asia Textiles Limited and Taprobane Capital Plus (Pvt) Ltd. Mr. Prakash serves as a Director on the respective boards of all these private and public quoted subsidiaries within the Group.

He also serves as a Non-Executive Director of LAUGFS Holdings Limited, LAUGFS Gas PLC, and several other subsidiaries of the LAUGFS Group.

With over 35 years of experience handling key management positions in the areas of general management, strategic restructuring, investments/credit management, manufacturing, marketing/ sales and business consultancy, some of his previous roles include serving as the Group Managing Director/Chief Executive Officer of Browns Group of Companies, a public quoted conglomerate involved in trading, manufacturing, finance, leisure, plantations, healthcare and strategic investments, the Chairman of Galoya Holdings (Private) Limited and the Sales Director of Singer (Sri Lanka) PLC. He has also served on the Boards of Singer (Sri Lanka) PLC., Singer Finance (Lanka) PLC., and Singer industries (Ceylon) PLC.

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

Board of Directors

06 MR. DILSHAN PERERA
Group Finance Director

Mr. Dilshan Perera joined the Group to give leadership to the finance function transformation. He is a senior finance professional with almost 20 years of experience. He brings forth extensive expertise on a broad spectrum of finance functions, including strategy, business transformations, mergers & acquisitions, treasury management, credit, taxation and outsource processors in different business/industrial environments. He was the Finance Director of Hela Clothing Group, where he led the Finance, Commercial and IT functions which gave leadership for business transformation. He has also served as the Chief Financial Officer of the Hirdaramani Group, and has held senior positions in a number of blue chip companies including John Keels Group and KPMG. Mr. Dilshan Perera is currently a Director of the LAUGFS Holdings Ltd., LAUGFS Gas PLC and LAUGFS Gas (Bangladesh) Limited Boards. He holds a BSc degree in Business Administration and is an Associate Member of CA Sri Lanka as well as the Chartered Institute of Management Accountants of the UK. He is also a Member of Sri Lanka Institute of Directors (SLID)

07 PROF. SAMPATH AMARATUNGE
Independent Non-Executive Director

Professor Sampath Amaratunge, a visionary and builder of organisations, astute university administrator, academic par-excellence, renowned business consultant and humanist is presently the Vice Chancellor, University of Sri Jayewardenepura, for a second consecutive term in office and was recently 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 endeavors 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 already 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

08 MR. CHAMINDA EDIRIWICKRAMA
Director/CEO *designate*

Mr. Ediriwickrama is a Management Specialist with hands-on experience in marketing, business development, portfolio management, business process re-engineering and general management. He has over 25 years' experience as practitioner, consultant and facilitator in the given fields.

Mr. Ediriwickrama possesses a Diploma in Marketing, a MBA, a MSc and has extensive training both locally and internationally on marketing, BPR and general management. Mr. Ediriwickrama has been a dynamic change agent and catalyst contributing strategic BD and BPR initiatives for number of large organisations. He possesses experience in trading, business and market development, high end project initiatives, manufacturing/assembly, agribusiness, industrial selling, construction and retailing businesses and involved in handling marketing management, channel management, business development, branding and marketing communication, general management and commercial management including supply chain management.

Mr. Ediriwickrama earlier held the position of Director-Sales and Marketing/Corporate Affairs at Litro Gas Lanka Limited and Litro Gas Terminal Lanka Limited (Formerly SHELL Gas Lanka Ltd.) and Senior Vice President of Brown & Company PLC. He was the Chairman and Board Member at the State Development and Construction Corporation under the Ministry of Housing and Construction. In addition, he has held many Board positions and senior management positions at various corporate entities. Mr. Ediriwickrama is a Fellow Member of the Sri Lanka Institute of Marketing and he is also a Fellow Member Charted Management Institute (CMI UK).

Corporate Management

Ashan De Silva
Chief Executive Officer
LAUGFS Gas PLC

Ananda Premachandra
Director/CEO
LAUGFS Terminals Ltd.

Buddhika Mathew
Head of Legal

Chamath Indrapala
Chief Operating Officer
LAUGFS Gas PLC

Duminda Gayani
Deputy General Manager
Imports & Exports

Indika Gunawardena
Chief Information Officer

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

Mohamed Alfarsi
Chief Executive Officer -
SLOGAL Energy DMCC

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

Ranjith Jayawardena
Chief Operating Officer
LAUGFS Gas (Bangladesh) Ltd.

S.A. Halangoda
Deputy General Manager
Treasury & Finance

Sajith Wickramaarachchi
Director/Chief Human Resource Officer

Sanjeeva Wickramasinghe
Head of Group Risk & Control

Sheranga Senanayake
Head of Corporate Communications

Corporate Governance

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

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

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

CORPORATE GOVERNANCE STRUCTURE

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

Creating and delivering long-term sustainable shareholder value while practicing and maintaining business affairs and other activities of the Company with highest corporate ethical standards through the regulatory and legal framework to the best interest of all the stakeholders of the Company.

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

The Board of Directors consists of the Chairman/Group Chief Executive Officer, Group Managing Director who are the founder Chairman and Managing Director of LAUGFS Group of Companies respectively, one Non-Executive Director, three Independent Non-Executive Directors, the Group Finance Director and the Director/CEO which are Executive Directors. Brief profiles of the members of the Board of Directors are given on pages 98 to 101.

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

It is the target of the Board to meet at least once a month to discharge their duties, responsibilities towards the company and make decisions. The Board discharged their advisory and supervisory duties through the Board sub-committees such as the Audit Committee, Remuneration

Committee, Investment Committee, Related Party Transactions Review Committee and Management Committee. A very senior chartered accountant, a senior corporate leader representing a number of public listed companies, and a very senior academic personality contribute to the Board with their knowledge and industry experience in Independent Non-Executive Capacity and a senior Banker having a vast knowledge and experience specially in investment banking and a senior corporate director serve in the Board in Non-Executive capacity ensuring the Company's business affairs are maintained in a highly professional and ethical manner. The Group Finance Director who is a senior Chartered Accountant, and the newly appointed Director/CEO with extensive experience in the LPG industry oversee the operations of the Company as Executive Directors.

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

The composition of the Board of Directors are as follows.

1. DESHABANDU W. K. H. Wegapitiya –
   Chairman/Group Chief Executive Officer
2. Mr. U. K. Thilak De Silva –
   Managing Director
3. Mr. H. A. Ariyaratne –
   Non-Executive Director
4. Mr. T. K. Bandaranayake –
   Independent, Non–Executive Director
5. Mr. M. N. Prakash –
   Independent Non-Executive Director
6. Mr. A. R. D. Perera –
   Group Finance Director
7. Prof. S. P. P. Amaratunge –
   Independent, Non–Executive Director
8. Mr. C. Ediriwickrama –
   Director/CEO (appointed on 3rd April 2019)

Members of the Board collectively and individually recognise their duty to comply with the legal and regulatory provisions applicable to the Company and the Board ensures that procedures and processes in place to ensure that the Company and its subsidiaries comply with all applicable legal and regulatory provisions. The Board of Directors reviews the legal and regulatory compliance on a monthly basis with the compliance report prepared and submitted by the Head of Legal of the Company, whilst the Board is appraised on applicable risk factors in relation to the Group on a quarterly basis by internal audit reports prepared by Group Risk and Control through the Audit Committee.

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

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

BOARD MEETINGS AND ATTENDANCE

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

The attendances of the Board of Directors of the Board Meetings conducted during the financial year under review are as follows.

Name of Director	Board Attendance
Mr.W.K.H.Wegapitiya	4/4
Mr.U.K.Thilak De Silva	4/4
Mr.H.A.Ariyaratne	4/4
Mr.T.K.Bandaranayake	3/4
Mr.N.M.Prakash	3/4
Mr.A.R.D.Perera	4/4
Mr.A.N.Ranasinghe*	1/4
Prof.S.P.P.Amaratunge**	2/4

**Resigned with effect from 15th August 2018*

***Appointed with effect from 25th May 2018*

Corporate Governance

CONFLICT OF INTEREST

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

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

A summary of interests of Non-Executive Independent Directors is given below.

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

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

b) Self or close family member is a Director or employee of another company as stipulated under listing rules

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

d) Close family member who is a Director or CEO

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

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

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

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

APPROPRIATENESS OF COMBINED ROLES OF CHAIRMAN AND GROUP CEO

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

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

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

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

BOARD SUB-COMMITTEES

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

Audit Committee

The Audit Committee currently comprises of three members namely Mr. T. K. Bandaranayake (Chairman of the Audit Committee), Mr. N. M. Prakash and Prof. Amaratunge (appointed on 5th July). The broad purposes of the committee are to oversee the preparation, presentation and adequacy of the disclosure of information in financial statements in accordance with prevailing Accounting Standards and all other statutory requirements. The Audit Committee also ensures the Company's internal control system and Risk Management procedure are up to the industrial standards. The Committee monitors the compliance of statutory requirements by the management. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

Investment Committee

The Investment Committee comprises Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya and Mr. H. A. Ariyarathne. Its principle focus is on evaluating the potentials of investment opportunities, regular monitoring of return on investments of projects, overall direction of the Group and review of business operational results. The report of the Investment Committee is given under the Board committee reports section of the Annual Report.

Remuneration Committee

The Remuneration Committee comprise Mr. H. A. Ariyarathne (Chairman of the Remuneration Committee), Mr. T. K. Bandaranayake and Mr. N. M. Prakash. This committee recommends the remuneration payable to the Directors and compile and review guidelines and recommendations for the remuneration of the senior management of the Company. The Board makes the final determination having considered the recommendations of this committee and also the performance of the members of the senior management. The report of the Remuneration Committee is given under the Board committee reports section of the Annual Report and the remuneration policy is given in the Remuneration Committee report.

Management Committee

The Management Committee comprises Mr. W. K. H. Wegapitiya, Mr. U. K. Thilak De Silva, Mr. H. A. Ariyarathne, Mr Dilshan Perera and Mr. Chaminda Ediriwickrama. The Committee's main purpose is on the overall strategic direction and review of business operational results. The report of the Management Committee is given under the Board committee reports section of the Annual Report.

Related Party Transactions Committee

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

SYSTEM OF INTERNAL CONTROL

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

Corporate Governance

RELATIONSHIP WITH THE SHAREHOLDERS

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

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

Section	Applicable Rule	Compliance Status
7.10.5 (c)	Disclosure in the Annual Report	
	The Annual Report should set out;	
	a. Names of the Directors comprising the Remuneration Committee	Complied
	b. Statement of Remuneration Policy	Complied
	c. Aggregated remuneration paid to Executive and Non-Executive Directors	Complied
7.10.6	Audit Committee The Company shall have an Audit Committee	Complied
7.10.6(a)	The Company has a separate Audit Committee	Complied
	Names of the member of Audit Committee	Complied
	Functions of the Audit Committee is in accordance with Rule 7.10.6.(b)	Complied
	Shall comprise of Non-Executive Directors a majority of whom will be Independent	Complied
	One Non-Executive Director shall be appointed as Chairman of the Committee and composition of the Committee	Complied
	Chief Executive Officer and Chief Financial Officer shall attend Committee meetings	Complied
	The Chairman or one member of the Committee should be a Member of a professional accounting body	Complied
	Specified the basis of determining External Auditor as being independent	Complied
	Disclosures being made in the Annual report as required under Rule 7.10.6(c)	Complied
9.2	Ensure the interest of the shareholders as a whole is taken into account by the Company when entering into Related Party Transactions.	Complied
	Monitor and approve recurrent and non-recurrent Related Party Transactions as set out in the Group policy guidelines	Complied

COMPLIANCE IN TERMS OF LISTING RULES OF COLOMBO STOCK EXCHANGE

The Company has a Code of Conduct and Ethics requiring all employees to exercise honesty, objectivity and due diligence in performing their duties, maintain confidentiality of commercial and price sensitive information, work within applicable laws and regulations, safeguard the Company's assets and avoid conduct which will badly reflect on them or the Company's image. The said Code of Conduct and Ethics addresses issues relating to conflict of interest situations, bribery and corruption, entertainment and gifts, accurate accounting and record keeping, corporate opportunities, confidentiality, fair dealing, protection and proper use of company assets, compliance with laws and regulations, encouraging the reporting of any illegal or unethical behaviour.

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

Investment Committee Report

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

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, divestures 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 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 of 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 & Control, Head of Legal and Head of Finances/ Chief Financial Officers of Companies are invited to Committee meetings to analyse their opinions and expertise in investment activities. The Committee very carefully considers the matters falling under Section 185 of the Companies Act No. 7 of 2007 as major transactions and other related party transactions and investment in order to comply with the guidelines provided in prevailing accounting standards, Code of Best Practices on Corporate Governance and Listing Rules and to make necessary disclosures and/or market announcements as appropriate.

The Committee reviews and oversee significant treasury matters such as capital structure and allocation strategy, derivative policy, liquidity, fixed income investments, borrowings, currency exposure, dividend policy, share issuance and repurchase, and capital spending and expenditure. From time to time, the Committee reports to the Board of Directors and make recommendations to the Board as to scope, direction, quality, investment levels and execution of Company's investment activities, mergers and acquisition, acquisition and dispose of assets, enterprise services, joint venture and divestiture transactions. Further the Committee evaluates and concentrates on 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 reviewing the effectiveness of the Policy in place. The ultimate objective of the investment committee is to bring about and maintain independent and unbiased feasibility driven investment culture and recommend investments to minimise opportunity cost of capital to the board.

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

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

U.K. Thilak De Silva
Chairman - Investment Committee

05th August 2019

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. H. A. Ariyarathne and Mr. Dilshan Perera. 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 and circulars and expertise to identify critical strategies and issues facing the company, 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 dash boards and necessary performance indicators in order to make important business and management decisions in an accurate and efficient manner;
- Reviewing and monitoring Group budgets, evaluating of performance of individual companies in the Group and introduction of new management systems.
- 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. H. A. Ariyarathne and Mr. Dilshan Perera and the members of the management team for their valuable contribution and support to the work of the Committee.

W. K. H. Wegapitiya
Chairman-Management Committee

05th August 2019

Remuneration Committee Report

COMPOSITION

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

Director	Membership status	Independent/Non Independent
Mr. H. A. Ariyarathne	Chairman	Non-Executive Director
Mr. Mr. T. K. Bandaranayake	Member	Independent Non-Executive Director
Mr. N. M. Prakash	Member	Independent Non-Executive Director

Mr. N. M. Prakash was appointed as a member of the Committee with effect from 25th May 2018 after the demise of late Mr. C. L. De Alwis - Independent Non-Executive Director on 11th May 2018.

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 2018/19

Following activities/initiatives have been carried out for the Group during last financial year which covered the KM positions;

- The process of mapping Key Talent, Mission & Functional Critical Positions of KMPs was re-visited during the financial year to consolidate and re-validate on fundamentals of the process and for better alignment with the business needs. The entire process was phased out and graphically designed so that the foundation of the process was mapped as the first stage during the concluded financial year. During this process, senior teams will gain access to information on HR hygienic factors which will enable them to make more conducive decisions related to key talent retention, development and succession plans.
- As there were lapses identified in some of the key fundamentals, an aggressive drive was launched during the year to review, fine-tune core HR deliverables related policies. This was done to establish a reliable, authentic source of information which ensured consistency and discipline. The policies and discrepancies related to time and attendance were re-addressed, validated and launched with greater controls.
- Great focus was also made to inculcate and drive a cost-conscious culture across the group. Combination of creative and aggressive initiatives was launched such as creative poster competitions to aggressive overtime cost reductions across business sectors and the re-validation of fuel caps/bands across the Group.
- Based on the compensation and benefit market survey results which was carried out during the previous financial year, measures were taken to establish salary bands for key positions in the Group which was more compatible with the current market rates.
- During the financial year the performance management policy and process of the Group was re-visited, and a strong foundation was laid to commence designing a comprehensive, simplified Performance Management System which will be directly aligned towards the achievement of the business goals and towards the development of our Human Capital.

H. A Ariyarathne
Chairman - Remuneration Committee
05th August 2019

Audit Committee Report

The Audit Committee, established by and accountable to the Board of Directors, comprises the following two Independent Non-Executive Directors.

COMPOSITION OF THE AUDIT COMMITTEE

Director	Membership status	Independent/Non Independent
Mr. Tissa K. Bandaranayake	Chairman	Independent Non-Executive
Mr. N. Murali Prakash	Member	Independent Non-Executive

ATTENDANCE

Director	Audit Committee				AC
	25/05/2018	15/08/2018	4/11/2018	12/2/2019	Attendance
Mr. Tissa K Bandaranayake	☑	☑	☑	☑	4/4
Mr. N. Murali Prakash	☑	☑	☑	☑	4/4

The Head of Group Risk & Control Division - Mr. Sanjeeva Wickramasinghe, serves as the Secretary to the Committee.

Mr. Tissa Bandaranayake is a fellow member of the Institute of Chartered Accountants of Sri Lanka. Mr. Bandaranayake possesses over 45 years' experience in the fields of accounting, auditing and finance and was a Senior Partner of Ernst & Young until his retirement from active practice. He holds Directorates in Nawaloka Hospitals PLC, Harischandra Mills PLC, Overseas Reality (Ceylon) PLC, Renuka Foods PLC, Renuka Holdings PLC, Micro Holdings Limited, Brown & Co. PLC and Samson International PLC in an independent non-executive capacity. Mr. Murali Prakash is currently the Group Managing Director/Chief Executive Officer of Ambeon Capital PLC and Ambeon Holdings PLC, He holds Board positions in all of its subsidiaries as well as he also serves as a Non-Executive Director in LAUGFS Holdings. Prof. Sampath Amaratunge was appointed on 5th July 2019. The detailed experience of the Audit Committee members are outlined in pages 98 to 101.

TERMS OF REFERENCE

The Charter of the Audit Committee, which is periodically reviewed and revised with the concurrence of the Board of Directors, clearly defines the Terms of Reference of the Audit Committee. The purpose of the Audit Committee is to assist the Board of Directors in its general oversight of financial reporting, Internal controls and functions relating to internal and external audits.

MEETINGS AND ATTENDANCE

The Committee formally met four times (quarterly) during the year ended 31st March 2019. The below personnel are permanent attendees by invitation while Heads of functions within the Group, whose internal audit reports which were being reviewed and the External Auditors attended the meeting by invitation on requirement basis.

PERMANENT ATTENDEES

Group Chairman	Group Managing Director
Non-Executive Director	Group Finance Director
Chief Executive Officer	Head of Legal
Head of Finance	

The proceedings of the Audit Committee are regularly reported to the Board of Directors.

ROLE OF THE AUDIT COMMITTEE

The Audit Committee assists the Board in fulfilling its oversight responsibilities in areas such as,

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities & Exchange Commission and Companies Act No. 7 of 2007.
- Review and evaluate the performance of the Company's internal audit function.
- 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.
- 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).
- The integrity of financial reporting, the effectiveness of the risk management and the internal control systems and related governance and compliance matters.

Audit Committee Report

- Making a recommendation to the Board on the appointment, reappointment, dismissal, service period and audit fee of the External Auditor.

- Pre-approve all auditing and non-audit services performed by the external audit firm and internal audit service providers.

ACTIVITIES IN 2018/19

In 2018/19 Audit Committee considered and discussed a variety of topics including,

- Global trends, key controls and concerns relating to company's trading activities
- Risks faced by the Company,
- Establishment of SOP's, especially related to finance was initiated across the Group of companies.

The Committee reviewed the quarterly and annual Financial Statements and recommended them to the Board for adoption and release.

Head of Group Risk & Control through audit reports (Operational, Financial, HSE and Certification Compliance) have briefed on the effectiveness of LAUGFS's risk management and internal control systems and on outcomes of significant audits and control weaknesses, including potential improvements and mitigating actions agreed with top management. The Audit Committee, having reviewed these reports, endorsed additional controls and risk mitigation strategies where necessary in order to strengthen the existing internal control system. The Group Risk & Control select companies for review according to the annual plan, which was designed based on risk ratings. Follow-up audits and reviews are scheduled to ascertain that audit recommendations are being acted upon.

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 Committee reviewed the management letter issued by them based on their audit and advised on the rectification actions. The Committee negotiated with the external auditors the quantum of their fees and out of pocket expenses.

The members of the committee had a separate meeting with the auditors to discuss issues of a sensitive nature which may have arisen during the audits, if any.

The Audit Committee has reviewed the other services provided by the External Auditors to the Group to ensure that their independence as auditors has not been compromised.

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 2020, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

Tissa Bandaranayake,
Chairman - Audit Committee

05th August 2019

Report of the Related Party Transaction Review Committee

The Board formally appointed the Related Party Transaction Review Committee in the year 2015, in terms of provisions contained in the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and the Section 9 of the Listing Rules of the Colombo Stock Exchange (CSE).

MANDATE

To assist the Board in meeting its oversight responsibilities to ensure that the interest of shareholders as a whole is taken into consideration when entering into Related Party Transactions guided by the Code of Best Practices and Section 09 of the listing rules of the Colombo Stock Exchange.

COMPOSITION

The Committee comprised two Independent Non – Executive Directors, and one Executive Director, they met once per quarter during the year under review,

Director	Directorship Status	Membership Status
Mr. Murali Prakash	IND/NED	Chairman
Mr. T.K. Bandaranayake	IND/NED	Member
Mr. H.A. Ariyarathne	NED	Member

(IND/NED - Independent Non-Executive Director, ED - Executive Director)

The Group Chairman, Group Managing Director, Chief Executive Officer, Chief Financial Officer, Head of Legal/Company Secretary attended the meetings by invitation. The Head of Group Risk & Control – Sanjeeva Wickramasinghe served as the Secretary to the Committee.

METHODOLOGY ADOPTED BY THE COMMITTEE

The Committee introduced policies and guidelines for the adoption of RPT for LAUGFS Gas PLC and its subsidiaries in complying with the Code of Best Practices and Section 09 of the listing rules. In doing so, transaction threshold values which required discussion in detail, RPTs which required pre-approval by the Board/shareholders, recurrent RPTs which required to be reviewed annually were established, and reporting templates approved by the Committee.

On further recommendation of the Committee, the Board adopted criteria in designating LAUGFS Key Management Personnel (KMPs) to enhance transparency and corporate governance.

The activities and views of the Committee have been communicated to the Board of Directors on a regular basis by tabling the minutes of the Committee meetings.

The Committee has reviewed several Related Party Transactions, approved the transactions and directed to make Immediate Disclosure to Colombo Stock Exchange where required as appended below,

NON RECURRENT TRANSACTIONS

Name of the Related Party	Relationship	Value of Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity & as a % of Consolidated Total Assets	Terms & Conditions of the Related Party Transactions	The rationale for entering into the transactions
LAUGFS Terminal Limited	Fully-owned subsidiary of LAUGFS GAS PLC	LKR. 2,369,999,990	As a % of Equity = 225% As a % of Assets = 8%	Equity transfer	As a strategic equity investment in order to make an advance payment to the contractor to facilitate the construction of LAUGFS Terminal Limited.

Report of the Related Party Transaction Review Committee

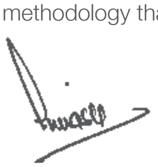
Name of the Related Party	Relationship	Value of Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity & as a % of Consolidated Total Assets	Terms & Conditions of the Related Party Transactions	The rationale for entering into the transactions
LAUGFS Maritime Services (Pvt) Ltd.	Wholly owned subsidiary of LAUGFS GAS PLC	LKR.401,101,875 (USD 2.25 MN)	As a % of Equity = 38% As a % of Assets = 1%	Corporate Guarantee	In order for the LMS to obtain a banking facility to cater and facilitate operations with the expansion of its fleet and its operations in the region.
SLOGAL Energy DMCC	Wholly owned subsidiary of LAUGFS GAS PLC	LKR.3,613,221,350 (USD 20.5 MN)	As a % of Equity = 342% As a % of Assets = 12%	Corporate Guarantee	In order to cater and facilitate SLOGAL's trading activities on behalf of LAUGFS Gas Group.

RECURRENT TRANSACTIONS

Name of the Related Party	Relationship	Nature of the transaction	Aggregated Value of Related Party Transactions entered into during the Financial Year	Aggregated Value of Related Party Transactions as a % of Net Revenue/ Income	Terms and conditions of the Related Party Transactions
SLOGAL Energy DMCC	Wholly owned subsidiary of LAUGFS Gas PLC	Purchase of LPG and Freight chargers	8,989,754,162	42%	Procuring of LPG from SLOGAL Energy DMCC at negotiated rate (through a contract) based on the prevailing market rates at that time.

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

The Group level transfer pricing policy is being evaluated at present with professional guidance to establish the most appropriate methodology that suits the overall business model of the LPG cluster.



N. Murali Prakash,

Chairman-Related Party Transaction Review Committee

05th August 2019

Annual Report of the Board of Directors

The Board of Directors of LAUGFS GAS PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2019. LAUGFS GAS PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and listed on the Colombo Stock Exchange since December 2010.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS GAS PLC are downstream business of Liquefied Petroleum Gas (LPG) and other related products and Services. The Company caters to domestic, commercial and industrial LPG market. Its subsidiaries LAUGFS Maritime Services (Private) Limited is providing maritime LPG logistic services, LAUGFS Gas (Bangladesh) Limited 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 Limited 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 it's 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 was 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. has made their respective listing applications to the Colombo Stock Exchange and currently pending the approval of the Colombo Stock Exchange.

The Company has not engaged in any activity which contravene 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 Chairman's message, Managing Directors message, management discussion and analysis section of the Annual Report. These Reports together with the Audited Financial Statements reflect the state of the affairs of the Company and its subsidiaries. Segment wise contribution to group revenue, results, assets and liabilities is provided in Note 04 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 15.2bn, whilst group revenue amounted to Rs. 25bn 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 2019 as approved by the Board of Directors on 22nd July 2019 are given on pages 128 to 222.

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 125.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 136 to 157 The company made a change in the accounting policy to reflect the carrying value of the investments made in the subsidiaries of the Company whereby the financials will reflect a more realistic value of the Shareholdings.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 3.6mn. There were no donations to approved charities. These amounts do not include contributions on account of corporate social responsibility (CSR) initiatives. The CSR initiatives, including completed and on-going projects, are detailed in the sustainability report in the Annual Report.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 32bn. The details of the investments are given in Note 13 to the Financial Statements.

Annual Report of the Board of Directors

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 7.9bn and Rs. 22.4bn 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. 920.7mn and Rs. 6.8bn respectively.

Details of property, plant and equipment are given in Note 08 to the Financial Statements.

STATED CAPITAL AND RESERVES

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

The total Group Equity was Rs. 1.1bn as at 31st March 2019.

INTERNAL CONTROL AND RISK MANAGEMENT

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

The Board of Directors having reviewed the system of internal control is satisfied with the systems and measures in effect at the date of signing this Annual Report.

HUMAN RESOURCES

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

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 98 to 101. Mr. A. N. Ranasinghe tendered his resignation on 15th August 2018. Accordingly the following persons were the Directors of the Company as at 31st March 2019, whilst Mr. C. Ediriwickrama was appointed to the Board on 3rd April 2019 as Director/CEO.

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

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

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

(d) Mr. T. K. Bandaranayake – *Independent Non-Executive Director*

(e) Mr. N. M. Prakash – *Independent Non-Executive Director*

(f) Mr. A. R. D. Perera – *Group Finance Director*

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

In terms of Article 81 and 82 of the Articles of Association of the Company Mr. N. M. Prakash retire by rotation and being eligible are being recommended by the Board for re-election at the ensuing Annual General Meeting. Mr. C. Ediriwickrama retires in terms of Article 88 of the Articles of Association and being eligible are being recommended by the Board for re-election at the ensuing Annual General Meeting.

Further resolutions will be tabled at the forthcoming Annual General Meeting to re-elect Mr. T. K. Bandaranayake who is above the age of 70 years and who are to be retired at the end of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007.

BOARD COMMITTEES

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

Audit Committee

Audit Committee comprises three members namely Mr. T. K. Bandaranayake (Chairman of the Audit Committee), Mr. N. M. Prakash and Prof. Amaratunge (Appointed on 5th July 2019). 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 comprises Mr. N. M. Prakash (Chairman of the Committee), Mr. T. K. Bandaranayake and Mr. H. A. Ariyarathne. 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 comprises of Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya and Mr. H. A. Ariyarathne. 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 comprise of Mr. H. A. Ariyarathne (Chairman of the Remuneration Committee), Mr. T. K. Bandaranayake and Mr. N. M. Prakash. 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, Mr. U. K. Thilak De Silva, Mr. H. A. Ariyarathne, Mr. A. R. D. Perera and Mr. C. Ediriwickrama. Its principal focus is on the overall strategic direction and review of business operational results. The report of the Management Committee is given under the Board committee reports section of the annual report.

INTEREST REGISTER

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

DIRECTORS' INTEREST IN CONTRACTS

Directors' interest in contracts are disclosed in the related party transactions under Note 28 to the Financial Statements.

DIRECTORS' SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2019, and as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Name of Director	Voting Shares		Non-voting Shares	
	No of Shares	%	No of Shares	%
Mr. W.K.H.Wegapitiya	1,411,536	0.421	NIL	-
Mr. U.K. Thilak De Silva	1,077,897	0.322	NIL	-
Mr. H.A. Ariyaratne	3,900	0.001	3,400	0.007
Mr. N.M. Prakash	17,000	0.005	NIL	-
Mr. T.K. Bandaranayake	NIL	-	NIL	-
Mr. A.R.D. Perera	NIL	-	NIL	-
Mr. S. P. P. Amaratunge	NIL	-	NIL	-
Mr. C. Ediriwickrama	NIL	-	NIL	-

M/s. W. K. H. Wegapitiya and U. K. Thilak De Silva are shareholders of LAUGFS Holdings Limited, which is the holding Company which holds a significant stake of the Company directly. Mr. H. A. Ariyaratne and Mr. N.M. Prakash serve as Directors in LAUGFS Holdings Limited which is the holding company holds significant stake of LAUGFS Gas PLC.

DIRECTORS' REMUNERATION

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

SHARE INFORMATION

Information relating to earnings, dividends, net assets and market value per share is given on page 226. The distribution and the composition of shareholding are given on page 227. 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 pages 229 and 230 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

Annual Report of the Board of Directors

which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ENVIRONMENT

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

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the company and its subsidiaries, and all other known statutory dues as were due and payable by the company and its subsidiaries as at the balance sheet date have been paid or, where relevant provided for, except as specified in Note 26.2 the Financial Statements, covering contingent liabilities.

GOING CONCERN

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

DIVIDENDS

The Company has 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 104 of the Inland Revenue Act No. 10 of 2006 in order to secure the transparency and accuracy of all the transactions including related party transactions. The management is committed to monitor and review the Transfer Pricing Policy from time to time. All the related party transactions are disclosed under Note 28 to the Financial Statements.

It is certified that the Company has complied with the Transfer Pricing Regulations issued under Section 104 of the Inland Revenue Act, No. 10 of 2006. The information pursuant to these Regulations is given under certificate produced under Section 107(2)(a) of the said Act. We believe that the record of transactions entered into with related parties during the period from 1st April 2018 to 31st March 2019 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 15 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the on 29th August 2019 at 2.00pm at the Auditorium of the Sri Lanka Foundation Institute. 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

5th August 2019

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 presents 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 Statements 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.

By Order of the Board

Corporate Advisory Services (Private) Limited
Secretaries

5th August 2019

F:na
State

nc:al

ments

Financial Calendar

FINANCIAL CALENDAR FOR 2018/2019

- First Quarter ended 30th June 2018 – Published on 14th August 2018
- Second Quarter ended 30th September 2018 – Published on 15th November 2018
- Third Quarter ended 31st December 2018 – Published on 14th February 2019
- Fourth Quarter ended 31st March 2019 – Published on 8th July 2019
- Annual Report for 2018/2019 – Published on 5th August 2019
- Annual General Meeting – Will be held on 29th August 2019

Independent Auditor's Report

Building a better working world

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Chartered Accountants
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TO THE SHAREHOLDERS OF LAUGFS GAS PLC

Report on the audit of the 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 2019, 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 the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2019, 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 (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Adoption of new accounting standard SLFRS 15 – Revenue from Contracts with Customers	
During the year, the Group adopted SLFRS 15 - Revenue from Contracts with Customers (the New Revenue Standard) which specifies how and when an entity should recognize revenue along with the need to provide users of financial statements with more informative, relevant disclosures. Extended guidance specifically relating to scope, point of revenue recognition relating to different revenue contracts required Management to exercise judgements and assess existing accounting policies relating to revenue recognition to ensure Group's compliance with the New Revenue Standard. Considering the above matters, we determined the Group's adoption of the New Revenue Standard during the year as a key audit matter.	Our audit procedures focused on the Group's adoption of the New Revenue Standard and included, amongst others, the following: - We assessed the process followed by the Group to ensure all revenue streams are considered in its assessment and that the related contracts reviewed are representative of specified revenue streams & contractual terms. - We assessed the reasonableness of the final conclusions reached on matters such as scope, point and amount of revenue recognition in the areas of impact. - We examined a sample of revenue contracts to assess whether method of recognition of revenue was relevant and consistent with SLFRS 15 and applied consistently. - In addition, we evaluated the adequacy of related disclosures in Note 5.1 to the financial statements.

Independent Auditor's Report

Key audit matter	How our audit addressed the key audit matter
Valuation of investments in subsidiaries in the financial statements of the Company	
The Company changed its accounting policy for investments in subsidiaries from cost to fair value in accordance with SLFRS 9 in separate financial statements. At 31 March 2019, fair value of total investments in subsidiaries amounted to Rs. 32.2bn, which is significant to the separate financial statements. Moreover, the fair value exercise involves the use of estimates and judgements, in particular with respect to the timing, quantity and estimation of future cash flows, as more fully described in Note 13 to the financial statements. In view of the significance of the investments and subjectivity involved in fair value estimation, we consider investment valuation to be a key audit matter.	Our audit procedures included amongst others, the following: - We involved our internal specialists to assist us, in assessing the appropriateness of the methodologies and reasonableness of the assumptions used by the management expert. - We assessed the appropriateness and accuracy of source data used in the valuations. - We ensured the investment in subsidiaries are classified, accounted and disclosed in line with respective SLFRS. - We also assessed the completeness and adequacy of the related disclosures in Note 2.24, Note 2.35 and Note 13 to the financial statements.

Other Information included in The 2019 Annual Report

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the 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.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

Ernst & Young

22 July 2019
Colombo

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

Principal G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

Statement of Profit or Loss

Year ended 31 March 2019		Group		Company	
		2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Continuing Operations	Note		Restated		Restated
Revenue	5.1	24,919,775,401	21,354,621,221	15,192,633,407	12,834,119,400
Cost of Sales		(21,626,449,365)	(19,210,053,674)	(13,855,224,990)	(12,258,443,285)
Gross Profit		3,293,326,036	2,144,567,547	1,337,408,417	575,676,115
Other Operating Income	5.2	550,230,951	589,694,999	1,149,406,957	1,124,768,740
Selling and Distribution Expenses		(1,568,662,244)	(1,362,329,114)	(799,674,996)	(883,681,355)
Administrative Expenses		(1,386,727,917)	(1,226,454,557)	(743,224,419)	(576,471,500)
Foreign Currency Exchange Gains/(Loss)		(377,785,656)	27,382,856	18,218,108	78,137,795
Operating Profit		510,381,170	172,861,731	962,134,067	318,429,795
Finance Costs	5.3	(1,936,580,772)	(1,585,477,173)	(1,817,853,522)	(1,500,543,891)
Fair Value Gain on Investment Properties	9	144,540,703	106,443,346	29,200,000	43,000,000
Finance Income	5.4	31,748,728	45,408,133	6,977,262	5,904,568
Loss Before Tax		(1,249,910,171)	(1,260,763,963)	(819,542,193)	(1,133,209,528)
Income Tax Expense	6.1	(47,963,968)	(76,435,225)	377,563,420	153,183,449
Loss for the Year from Continuing Operations		(1,297,874,139)	(1,337,199,188)	(441,978,773)	(980,026,079)
Discontinued Operations:					
Profit/(Loss) after Tax for the Year from Discontinued Operations	14.3	-	296,263,212	-	-
Loss for the Year		(1,297,874,139)	(1,040,935,976)	(441,978,773)	(980,026,079)
Attributable to:					
Equity Holders of the Parent		(1,333,329,825)	(1,040,935,976)		
Non-Controlling Interests		35,455,686	-		
		(1,297,874,139)	(1,040,935,976)		
Loss Per Share					
Basic/Diluted Loss Attributable to Ordinary Equity Holders of the Parent	7	(3.45)	(2.69)		
Loss Per Share for Continuing Operations					
Basic/Diluted Loss from Continuing Operations Attributable to Ordinary Equity Holders of the Parent	7	(3.45)	(3.46)		

The accounting policies and notes on pages 136 to 222 form an integral part of these financial statements.

Statement of Other Comprehensive Income

Year ended 31 March 2019		Group		Company	
		2019	2018	2019	2018
	Note	Rs.	Rs.	Rs.	Rs.
Loss for the Year		(1,297,874,139)	(1,040,935,976)	(441,978,773)	(980,026,079)
Other Comprehensive Income					
Other Comprehensive Income that may be Reclassified to Profit or Loss in Subsequent Periods :					
Exchange Differences in Translation of Foreign Operations		537,555,469	(62,872,719)	-	-
Net Other Comprehensive Income that may be Reclassified to Profit or Loss in Subsequent Periods		537,555,469	(62,872,719)	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :					
Gains/(Losses) on Financial Assets at FVOCI	5.6	(34,718,964)	12,802,667	7,225,167,603	7,397,727,506
Surplus on Revaluation of Assets Transferred to Investment Properties	8.1	-	18,447,766	-	-
Actuarial Gains/(Losses) on Defined Benefit Liability	5.6	(23,242,401)	44,045,020	2,320,459	7,888,505
Income Tax Effect	6.3	8,487,564	(28,816,563)	(726,452,749)	(374,502,075)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		(49,473,801)	46,478,890	6,501,035,313	7,031,113,936
Other Comprehensive Income/(Loss) for the Year, Net of Tax		488,081,668	(16,393,829)	6,501,035,313	7,031,113,936
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(809,792,471)	(1,057,329,805)	6,059,056,540	6,051,087,857
Attributable to:					
Equity Holders of the Parent		(845,261,506)	(1,057,329,805)		
Non-Controlling Interests		35,469,035	-		
		(809,792,471)	(1,057,329,805)		

The accounting policies and notes on pages 136 to 222 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2019		Group			Company		
		2019	2018	2017	2019	2018	2017
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Note		Restated	Restated		Restated	Restated
ASSETS							
Non-Current Assets							
Property, Plant and Equipment	8	22,471,636,626	17,070,442,596	22,625,858,235	7,933,407,230	7,586,202,122	6,629,726,509
Investment Properties	9	2,652,606,661	2,507,306,661	2,270,800,000	833,700,000	804,500,000	761,500,000
Intangible Assets	10	2,663,866,340	2,343,400,577	3,088,813,381	1,235,726	12,364,383	25,177,376
Prepayments	12	4,022,976	6,292,356	105,750,957	-	-	-
Investments in Subsidiaries	13	-	-	-	32,183,541,928	22,553,655,371	27,493,807,593
Other Non-Current Financial Assets	16.1	103,264,532	137,634,283	122,828,052	103,264,532	137,634,283	122,828,052
Deferred Tax Assets	6.5	825,467	207,947	17,393,629	-	-	-
		27,896,222,602	22,065,284,420	28,231,444,254	41,055,149,416	31,094,356,159	35,033,039,530
Current Assets							
Inventories	17	1,928,211,010	1,563,783,872	1,428,210,443	814,326,307	771,275,960	569,520,813
Trade and Other Receivables	18	3,627,388,396	4,365,118,603	3,702,911,902	3,165,546,480	3,276,700,535	3,270,965,063
Prepayments	12	72,800,116	69,801,807	85,250,366	14,875,359	34,073,223	18,879,274
Income Tax Recoverable		191,704,584	266,230,014	205,100,136	166,374,244	265,237,064	202,209,841
Other Current Financial Assets	16.1	3,307,670	2,678,340	2,692,200	3,307,670	2,678,340	2,692,200
Cash and Short-Term Deposits	19.1	1,676,986,748	2,957,222,783	2,058,564,316	386,914,540	122,949,401	287,878,377
		7,500,398,524	9,224,835,419	7,482,729,363	4,551,344,600	4,472,914,523	4,352,145,568
Total Assets		35,396,621,126	31,290,119,839	35,714,173,617	45,606,494,016	35,567,270,682	39,385,185,098
EQUITY AND LIABILITIES							
Equity							
Stated Capital	20	1,000,000,000	1,000,000,000	3,285,000,260	1,000,000,000	1,000,000,000	3,285,000,260
Fair Value Reserve of Financial Assets at FVOCI	21	(337,972,038)	(303,253,074)	(316,055,741)	21,651,144,382	15,151,965,435	15,327,414,956
Revaluation Reserve	22	86,841,931	86,841,931	112,559,032	-	-	-
Foreign Currency Translation Reserve	22	661,542,928	123,987,459	186,807,178	-	-	-
Retained Earnings/(Losses)		(678,041,388)	670,056,623	4,788,995,434	(20,620,858)	419,501,549	4,751,102,748
Equity attributable to Equity Holders of the Parent		732,371,433	1,577,632,939	8,057,306,163	22,630,523,524	16,571,466,984	23,363,517,964
Non-Controlling Interests		421,652,762	386,183,727	-	-	-	-
Total Equity		1,154,024,195	1,963,816,666	8,057,306,163	22,630,523,524	16,571,466,984	23,363,517,964

As at 31 March 2019		Group			Company		
		2019	2018	2017	2019	2018	2017
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Note		Restated	Restated		Restated	Restated
Non-Current Liabilities							
Interest Bearing Loans and Borrowings	16.2	15,137,416,981	13,486,082,991	15,443,239,863	6,808,001,961	6,245,291,408	8,120,292,137
Employee Benefit Liability	23	234,656,118	174,390,844	265,104,292	62,959,534	54,274,256	59,874,827
Refundable Deposits	24	2,315,376,561	2,247,318,719	1,968,325,172	2,185,444,197	2,154,930,735	1,878,628,626
Deferred Tax Liabilities	6.5	504,302,196	780,478,418	793,222,287	1,155,568,621	806,679,292	695,581,683
		18,191,751,856	16,688,270,972	18,469,891,614	10,211,974,313	9,261,175,691	10,754,377,273
Current Liabilities							
Trade and Other Payables	25	4,575,340,487	4,183,661,075	3,801,627,286	3,556,105,282	2,429,679,146	1,398,998,645
Interest Bearing Loans and Borrowings	16.2	10,459,178,853	7,458,522,323	4,336,425,078	8,870,154,559	6,866,726,671	3,472,729,814
Refundable Deposits	24	337,736,338	438,222,190	395,561,402	337,736,338	438,222,190	395,561,402
Income Tax Payable		678,589,397	557,626,613	653,362,074	-	-	-
		16,050,845,075	12,638,032,201	9,186,975,840	12,763,996,179	9,734,628,007	5,267,289,861
Total Equity and Liabilities		35,396,621,126	31,290,119,839	35,714,173,617	45,606,494,016	35,567,270,682	39,385,185,098

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

Dilshan Perera
Finance Director

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 136 to 222 form an integral part of these financial statements.

22 July 2019
Colombo

Statement of Changes in Equity

Year ended 31 March 2019		Attributable to Equity Holders of the Parent		
	Note	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Revaluation Reserve
Group		Rs.	Rs.	Rs.
As at 01 April 2017		3,285,000,260	(193,755,741)	112,559,032
Changes in Accounting Policies and Effect of Adoption of New Accounting Standards	2.35	-	(122,300,000)	-
As at 01 April 2017(Restated)		3,285,000,260	(316,055,741)	112,559,032
Loss For the Year		-	-	-
Other Comprehensive Income)		-	12,802,667	2,785,377
Total Comprehensive Income)		-	12,802,667	2,785,377
Deferred Tax Liability Charge during the Year	6.2	-	-	-
Group Restructuring Adjustments		(2,285,000,260)	-	(28,502,478)
As at 31 March 2018		1,000,000,000	(303,253,074)	86,841,931
Loss for the Year		-	-	-
Other Comprehensive Income		-	(34,718,964)	-
Total Comprehensive Income		-	(34,718,964)	-
As at 31 March 2019		1,000,000,000	(337,972,038)	86,841,931

	Note	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Retained Earnings	Total Equity
Company		Rs.	Rs.	Rs.	Rs.
As at 01 April 2017		3,285,000,260	(193,755,741)	4,215,870,627	7,307,115,146
Changes in Accounting Policies and Effect of Adoption of New Accounting Standards	2.35	-	15,521,170,697	535,232,121	16,056,402,818
As at 01 April 2017(Restated)		3,285,000,260	15,327,414,956	4,751,102,748	23,363,517,964
Loss For the Year		-	-	(980,026,079)	(980,026,079)
Other Comprehensive Income		-	7,024,803,132	6,310,804	7,031,113,936
Total Comprehensive Income /(loss)		-	7,024,803,132	(973,715,275)	6,051,087,857
Deferred Tax Liability Charge during the Year	6.2	-	-	(45,454,105)	(45,454,105)
Group Restructuring Adjustments		(2,285,000,260)	(7,200,252,653)	(3,312,431,819)	(12,797,684,732)
As at 31 March 2018		1,000,000,000	15,151,965,435	419,501,549	16,571,466,984
Loss for the Year		-	-	(441,978,773)	(441,978,773)
Other Comprehensive Income		-	6,499,178,947	1,856,366	6,501,035,313
Total Comprehensive Income/(Loss)		-	6,499,178,947	(440,122,407)	6,059,056,540
As at 31 March 2019		1,000,000,000	21,651,144,382	(20,620,858)	22,630,523,524

The accounting policies and notes on pages 136 to 222 form an integral part of these financial statements.

Foreign Currency Translation Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
Rs.	Rs.	Rs.	Rs.	Rs.
186,807,178	4,253,763,313	7,644,374,042	-	7,644,374,042
-	535,232,121	412,932,121	-	412,932,121
186,807,178	4,788,995,434	8,057,306,163	-	8,057,306,163
-	(1,040,935,976)	(1,040,935,976)	-	(1,040,935,976)
(62,872,719)	30,890,846	(16,393,829)	-	(16,393,829)
(62,872,719)	(1,010,045,130)	(1,057,329,805)	-	(1,057,329,805)
-	(117,891,059)	(117,891,059)	-	(117,891,059)
53,000	(2,991,002,622)	(5,304,452,360)	386,183,727	(4,918,268,633)
123,987,459	670,056,623	1,577,632,939	386,183,727	1,963,816,666
-	(1,333,329,825)	(1,333,329,825)	35,455,686	(1,297,874,139)
537,555,469	(14,768,186)	488,068,319	13,349	488,081,668
537,555,469	(1,348,098,011)	(845,261,506)	35,469,035	(809,792,471)
661,542,928	(678,041,388)	732,371,433	421,652,762	1,154,024,195

Statement of Cash Flows

Year ended 31 March 2019		Group		Company	
	Note	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Loss Before Tax from Continuing Operations		(1,249,910,171)	(1,260,763,963)	(819,542,193)	(1,133,209,528)
Profit/(Loss) Before Tax from Discontinued Operations		-	400,143,197	-	-
Loss Before Tax		(1,249,910,171)	(860,620,766)	(819,542,193)	(1,133,209,528)
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Amortization of Intangible Assets	10	20,200,756	24,978,886	11,128,657	13,185,498
Decrease in Fair Value of Quoted Equity Securities		(629,330)	13,860	(629,330)	13,860
Depreciation of Property, Plant and Equipment	8	944,260,315	1,298,452,329	496,585,910	459,309,512
Fair Value Gain on Investment Properties	9	(144,540,703)	(106,443,346)	(29,200,000)	(43,000,000)
Finance Costs	5.3	1,936,580,772	1,585,477,173	1,817,853,522	1,500,543,891
Finance Income	5.4	(31,748,728)	(45,408,133)	(6,977,262)	(5,904,568)
Dividend Income	5.2	(3,202,949)	(4,359,720)	(586,926,229)	(509,152,304)
Provision for Contribution to Workers' Profit Participation Fund		40,923,990	18,030,732	-	-
Property, Plant and Equipment Transferred to Inventories	8.1	317,759,461	-	-	-
Provision for Employee Benefit Liability	23.1	62,196,113	67,976,597	13,189,503	14,286,861
Transfer of Employee Benefit Liability	23	5,704,847	(4,934,031)	5,006,656	(8,260,237)
(Profit)/Loss on Disposal of Property, Plant and Equipment		34,550,666	28,379,857	37,649,231	28,457,872
Exchange Differences		1,113,581,261	88,317,864	1,925,130	8,906,082
Operating Profit before Working Capital Changes		3,045,726,300	2,089,861,302	940,063,595	325,176,939
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(364,427,139)	(253,318,740)	(43,050,347)	(201,755,147)
(Increase)/Decrease in Trade and Other Receivables and Prepayments		737,001,276	(3,059,873,907)	130,351,915	(20,929,430)
Increase/(Decrease) in Trade and Other Payables		391,679,412	3,286,917,452	1,126,426,138	726,666,545
Cash Flows Generated from/(Used in) Operating Activities		3,809,979,849	2,063,586,107	2,153,791,301	829,158,907

Year ended 31 March 2019		Group		Company	
	Note	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Employee Benefit Liability Costs Paid		(7,190,423)	(42,940,854)	(7,190,423)	(3,738,692)
Finance Costs Paid	5.3	(1,936,580,772)	(1,585,477,173)	(1,817,853,522)	(1,500,543,891)
Income Tax Paid		(200,830,708)	(459,667,532)	98,862,815	(63,969,666)
Refund/Transfers of Refundable Deposits	24	(530,037,525)	(573,371,631)	(528,727,556)	(570,682,383)
Refundable Deposits Received	24	484,738,261	896,681,110	458,755,166	889,645,280
Net Cash Flows Generated from (Used in) Operating Activities		1,620,078,682	298,810,027	357,637,781	(420,130,445)
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	10	(43,144,853)	(12,220,278)	-	(372,505)
Acquisition of Property, Plant and Equipment	8.3	(6,477,361,685)	(6,066,140,413)	(920,713,230)	(1,453,726,665)
Acquisition of Investment Properties	9	(759,297)	(11,956,654)	-	-
Dividend Income		3,202,949	4,359,720	586,926,229	509,152,304
Investments in Quoted Equity Securities		-	(2,003,563)	-	(2,003,563)
Investments in Subsidiaries	13	-	(150)	(2,369,999,990)	(320,000,150)
Proceeds from Disposal of Property, Plant and Equipment		44,322,710	14,198,798	39,272,980	9,483,670
Group Restructuring Adjustments	19.4	-	227,032,550	-	-
Net Cash Flows Used in Investing Activities		(6,473,740,176)	(5,846,729,990)	(2,664,514,011)	(1,257,466,909)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	16.2	14,117,746,482	22,429,049,122	12,886,426,748	16,846,917,233
Finance Income	5.4	31,748,728	45,408,133	6,977,262	5,904,568
Capital Repayment under Finance Lease Liabilities		-	(7,258,352)	-	-
Repayment of Interest Bearing Loans and Borrowings	16.2	(10,648,627,413)	(16,064,381,915)	(10,211,154,640)	(15,438,253,136)
Net Cash Flows from Financing Activities		3,500,867,797	6,402,816,988	2,682,249,370	1,414,568,665
Net Increase/(Decrease) in Cash and Cash Equivalent		(1,352,793,697)	854,897,025	375,373,140	(263,028,689)
Cash and Cash Equivalent at the Beginning of the Year	19	2,271,436,618	1,416,539,593	(377,159,641)	(114,130,952)
Cash and Cash Equivalent at the End of the Year	19	918,642,921	2,271,436,618	(1,786,501)	(377,159,641)

The accounting policies and notes on pages 136 to 222 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 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 2019 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	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
SLOGAL Energy DMCC	Trading of liquefied petroleum gas
LAUGFS Terminals Ltd.	Operation of LPG storage terminal. However, such LPG storage facility is still under construction.

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Directors’ Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorization for Issue

The financial statements of LAUGFS Gas PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2019 were authorized for issue in accordance with a resolution of the Board of Directors on 22 July 2019.

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.

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);

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

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 2019.

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

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

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

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

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

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

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

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

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

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

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

2.6 Business Combinations and Goodwill

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

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combinations are expensed and included in administrative expenses.

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 Common Control Business Combinations

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

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

2.8 Non-Controlling Interests

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

2.9 Group Reorganisations Under Common Control

Reorganisations between Group entities under common control are accounted for using the reorganisation method of accounting. Under the reorganisation method of accounting, assets and liabilities are incorporated/disposed at the predecessor carrying values, which are the carrying amounts of assets and liabilities of the acquired/disposed entity as recognised and measured in that entity's pre-reorganisation financial statements. Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired/disposed entity, is included in equity.

2.10 Discontinued Operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 14.3. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.11 Foreign Currency

2.11.1 Transactions and Balances

Transactions in foreign currencies are initially recorded by the Group at the functional currency spot rate at the date the transaction first qualifies for recognition. Such transactions are translated to the respective functional currencies of Group entities at exchange rates applicable on the dates of the transaction.

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

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

2.11.2 Foreign Operations

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

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

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

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

2.12 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.
- 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.
- It 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.

2.13 Fair Value Measurement

The Group measures financial instruments such as investments in equity securities, and non-financial assets such as investment properties, at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are summarised in the following notes:

Notes to the Financial Statements

- Disclosures for valuation methods, significant estimates and assumptions (Notes 3, 9, 13 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16)
- Investment properties (Note 9)
- Financial instruments (including those carried at amortised cost) (Note 13 and 16)

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described in Note 16.

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

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

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

2.14 Revenue and Other Income Recognition

2.14.1 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 recognized in the accounting period in which the services are rendered or performed.

- Freight Income

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

2.14.2 Income from Refundable Deposits

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

2.14.3 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.

2.14.4 Dividend

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

2.14.5 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.

2.14.6 Others

Other Income is recognized on an accrual basis.

2.15 Refundable Deposits

The Liquefied Petroleum Gas cylinders remain as a property of LAUGFS Gas PLC and issued to the customers on a temporary basis against a refundable security deposit. The Company is liable to refund the deposit for 12.5Kg, 37.5Kg, 5Kg & 2Kg cylinders on following basis subject to a minimum refund of Rs.1,000/-, Rs.1,700/-, Rs. 485/-, & Rs. 450/- 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 recognized in profit or loss.

2.16 Expenses

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

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

2.17 Finance Income and Finance Costs

Finance income comprises interest income, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss. Interest income is recognized as the interest accrued unless collectability is in doubt.

Finance costs comprise interest expense on borrowings, finance leases and changes in the fair value of financial assets at fair value through profit or loss that are recognised in the statement of profit or loss.

2.18 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.

2.18.1 Current Income Tax

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

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

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

2.18.2 Deferred Tax

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

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

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

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.

Deferred tax asset arising from carried forward tax losses has been determined based on a financial budget approved by the senior management, to the extent of sufficient taxable profits available.

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

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

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

2.18.3 Sales Tax

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

- When the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognized as a part of the cost of the asset or part of the expense items, as applicable or/and
- When receivables and payables that are stated with the amount of sales tax included the net amount of sales tax recoverable from or payable to, the taxation authorities is included as a part of receivables or payables in the statement of financial position.

2.19 Property, Plant and Equipment

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

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

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

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

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

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

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

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

The estimated useful lives for the current and comparative periods are disclosed in Note 8.5.

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

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

2.20 Leases

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

2.20.1 Group as a Lessee

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

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

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

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

2.20.2 Group as a Lessor for Operating Leases

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Investment Properties

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

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

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

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

2.22 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.

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

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

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

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

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

2.23 Research and Development Costs

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

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

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

2.24 Investment in Subsidiaries

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, as financial assets at fair value through other comprehensive income.

2.25 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.

2.25.1.1 Financial Assets

Initial Recognition and Subsequent 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 determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

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

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

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows

  And

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 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.

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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.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.25.1.2 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.

2.25.2 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.25.3 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 13.2, Note 16.3 and Note 16.4.

2.26 Inventories

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

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

Raw Materials - At purchase cost on weighted average cost basis

Finished Goods - At the cost of direct materials, direct labor and an appropriate proportion of overheads based on normal operating capacity, but excluding borrowing costs

Goods in Transit - At purchase cost

Other Inventories - At actual cost on weighted average cost basis

Inventory represents property held by the Group intended for resale and costs connected with projects.

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

2.27 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for a property previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized.

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The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 March and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 March either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.28 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.

2.29 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.

2.30 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.31 Employee Benefits

2.31.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. 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 recognized 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.

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

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

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

2.31.3 Short-term Benefits

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

2.32 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.

2.33 Operating Segments

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risks and returns are similar. The operating segments represent this business structure.

In addition, segments are determined based on the Group's geographical spread of operations as well. The geographical analysis of turnover and profits are based on location of customers and assets respectively.

2.34 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 are classified as cash flows from investing activities. Dividends paid and interest income are classified as financing cash flows.

2.35 Changes in Accounting Policies and Disclosures

2.35.1 Accounting for investments in Subsidiaries

The Company re-assessed its accounting for investments in subsidiaries in separate financial statements. The Company had previously measured all investments in subsidiaries at cost whereby, after initial recognition the asset was carried at cost less accumulated impairment losses.

On 1 April 2018, the Company elected to change the method of accounting for investments in subsidiaries, as the Company believes that the accounting for investments in subsidiaries in accordance with SLFRS 9 provides more relevant information to the users of its financial statements. In addition, available valuation techniques provide reliable estimates of fair value of the investments in subsidiaries. The Company applied the change retrospectively.

2.35.2 New and Amended Standards and Interpretations

The Group applied SLFRS 15 and SLFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.35.2.1 SLFRS 15 Revenue from Contracts with Customers

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

SLFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted SLFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Group did not apply any of the other available optional practical expedients.

Notes to the Financial Statements

2.35.2.2 SLFRS 9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied SLFRS 9 retrospectively, with the initial application date of 1 April 2018 and adjusting the comparative information for the period beginning 1 April 2017.

The nature of the changes are described below:

Classification and Measurement

Under SLFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of SLFRS 9 did not have a significant impact on the Group. The Group continued measuring at fair value all financial assets previously held at fair value under LKAS 39. The following are the changes in the classification of the Group's financial assets:

- Trade receivables previously classified as Loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as Debt instruments at amortised cost.
- Equity investments in listed companies previously classified as AFS financial assets are now classified and measured as Equity instruments designated at fair value through OCI. The Group elected to classify irrevocably these listed equity investments under this category as it intends to hold these investments for the foreseeable future. Impairment losses recognised in profit or loss for these investments in prior periods have been reversed to Fair Value Reserve of Financial Assets at FVOCI.
- Listed equity investments previously classified as financial instruments at fair value through profit or loss are now classified and measured as Financial assets at fair value through profit or loss.

The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities.

Impairment

The adoption of SLFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. SLFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss and contract assets.

2.35.3 Effect of Changes as a result of Changes in Accounting Policies and Adoption of New Accounting Standards

2.35.3.1 Reconciliation of Equity as at 01 April 2017.

Impact on Statement of Financial Position	Note	Group Previously Reported Rs.	Group Adjustments Rs.	Group Restated Balance Rs.	Company Previously Reported Rs.	Company Adjustments Rs.	Company Restated Balance Rs.
Assets							
Investments in Subsidiaries	A	-	-	-	11,850,336,896	15,643,470,697	27,493,807,593
Total Non-Current Assets		28,231,444,254	-	28,231,444,254	19,389,568,833	15,643,470,697	35,033,039,530
Trade and Other Receivables	B	3,822,731,147	(119,819,245)	3,702,911,902	3,390,784,309	(119,819,245)	3,270,965,063
Total Current Assets		7,602,548,608	(119,819,245)	7,482,729,363	4,471,964,814	(119,819,245)	4,352,145,568
Total Assets		35,833,992,862	(119,819,245)	35,714,173,617	23,861,533,647	15,523,651,451	39,385,185,098
Equity							
Available for Sale Reserve	C	(193,755,741)	193,755,741	-	(193,755,741)	193,755,741	-
Fair Value Reserve of Financial Assets at FVOCI	A,C	-	(316,055,741)	(316,055,741)	-	15,327,414,956	15,327,414,956
Retained Earnings/(Losses)	B,C,D	4,253,763,313	535,232,121	4,788,995,434	4,215,870,627	535,232,121	4,751,102,748
Equity attributable to Equity Holders of the Parent		7,644,374,042	412,932,121	8,057,306,163	7,307,115,146	16,056,402,818	23,363,517,964
Total Equity		7,644,374,042	412,932,121	8,057,306,163	7,307,115,146	16,056,402,818	23,363,517,964
Liabilities							
Deferred Income	D	670,652,418	(670,652,418)	-	670,652,418	(670,652,418)	-
Refundable Deposits	D	2,092,151,469	(123,826,298)	1,968,325,172	2,002,454,924	(123,826,298)	1,878,628,626
Deferred Tax Liabilities	B,D	689,989,257	103,233,030	793,222,287	592,348,653	103,233,030	695,581,683
Non-Current Liabilities		19,161,137,299	(691,245,685)	18,469,891,614	11,445,622,959	(691,245,686)	10,754,377,273
Deferred Income	D	14,572,091	(14,572,091)	-	14,572,091	(14,572,091)	-
Refundable Deposits	D	222,494,992	173,066,410	395,561,402	222,494,992	173,066,410	395,561,402
Current Liabilities		9,028,481,521	158,494,319	9,186,975,840	5,108,795,542	158,494,318	5,267,289,861
Total Equity and Liabilities		35,833,992,862	(119,819,245)	35,714,173,617	23,861,533,647	15,523,651,451	39,385,185,098

Notes to the Financial Statements

2.35.3.2 Reconciliation of Profit or Loss, Comprehensive Income for the year ended 31 March 2018 and Equity as at 31 March 2018.

		Group			Company		
Impact on Statement of Profit or Loss	Note	Previously Reported Rs.	Adjustments Rs.	Restated Balance Rs.	Previously Reported Rs.	Adjustments Rs.	Restated Balance Rs.
Other Operating Income	D	468,028,370	121,666,628	589,694,999	1,003,102,112	121,666,628	1,124,768,740
Selling and Distribution Expenses	B	(1,377,164,948)	14,835,834	(1,362,329,114)	(898,517,189)	14,835,834	(883,681,355)
Operating Profit		36,359,268	136,502,463	172,861,731	181,927,333	136,502,463	318,429,795
Finance Cost	C	(1,767,152,515)	181,675,342	(1,585,477,173)	(1,682,219,234)	181,675,342	(1,500,543,891)
Loss Before Tax		(1,578,941,768)	318,177,805	(1,260,763,963)	(1,451,387,333)	318,177,805	(1,133,209,528)
Income Tax Expense	B, D	(49,134,733)	(27,300,492)	(76,435,225)	180,483,941	(27,300,492)	153,183,449
Loss for the Year from Continuing Operations		(1,628,076,501)	290,877,313	(1,337,199,188)	(1,270,903,392)	290,877,313	(980,026,079)
Loss for the Year		(1,331,813,289)	290,877,313	(1,040,935,976)	(1,270,903,392)	290,877,313	(980,026,079)
Attributable to:							
Equity holders of the parent		(1,331,813,289)	290,877,313	(1,040,935,976)			
Impact on Basic/Diluted Earnings Per Share (EPS)							
Basic/Diluted Loss Attributable to Ordinary Equity Holders of the Parent		(3.44)	0.75	(2.69)			
Basic/Diluted Loss from Continuing Operations Attributable to Ordinary Equity Holders of the Parent		(4.21)	0.75	(3.46)			

Impact on the Statement of Other Comprehensive Income	Note	Group Previously Reported Rs.	Group Adjustments Rs.	Group Restated Balance Rs.	Company Previously Reported Rs.	Company Adjustments Rs.	Company Restated Balance Rs.
Loss for the Year		(1,331,813,289)	290,877,313	(1,040,935,976)	(1,270,903,392)	290,877,313	(980,026,079)
Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods:							
Gains/(Losses) on Available for Sale Financial Assets	C	12,802,667	(12,802,667)	-	12,802,667	(12,802,667)	-
Reclassification during the Year to Profit or Loss	C	181,675,342	(181,675,342)	-	181,675,342	(181,675,342)	-
Net Other Comprehensive Income/(Loss) to be Reclassified to Profit or Loss in Subsequent Periods		131,605,290	(194,478,009)	(62,872,719)	194,478,009	(194,478,009)	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods:							
Gains/(Losses) on Financial Assets at FVOCI	A, C	-	12,802,667	12,802,667	-	7,397,727,506	7,397,727,506
Income Tax Effect	A	(13,154,174)	-	(13,154,174)	(1,577,701)	(372,924,374)	(374,502,075)
Net Other Comprehensive Income/(Loss) not to be Reclassified to Profit or Loss in Subsequent Periods		33,676,223	12,802,667	46,478,890	6,310,804	7,024,803,132	7,031,113,936
Other Comprehensive Income/(Loss) for the Year, Net of Tax		165,281,513	(181,675,341)	(16,393,829)	200,788,813	6,830,325,123	7,031,113,936
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(1,166,531,776)	109,201,971	(1,057,329,805)	(1,070,114,579)	7,121,202,436	6,051,087,857
Attributable to:							
Equity holders of the parent		(1,166,531,776)	109,201,971	(1,057,329,805)			

Notes to the Financial Statements

2.35.3.2 Reconciliation of Profit or Loss, Comprehensive Income for the year ended 31 March 2018 and Equity as at 31 March 2018.

Impact on Statement of Financial Position	Note	Group Previously Reported Rs.	Group Adjustments Rs.	Group Restated Balance Rs.	Company Previously Reported Rs.	Company Adjustments Rs.	Company Restated Balance Rs.
Assets							
Investments in Subsidiaries	A	-	-	-	6,874,035,002	15,679,620,369	22,553,655,371
Total Non-Current Assets		22,065,284,420	-	22,065,284,420	15,414,735,790	15,679,620,369	31,094,356,159
Trade and Other Receivables	B	4,470,102,013	(104,983,410)	4,365,118,603	3,381,683,945	(104,983,410)	3,276,700,535
Total Current Assets		9,329,818,829	(104,983,410)	9,224,835,419	4,577,897,933	(104,983,410)	4,472,914,523
Total Assets		31,395,103,249	(104,983,410)	31,290,119,839	19,992,633,723	15,574,636,959	35,567,270,682
Equity							
Available for Sale Reserve	C	722,268	(722,268)	-	722,268	(722,268)	-
Fair Value Reserve of Financial Assets at FVOCI	A,C	-	(303,253,074)	(303,253,074)	-	15,151,965,435	15,151,965,435
Retained Earnings/(Losses)	B,C,D	(156,052,810)	826,109,434	670,056,623	(406,607,885)	826,109,434	419,501,549
Equity attributable to Equity Holders of the Parent		1,055,498,848	522,134,091	1,577,632,939	594,114,383	16,571,466,984	16,571,466,984
Total Equity		1,441,682,575	522,134,091	1,963,816,666	594,114,383	16,571,466,984	16,571,466,984
Liabilities							
Deferred Income	D	810,971,725	(810,971,725)	-	810,971,725	(810,971,725)	-
Refundable Deposits	D	2,364,096,899	(116,778,180)	2,247,318,719	2,271,708,916	(116,778,180)	2,154,930,735
Deferred Tax Liabilities	A,B,D	649,944,896	130,533,522	780,478,418	451,743,910	354,935,382	806,679,292
Non-Current Liabilities		17,485,487,355	(797,216,383)	16,688,270,972	9,833,990,215	(572,814,524)	9,261,175,691
Deferred Income	D	15,711,206	(15,711,206)	-	15,711,206	(15,711,206)	-
Refundable Deposits	D	252,412,102	185,810,088	438,222,190	252,412,102	185,810,088	438,222,190
Current Liabilities		12,467,933,319	170,098,882	12,638,032,201	9,564,529,125	170,098,882	9,734,628,007
Total Equity and Liabilities		31,395,103,249	(104,983,410)	31,290,119,839	19,992,633,723	15,574,636,959	35,567,270,682

The change did not have material impact on the Group's/Company's operating, investing and financing cash flows.

2.35.3.3 Notes to the Group/Company Reconciliation of Equity as at 01 April 2017 and 31 March 2018 and Profit or Loss, Comprehensive Income for the year ended 31 March 2018.

A. Accounting of Investments in Subsidiaries

The Company has re-assessed its accounting policy of investments in subsidiaries from cost model to fair value model and classified as financial instruments at fair value through other comprehensive income, in separate financial statements. Accordingly, such change has resulted in increase of Rs.15,643,470,697/- and Rs.15,679,620,369/- in investment in subsidiaries as at 01 April 2017 and 31 March 2018, and increase of Deferred tax liabilities amounting to Rs.224,401,860/- as at 31 March 2018 in Statement of financial position, respectively. An amount equal to fair value increase of Rs.7,384,924,839/- and Income tax effect of Rs.372,924,374/- were included in Other comprehensive income for the year ended 31 March 2018 and adjusted through Fair Value Reserve of Financial Assets at FVOCI.

B. Impairment of Trade Receivables

Upon the adoption of new accounting standards, the Group/Company recognized additional impairment on the Group's/Company's Trade receivables of Rs.119,819,245/-, which resulted in a decrease in Deferred tax liabilities and Retained earnings of Rs.23,963,849/- and Rs.95,855,397/- as at 01 April 2017.

The Statement of financial position as at 31 March 2018 was restated, resulting in decreases in Trade receivables, Deferred tax liabilities and Retained earnings of Rs. 104,983,410/-, Rs.20,996,683/- and Rs. 83,986,728/-, respectively. The statement of profit or loss for the year ended 31 March 2018 was restated for the decrease in impairment losses which were recognized as decrease in Selling and distribution expenses and Income tax expense of Rs.14,835,834/- and Rs.2,967,166/-, respectively.

C. Available for Sale Financial Assets

Equity investments previously classified as AFS financial assets are now classified and measured as equity instruments designated at fair value through OCI from the adoption of new accounting standards. As a result, previously recognized impairment losses of Rs.181,675,342/- and Rs. 122,300,000/- for these assets, have been reversed to retained earnings as at 31 March 2018 and 01 April 2017, respectively and adjusted through Fair Value Reserve of Financial Assets at FVOCI. Further, presentation in Other comprehensive income has changed as income not to be Reclassified to Profit or Loss in Subsequent Periods.

D. Refundable Cylinder Deposits

Expiration of refundable security deposits liability which was previously transferred to Deferred income has now been directly recognized in Statement of profit or loss upon the adoption of new accounting standards. Accordingly, such has resulted in increase in Refundable deposits, Deferred tax liabilities, Retained earnings and decrease in Deferred income of Rs.49,240,112/-, Rs.127,196,879/-, Rs.508,787,518/- and Rs.685,224,509/-, respectively, as at 01 April 2017.

The Statement of financial position as at 31 March 2018 was restated, resulting in increase in Refundable deposits, Deferred tax liabilities, Retained earnings and decrease in Deferred income of Rs.69,031,908/-, Rs.151,530,205/-, Rs.606,120,820/- and Rs.826,682,931/-, respectively. The statement of profit or loss for the year ended 31 March 2018 was restated for the increase in Other operating income and income tax expense of Rs.121,666,628/- and Rs.24,333,326/-, respectively.

2.36 Effect of Sri Lanka Accounting Standards Issued but Not Yet Effective

The following SLFRS have been issued by the Institute of Chartered Accountants of Sri Lanka that have an effective date in the future and have not been applied in preparing these financial statements. Those SLFRS will have an effect on the accounting policies currently adopted by the Group and may have an impact on the future financial statements.

2.36.1 SLFRS 16 – Leases

SLFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under LKAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for the users of financial statements to assess the effect that leases have on the financial position.

SLFRS 16 is effective for the annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

Posiible impact on the financial statements

The group is assessing the potential impact on its Financial Statements resulting from the application of SLFRS 16.

Notes to the Financial Statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Use of Judgements, Estimates and Assumptions

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

3.1 Going Concern

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

3.2 Classification of Property

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

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

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

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

3.3 Operating Lease Commitments - Group as Lessor

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

3.4 Impairment of Non-Financial Assets

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

3.5 Fair-Value Measurement of Investment Properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2019.

Further details about fair value measurement of investment properties are given in Note 9.

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 Defined Benefit Plans

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about defined benefit obligations are given in Note 23.

3.8 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 appropriate valuation techniques. 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.

3.9 Development Costs

The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

3.10 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 sea cargo services.

Trading

Selling of crude oil, refined oil products and petrochemicals.

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.

Operating Segments	Energy		Property	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Revenue				
External Customers	24,455,979,476	20,718,434,276	112,375,331	102,839,116
Inter-Segment	20,894,897	3,448,760	24,566,032	43,564,339
Total Revenue	24,476,874,373	20,721,883,036	136,941,363	146,403,455
Results				
Operating Profit	1,727,326,415	622,195,302	99,793,203	81,175,343
Finance Costs	(1,829,696,629)	(1,500,543,891)	(26,584,451)	(30,713,254)
Fair Value Gain on Investment Properties	29,200,000	43,000,000	123,740,703	74,743,346
Finance Income	31,183,925	44,723,011	180,014	354,661
Profit/(Loss) Before Tax	(41,986,289)	(790,625,578)	197,129,469	125,560,096
Income Tax Expense	88,762,413	21,091,830	(55,306,725)	(46,758,078)
Profit/(Loss) for The Year from Continuing Operations	46,776,124	(769,533,748)	141,822,744	78,802,019
Profit/(Loss) for The Year from Discontinued Operations	-	-	-	-
Profit/(Loss) for the Year	46,776,124	(769,533,748)	141,822,744	78,802,019
Gains/(Losses) on Financial Assets at FVOCI	(34,718,964)	12,802,667	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(22,893,788)	36,966,601	74,159	(130,304)
Exchange Difference in Translation of Foreign Operations	244,729,459	(33,308,699)	-	-
Surplus on Revaluation of Assets Transferred to Investment Properties	-	-	-	-
Income Tax Effect	8,360,895	(11,755,034)	(20,765)	(16,481,275)
Total Comprehensive Income/(Loss) for the Year Net of Tax	242,253,726	(764,828,215)	141,876,139	62,190,440

Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2019	2018	2019	2018	2019	2018	2019	2018
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
351,420,594	533,347,829	-	-	-	-	24,919,775,401	21,354,621,221
880,260,037	775,125,111	9,075,387,848	6,573,403,371	(10,001,108,813)	(7,395,541,581)	-	-
1,231,680,632	1,308,472,940	9,075,387,848	6,573,403,371	(10,001,108,813)	(7,395,541,581)	24,919,775,401	21,354,621,221
(397,110,796)	215,765,676	(99,749,233)	(95,225,682)	(819,878,419)	(651,048,907)	510,381,170	172,861,731
(70,398,324)	(54,147,111)	(29,109,097)	(3,265,687)	19,207,729	3,192,770	(1,936,580,772)	(1,585,477,173)
-	-	-	-	(8,400,000)	(11,300,000)	144,540,703	106,443,346
384,789	329,458	-	1,002	-	-	31,748,728	45,408,133
(467,124,331)	161,948,023	(128,858,331)	(98,490,367)	(809,070,690)	(659,156,137)	(1,249,910,171)	(1,260,763,963)
470,085	344,215	-	-	(81,889,740)	(51,113,193)	(47,963,968)	(76,435,225)
(466,654,246)	162,292,239	(128,858,331)	(98,490,367)	(890,960,430)	(710,269,330)	(1,297,874,139)	(1,337,199,188)
-	-	-	-	-	296,263,212	-	296,263,212
(466,654,246)	162,292,239	(128,858,331)	(98,490,367)	(890,960,430)	(414,006,118)	(1,297,874,139)	(1,040,935,976)
-	-	-	-	-	-	(34,718,964)	12,802,667
(422,772)	1,049,191	-	-	-	6,159,532	(23,242,401)	44,045,020
-	-	(1,581,238)	12,646,732	294,407,248	(42,210,752)	537,555,469	(62,872,719)
-	-	-	-	-	18,447,766	-	18,447,766
147,434	(431,315)	-	-	-	(148,939)	8,487,564	(28,816,563)
(466,929,584)	162,910,114	(130,439,569)	(85,843,635)	(596,553,183)	(431,758,511)	(809,792,471)	(1,057,329,805)

Notes to the Financial Statements

4. SEGMENT INFORMATION (CONTD.)

Operating Segments	Energy		Property	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Assets & Liabilities				
Total Non-Current Assets	12,050,759,344	10,539,315,465	2,002,558,336	1,884,935,653
Total Current Assets	7,337,924,969	6,333,585,539	278,384,486	230,829,011
Total Assets	19,388,684,313	16,872,901,004	2,280,942,822	2,115,764,663
Total Non-Current Liabilities	11,479,891,478	9,612,550,680	421,492,532	409,157,808
Total Current Liabilities	15,232,819,812	11,388,456,862	152,440,679	171,566,044
Total Liabilities	26,712,711,290	21,001,007,542	573,933,210	580,723,852
Other Disclosures				
Depreciation for the Year	645,694,608	569,706,538	7,356,985	7,167,003
Purchase of Property, Plant and Equipment, and Investment Properties	2,609,997,801	2,411,346,241	816,046	13,398,621
Provision for Employee Benefit Liability	53,221,947	50,339,185	391,833	277,142
Deferred Tax Assets	-	-	-	-
Deferred Tax Liabilities	1,241,769,366	489,422,564	223,840,890	168,513,401

Inter-segment revenues are eliminated upon consolidation; and operation results, assets and liabilities of discontinued segments are reflected in the adjustments/eliminations column.

Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2019	2018	2019	2018	2019	2018	2019	2018
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
11,675,610,853	7,646,447,116	1,323,189,042	1,320,155,770	844,105,028	674,430,416	27,896,222,602	22,065,284,420
1,715,711,961	3,161,061,480	1,034,571,655	1,341,979,941	(2,866,194,546)	(1,842,620,549)	7,500,398,524	9,224,835,419
13,391,322,814	10,807,508,596	2,357,760,697	2,662,135,711	(2,022,089,518)	(1,168,190,133)	35,396,621,126	31,290,119,839
7,244,446,455	6,898,955,414	7,229,447	-	(961,308,056)	(232,392,930)	18,191,751,856	16,688,270,972
2,205,720,881	1,574,468,105	1,307,848,224	1,373,632,610	(2,847,984,523)	(1,870,091,422)	16,050,845,075	12,638,032,201
9,450,167,335	8,473,423,519	1,315,077,672	1,373,632,610	(3,809,292,579)	(2,102,484,352)	34,242,596,931	29,326,303,173
289,222,137	255,214,522	549,504	484,936	1,437,081	3,597,729	944,260,315	836,170,727
4,308,009,182	3,393,227,034	-	147,072	(117,023,328)	259,978,100	6,478,120,982	6,078,097,068
1,648,887	684,593	6,933,445	-	-	16,675,677	62,196,113	67,976,597
825,467	207,947	-	-	-	-	825,467	207,947
-	-	-	-	(961,308,059)	122,542,454	504,302,196	780,478,418

Notes to the Financial Statements

4. SEGMENT INFORMATION (CONTD.)

Geographic Information	Sri Lanka		Bangladesh	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Revenue				
Inter-Segment	925,720,966	822,138,210	-	-
External Customers	15,635,534,435	13,466,857,585	9,284,240,966	7,887,763,636
Total Revenue	16,561,255,401	14,288,995,795	9,284,240,966	7,887,763,636
Results				
Operating Profit	664,816,472	615,370,815	765,192,350	303,765,506
Finance Costs	(1,895,628,568)	(1,582,211,486)	(11,843,106)	-
Fair Value Gain on Investment Properties	152,940,703	117,743,346	-	-
Finance Income	7,542,065	6,588,688	24,206,663	38,818,443
Profit/(Loss) Before Tax	(1,070,329,328)	(842,508,638)	777,555,907	342,583,949
Income Tax Expense	322,726,779	106,769,587	(288,801,007)	(132,091,619)
Profit/(Loss) for The Year from Continuing Operations	(747,602,549)	(735,739,052)	488,754,900	210,492,329
Profit/(Loss) for The Year from Discontinued Operations	-	296,263,212	-	-
Profit/(Loss) for the Year	(747,602,549)	(439,475,840)	488,754,900	210,492,329
Gains/(Losses) on Financial Assets at FVOCI	(34,718,964)	12,802,667	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	1,971,846	14,966,924	(25,214,247)	29,078,096
Exchange difference in translation of foreign operations	-	-	539,136,707	(75,507,893)
Surplus on revaluation of Assets transferred to Investment Properties	-	18,447,766	-	-
Income Tax Effect	(337,422)	(18,639,230)	8,824,987	(10,177,333)
Total Comprehensive Income for the Year Net of Tax	(780,687,089)	(411,897,712)	1,011,502,347	153,885,198
Assets & Liabilities				
Total Non-Current Assets	22,571,174,527	18,073,115,424	3,157,754,006	1,997,582,810
Total Current Assets	6,545,441,044	7,842,484,526	2,786,580,371	1,882,991,501
Total Assets	29,116,615,571	25,915,599,950	5,944,334,377	3,880,574,311
Total Non-Current Liabilities	17,877,913,299	16,344,887,052	1,267,917,166	351,374,989
Total Current Liabilities	15,122,157,741	11,480,662,157	2,468,823,633	1,653,828,856
Total Liabilities	33,000,071,040	27,825,549,209	3,736,740,799	2,005,203,845
Other Disclosures				
Depreciation for the Year	793,165,033	721,691,037	149,108,697	110,397,026
Purchase of Property, Plant and Equipment, and Investment Properties	5,229,538,458	4,860,352,323	1,365,605,852	957,619,573
Provision for Employee Benefit Liability	15,230,223	15,248,596	40,032,444	36,052,324
Deferred Tax Assets	825,467	207,947	-	-
Deferred Tax Liabilities	1,379,409,510	620,257,310	86,200,746	37,678,655

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	
2019	2018	2019	2018	2019	2018
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
9,075,387,848	6,573,403,371	(10,001,108,813)	(7,395,541,581)	-	-
-	-	-	-	24,919,775,401	21,354,621,221
9,075,387,848	6,573,403,371	(10,001,108,813)	(7,395,541,581)	24,919,775,401	21,354,621,221
(99,749,233)	(95,225,682)	(819,878,419)	(651,048,907)	510,381,170	172,861,731
(29,109,097)	(3,265,687)	-	-	(1,936,580,772)	(1,585,477,173)
-	-	(8,400,000)	(11,300,000)	144,540,703	106,443,346
-	1,002	-	-	31,748,728	45,408,133
(128,858,331)	(98,490,367)	(828,278,419)	(662,348,907)	(1,249,910,171)	(1,260,763,963)
-	-	(81,889,740)	(51,113,193)	(47,963,968)	(76,435,225)
(128,858,331)	(98,490,367)	(910,168,159)	(713,462,099)	(1,297,874,139)	(1,337,199,188)
-	-	-	-	-	296,263,212
(128,858,331)	(98,490,367)	(910,168,159)	(713,462,099)	(1,297,874,139)	(1,040,935,976)
-	-	-	-	(34,718,964)	12,802,667
-	-	-	-	(23,242,401)	44,045,020
(1,581,238)	12,646,732	-	(11,557)	537,555,469	(62,872,719)
-	-	-	-	-	18,447,766
-	-	-	-	8,487,564	(28,816,563)
(130,439,569)	(85,843,635)	(910,168,159)	(713,473,656)	(809,792,471)	(1,057,329,805)
1,323,189,042	1,320,155,770	844,105,028	674,430,416	27,896,222,602	22,065,284,420
1,034,571,655	1,341,979,941	(2,866,194,546)	(1,842,620,549)	7,500,398,524	9,224,835,419
2,357,760,697	2,662,135,711	(2,022,089,518)	(1,168,190,133)	35,396,621,126	31,290,119,839
7,229,447	-	(961,308,056)	(7,991,069)	18,191,751,856	16,688,270,972
1,307,848,224	1,373,632,610	(2,847,984,523)	(1,870,091,422)	16,050,845,075	12,638,032,201
1,315,077,672	1,373,632,610	(3,809,292,579)	(1,878,082,491)	34,242,596,931	29,326,303,173
549,504	484,936	1,437,081	3,597,729	944,260,315	836,170,727
-	147,072	(117,023,328)	259,978,100	6,478,120,982	6,078,097,068
6,933,445	-	-	16,675,677	62,196,113	67,976,597
-	-	-	-	825,467	207,947
-	-	(961,308,059)	122,542,454	504,302,196	780,478,418

Notes to the Financial Statements

5. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
5.1 Revenue				
Sale of Goods	24,462,204,975	20,721,883,036	15,192,633,407	12,834,119,400
Freight Income	345,195,096	529,899,069	-	-
Revenue from Contracts with Customers	24,807,400,071	21,251,782,105	15,192,633,407	12,834,119,400
Rent Income	112,375,331	102,839,116	-	-
Total Revenue	24,919,775,401	21,354,621,221	15,192,633,407	12,834,119,400
5.2 Other Operating Income				
Rent Income	8,035,652	7,372,138	8,035,652	7,372,138
Expiration of Refundable Deposits Liability	510,846,356	570,021,499	510,846,356	570,021,499
Sundry Income	28,145,994	7,941,641	23,349,298	6,495,042
Dividend Income	3,202,949	4,359,720	586,926,229	509,152,304
Commission on Corporate Guarantees	-	-	20,249,422	31,727,757
	550,230,951	589,694,999	1,149,406,957	1,124,768,740
5.3 Finance Costs				
Interest Expense on Overdrafts	61,428,887	44,109,628	48,202,873	42,657,332
Interest Expense on Loans and Borrowings	1,606,597,862	1,435,842,979	1,513,000,684	1,352,361,994
Interest on Dealer Refundable Deposits	1,475,424	4,481,516	1,475,424	4,481,516
Interest on Import Loans	267,078,599	101,043,050	255,174,541	101,043,050
	1,936,580,772	1,585,477,173	1,817,853,522	1,500,543,891
5.4 Finance Income				
Interest Income	31,748,728	45,408,133	6,977,262	5,904,568
	31,748,728	45,408,133	6,977,262	5,904,568

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
5.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	868,379,004	763,566,077	458,563,600	419,736,162
Amortization of Intangible Assets	6,284,898	6,049,207	-	-
Employees Benefits including the following;	685,475,313	704,950,218	130,778,780	132,529,669
- Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	6,315,937	5,440,716	-	-
- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	7,186,988	7,952,113	6,652,970	6,961,503
Included in Administration Expenses				
Employees Benefits including the following;	409,855,249	342,368,377	161,142,024	155,708,962
- Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	39,573,495	31,762,203	13,189,503	14,286,861
- Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	28,305,672	31,122,543	16,129,260	15,299,729
Depreciation of Property, Plant and Equipment	48,263,554	50,331,143	24,905,252	26,279,793
Amortization of Intangible Assets	13,915,858	13,268,934	11,128,657	13,185,498
Auditors' Remuneration	3,331,961	2,541,143	1,365,000	1,300,000
Donations	3,577,110	2,576,273	3,452,110	692,781
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	253,559,683	265,834,010	122,840,857	118,691,669
- Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	16,306,680	945,680	-	-
- Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	13,235,495	23,591,518	10,778,875	9,493,516
Depreciation of Property, Plant and Equipment	27,617,757	22,273,508	13,117,058	13,293,557
Advertising and Promotion	228,692,786	342,636,972	152,156,971	262,033,932
5.6 Components of Other Comprehensive Income				
Fair Value Through OCI Financial Assets				
Gains/(Losses) arising during the Year	(34,718,964)	12,802,667	7,225,167,603	7,397,727,506
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(23,242,401)	44,045,020	2,320,459	7,888,505

Notes to the Financial Statements

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are as follows:

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
6.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 6.4)	234,713,285	168,370,027	-	2,214,668
Dividend Tax of Subsidiaries	84,816,215	53,912,177	-	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	3,281,905	7,843,219	-	4,937,940
	322,811,405	230,125,423	-	7,152,608
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 6.6)	(274,847,437)	(153,690,198)	(377,563,420)	(160,336,057)
Income Tax Expense Reported in the Statement of Profit or Loss	47,963,968	76,435,225	(377,563,420)	(153,183,449)
6.2 Statement of Changes in Equity				
Deferred Tax Related to Items Charged or Credited Directly to Equity during the year (Note 6.5):				
Tax Charge/(Reversal) on Deemed Cost adjustment of Property, Plant and Equipment and Investment Properties Attributable to Equity Holders of the Parent	-	117,891,059	-	45,454,105
	-	117,891,059	-	45,454,105
6.3 Consolidated 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	-	-	(725,988,656)	(372,924,374)
Surplus on Revaluation of Assets Transferred to Investment Properties	-	(15,662,389)	-	-
Actuarial Gain/(Loss) on Retirement Benefit Liability	8,487,564	(13,154,174)	(464,093)	(1,577,701)
Income Tax Charged Directly to Other Comprehensive Income	8,487,564	(28,816,563)	(726,452,749)	(374,502,075)

6.4 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2019 and 31 March 2018 are as follows:

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Accounting Loss before Tax	(1,249,910,171)	(1,260,763,963)	(819,542,193)	(1,133,209,528)
Adjustments in respect to Current Income Tax				
Consolidated Adjustments	839,163,349	649,462,030	-	-
Aggregate Disallowed Items	3,335,074,326	1,114,303,729	2,909,256,296	699,901,842
Aggregate Allowable Expenses	(2,166,866,676)	(2,553,003,972)	(1,830,934,217)	(1,749,094,809)
Tax Exempt Income/ Tax Losses	3,038,789,366	2,842,553,839	297,682,507	2,500,580,300
Taxable Business Income	670,609,385	474,373,858	-	-
Other Sources of Income	15,577,717	12,852,617	15,012,914	12,168,507
Allowable Deductions	(15,577,717)	(4,498,416)	(15,012,914)	(4,258,977)
Total Taxable Income	670,609,385	482,728,059	-	7,909,529
At the Statutory Income Tax Rate				
- Business Profit	20% - 35%	20% - 35%	20%	20%
- Other Income	28% - 35%	28% - 35%	28%	28%
Current Income Tax Expenses				
- Business Profit	234,713,285	166,030,850	-	-
- Other Income	-	2,339,176	-	2,214,668
Income Tax Expense reported in the Statement of Profit or Loss	234,713,285	168,370,027	-	2,214,668

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

6.5 Deferred Tax Assets, Liabilities and Income Tax relate to the following:

Group	Consolidated Statement of Financial Position		
	2019 Rs.	2018 Rs.	2017 Rs.
Deferred Tax Liabilities			
Property, Plant and Equipment and Investment Properties	1,762,845,354	1,649,955,871	1,158,057,920
	1,762,845,354	1,649,955,871	1,158,057,920
Deferred Tax Assets			
Employee Benefit Liability	(59,729,803)	(52,017,771)	(76,633,322)
Provision for Impairments	(44,566,086)	(44,407,976)	(48,872,920)
Provision for Inventories	(78,341,647)	(70,050,796)	(24,224,434)
Losses Available for Offsetting Against Future Taxable Income	(1,076,731,090)	(703,208,857)	(232,498,587)
	(1,259,368,625)	(869,685,400)	(382,229,263)
Deferred Income Tax Expense			
Net Deferred Tax Asset/Liability	503,476,729	780,270,471	775,828,657
Deferred Tax Liabilities	504,302,196	780,478,418	793,222,287
Deferred Tax Assets	(825,467)	(207,947)	(17,393,629)
	503,476,729	780,270,471	775,828,658

Company	Statement of Financial Position		
	2019 Rs.	2018 Rs.	2017 Rs.
Deferred Tax Liabilities			
Property, Plant and Equipment and Investment Properties	1,280,105,021	1,297,693,076	943,610,896
Investment in Subsidiaries	950,390,516	224,401,860	-
	2,230,495,537	1,522,094,936	943,610,896
Deferred Tax Assets			
Employee Benefit Liability	(12,591,907)	(10,854,851)	(11,974,965)
Provision for Impairments	(42,200,983)	(42,699,972)	(46,836,502)
Provision for Inventories	-	(630,219)	(8,267,636)
Losses Available for Offsetting Against Future Taxable Income	(1,020,134,026)	(661,230,602)	(180,950,110)
	(1,074,926,916)	(715,415,644)	(248,029,213)
Deferred Income Tax Expense			
Net Deferred Tax Asset/Liability	1,155,568,621	806,679,292	695,581,683

Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
91,989,046	370,243,173	-	15,662,389
91,989,046	370,243,173	-	15,662,389
5,977,125	3,645,543	(8,487,564)	13,154,174
78,406	4,136,530	-	-
630,219	(46,524,134)	-	-
(373,522,233)	(485,191,310)	-	-
(366,836,483)	(523,933,371)	(8,487,564)	13,154,174
(274,847,437)	(153,690,198)	(8,487,564)	28,816,563

Statement of Profit or Loss		Statement of Other Comprehensive Income	
2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
(17,588,055)	308,628,075	-	-
-	-	725,988,656	372,924,374
(17,588,055)	308,628,075	725,988,656	372,924,374
(2,201,147)	(457,587)	464,093	1,577,701
498,989	4,136,530	-	-
630,219	7,637,417	-	-
(358,903,426)	(480,280,492)	-	-
(359,975,365)	(468,964,132)	464,093	1,577,701
(377,563,420)	(160,336,057)	726,452,749	374,502,075

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
6.6 Reconciliation of Net Deferred Tax Liability				
As at 1 April	780,270,471	775,828,658	806,679,292	695,581,683
Exchange Difference on Translation of Foreign Operation	6,541,259	(980,066)	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss from Continuing Operations	(274,847,437)	(153,690,198)	(377,563,420)	(160,336,057)
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss from Discontinued Operations	-	(4,057,687)	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	(8,487,564)	28,816,563	726,452,749	374,502,075
Deferred Tax Directly Recognised in Equity	-	117,891,059	-	45,454,105
Group Restructuring Adjustment	-	16,462,142	-	(148,522,514)
As at 31 March	503,476,729	780,270,471	1,155,568,621	806,679,292

6.7 Current Taxes

6.7.1 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 (2018 - Inland Revenue Act No. 10 of 2006 as amended), 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 28% during year of assessment 2018/19 (Y/A 2017/18 - 28 %).

6.7.2 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 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

6.7.3 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 35% under Sec. 16CCC of Income Tax Ordinance (ITO) 1984 imposed by the Government of Bangladesh through Finance Act 2015.

6.7.4 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	
	2019 Rs.	2018 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) attributable to Ordinary Equity Holders of the Parent;		
Continuing operations	(1,297,874,139)	(1,337,199,188)
Discontinued operations	-	296,263,212
Net Profit/(Loss) attributable to ordinary equity holders of the parent for Basic/Diluted Earnings/(Loss) Per Share	(1,297,874,139)	(1,040,935,976)

	2019 Number	2018 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted	387,000,086	387,000,086

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorization of these financial statements.

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

8.1.1 Gross Carrying Amounts

	Balance As at 01.04.2017	Additions/ Incurred during the Year	Transfers in/ (out)	Revaluation	Disposals during the Year
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Freehold Land	1,056,581,031	8,000,000	(25,500,000)	5,088,000	-
Land Development	490,231,227	1,101,434	-	-	-
Buildings on Freehold Land	1,959,669,305	17,769,353	(95,413,322)	13,359,766	-
Buildings on Leasehold Land	2,618,492,670	116,959,826	5,876,142	-	(2,393,828)
Plant, Machinery and Equipment	6,697,954,003	120,033,938	28,217,903	-	(853,237)
Office Equipment	487,565,117	26,279,503	1,472,669	-	(7,356,041)
Furniture and Fittings	440,639,424	10,827,434	482,758	-	(731,593)
Jetty	56,012,700	-	-	-	-
Gas Point Dealer Huts	35,932,851	34,745,480	-	-	-
Motor Vehicles	501,619,306	2,843,045	-	-	(7,636,571)
Kitchen Equipment	82,784,134	3,327,210	(312,415)	-	-
Gym Equipment	11,632,567	68,290	-	-	-
Vessels	2,126,070,744	-	-	-	-
Dry Docking Cost of Vessels	279,360,653	91,689,352	-	-	(57,090,730)
Gas Stock in Tank	10,056,861	2,842,022	-	-	(5,222,089)
Cylinders in Hand and in Circulation	6,072,182,808	1,416,656,223	-	-	(61,898,941)
	22,926,785,401	1,853,143,111	(85,176,265)	18,447,766	(143,183,029)
Assets on Finance Leases					
Motor Vehicles	34,628,000	-	-	-	-
	34,628,000	-	-	-	-
Total Value of Depreciable Assets	22,961,413,401	1,853,143,111	(85,176,265)	18,447,766	(143,183,029)

Exchange Differences	Group Restructuring	Balance As at 01.04.2018	Additions/ Incurred during the Year	Transfers In/ (Out)	Disposals during the Year	Exchange Differences	Balance As at 31.03.2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	(643,709,531)	400,459,500	-	-	-	-	400,459,500
(1,376,532)	(101,204,138)	388,751,991	-	221,660	-	9,603,525	398,577,176
-	(1,692,587,908)	202,797,193	743,840	5,899,598	-	-	209,440,631
(339,553)	(2,712,890,410)	25,704,848	431,446	127,366,379	-	7,541,827	161,044,500
(13,506,464)	(4,957,921,626)	1,873,924,518	32,555,596	320,170,286	(583,232)	108,826,890	2,334,894,057
(858,184)	(380,278,677)	126,824,386	12,320,307	116,530	(404,110)	7,066,968	145,924,082
(547,200)	(256,950,662)	193,720,162	10,650,767	-	(486,482)	5,335,484	209,219,931
(1,013,081)	-	54,999,620	-	-	-	7,067,867	62,067,487
(82,186)	-	70,596,146	9,588,284	-	-	1,756,887	81,941,317
(1,454,297)	(54,791,890)	440,579,593	5,800,000	-	(95,670,463)	9,829,880	360,539,010
-	(85,798,929)	-	-	-	-	-	-
-	(11,700,857)	-	-	-	-	-	-
-	-	2,126,070,744	-	-	-	-	2,126,070,744
-	-	313,959,275	167,737,096	-	(64,877,551)	-	416,818,820
-	-	7,676,794	5,388,288	-	(4,834,772)	-	8,230,310
(2,813,501)	-	7,424,126,589	905,744,183	92,059,195	(61,464,080)	31,003,993	8,391,469,880
(21,990,997)	(10,897,834,628)	13,650,191,359	150,959,807	545,833,647	(228,320,688)	188,033,320	15,306,697,444
-	(34,628,000)	-	-	-	-	-	-
-	(34,628,000)	-	-	-	-	-	-
(21,990,997)	(10,932,462,628)	13,650,191,359	1,150,959,807	545,833,647	(228,320,688)	188,033,320	15,306,697,444

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

	Balance As at 01.04.2017	Additions/ Incurred during the Year	Transfers in/ (out)	Revaluation	Disposals during the Year
	Rs.	Rs.	Rs.	Rs.	Rs.
In the Course of Construction					
Buildings	63,368,908	9,118,797	(7,008,114)	-	-
Fire Water Storage Project	372,862	-	-	-	-
Fire Pump Installation	297,062	-	-	-	-
Galle Bottling Plant	1,572,917	-	-	-	-
Plant & Machinery	-	-	-	-	-
Motor Tricycle	4,847,151	658,200	-	-	(220,325)
River Water Project	86,703	-	-	-	-
Motor Vehicles	831,796	-	-	-	-
Tank Installation Project	58,799,340	27,292,643	(28,216,834)	-	-
Land Preparation	893,220	60,000	-	-	-
Gas Shop	569,070	58,500	(512,108)	-	-
Hydro Power Plant	393,390,199	170,115,267	-	-	-
Cylinder filling ramp	-	-	-	-	-
LPG Terminal Project	2,409,157,049	3,267,955,187	-	-	-
Storage Tank	239,149,486	228,559,827	-	-	-
LPG Pipe Lines	-	7,436,010	-	-	-
12.5kg Carousel	-	79,477	-	-	-
Cylinder Requalification Plant	-	126,351,184	-	-	-
Cylinders	-	375,312,210	-	-	-
	3,173,335,764	4,212,997,303	(35,737,056)	-	(220,325)
Total Gross Carrying Amount	26,134,749,165	6,066,140,413	(120,913,320)	18,447,766	(143,403,354)

Exchange Differences	Group Restructuring	Balance As at 01.04.2018	Additions/ Incurred during the Year	Transfers In/ (Out)	Disposals during the Year	Exchange Differences	Balance As at 31.03.2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	(61,381,343)	4,098,248	975,346	(2,269,883)	-	-	2,803,711
-	-	372,862	-	-	-	-	372,862
-	-	297,062	-	-	-	-	297,062
-	-	1,572,917	-	-	-	-	1,572,917
-	-	-	3,185,346	(2,732,673)	-	-	452,673
-	-	5,285,026	-	(658,200)	(4,626,826)	-	-
-	-	86,703	-	-	-	-	86,703
-	-	831,796	-	(761,752)	-	-	70,044
-	-	57,875,149	39,478,279	(79,755,805)	-	-	17,597,623
-	-	953,220	-	(953,220)	-	-	-
-	-	115,462	-	(115,462)	-	-	-
-	(563,505,466)	-	-	-	-	-	-
-	-	-	33,438,382	-	-	1,353,492	34,791,874
-	-	5,677,112,236	4,114,757,631	-	-	-	9,791,869,867
(9,767,296)	-	457,942,018	866,434,751	(1,277,735)	-	132,327,932	1,455,426,965
-	-	7,436,010	1,963,100	-	-	-	9,399,110
-	-	79,477	-	-	-	-	79,477
(954,528)	-	125,396,656	229,243,789	(365,249,723)	-	10,609,278	-
(2,418,808)	-	372,893,402	36,925,254	(409,818,656)	-	-	-
(13,140,632)	(624,886,809)	6,712,348,244	5,326,401,878	(863,593,110)	(4,626,826)	144,290,702	11,314,820,889
(35,131,629)	(11,557,349,437)	20,362,539,603	6,477,361,685	(317,759,461)	(232,947,514)	332,324,023	26,621,518,333

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.2 Depreciation

	Balance As at 01.04.2017	Charged for the Year	Transfers in/ (out)	Revaluation	Disposals during the Year
	Rs.	Rs.	Rs.	Rs.	Rs.
At Cost					
Land Development	22,003,628	9,033,292	-	-	-
Buildings on Freehold Land	114,199,092	43,554,418	(2,806,661)	-	-
Buildings on Leasehold Land	342,565,911	75,106,196	-	-	(371,222)
Plant, Machinery and Equipment	763,933,469	388,123,620	-	-	(699,216)
Office Equipment	227,251,237	53,404,401	4,037,676	-	(7,254,376)
Furniture and Fittings	124,693,511	45,362,860	(73,241)	-	(219,811)
Jetty	23,539,739	6,830,647	-	-	-
Gas Point Dealer Huts	18,792,164	4,793,520	-	-	-
Motor Vehicles	209,389,728	50,392,093	-	-	(5,789,529)
Kitchen Equipment	16,480,000	12,470,102	(3,964,435)	-	-
Gym Equipment	2,224,297	1,167,914	-	-	-
Vessels	214,678,953	156,989,495	-	-	-
Dry Docking cost of Vessels	121,834,724	92,088,541	-	-	(57,090,730)
Gas Stock in Tank	6,018,404	3,660,218	-	-	(5,222,089)
Cylinders in Hand and in Circulation	1,288,658,106	350,249,648	-	-	(24,177,725)
	3,496,262,965	1,293,226,964	(2,806,661)	-	(100,824,698)
Assets on Finance Lease					
Motor Vehicles	12,627,966	5,225,365	-	-	-
	12,627,966	5,225,365	-	-	-
Total Depreciation	3,508,890,930	1,298,452,329	(2,806,661)	-	(100,824,698)

Exchange Differences	Group Restructuring	Balance As at 01.04.2018	Charged for the Year	Transfers In/ (Out)	Disposals during the Year	Exchange Differences	Balance As at 31.03.2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(396,780)	(5,936,049)	24,704,091	5,841,283	-	-	3,411,101	33,956,475
-	(135,303,341)	19,643,508	5,529,636	-	-	-	25,173,145
(92,628)	(408,394,675)	8,813,582	5,708,274	-	-	942,278	15,464,133
(4,702,124)	(518,016,147)	628,639,603	151,090,445	-	(102,066)	40,762,131	820,390,113
(532,175)	(178,088,857)	98,817,905	15,250,491	-	(196,389)	4,808,047	118,680,055
(106,854)	(81,852,736)	87,803,731	20,231,127	-	(118,575)	1,455,181	109,371,464
(477,357)	-	29,893,030	7,358,426	-	-	4,139,329	41,390,785
(8,783)	-	23,576,901	11,665,167	-	-	401,782	35,643,851
(966,347)	(30,148,371)	222,877,574	42,057,743	-	(59,199,621)	7,875,790	213,611,487
-	(24,985,666)	-	-	-	-	-	-
-	(3,392,211)	-	-	-	-	-	-
-	-	371,668,448	164,264,654	-	-	-	535,933,102
-	-	156,832,535	118,562,397	-	(63,555,478)	-	211,839,453
-	-	4,456,533	3,634,443	-	(4,781,306)	-	3,309,670
(360,465)	-	1,614,369,564	393,066,229	-	(26,120,703)	3,802,885	1,985,117,974
(7,643,512)	(1,386,118,051)	3,292,097,006	944,260,315	-	(154,074,138)	67,598,525	4,149,881,707
-	(17,853,330)	-	-	-	-	-	-
-	(17,853,330)	-	-	-	-	-	-
(7,643,512)	(1,403,971,382)	3,292,097,006	944,260,315	-	(154,074,138)	67,598,525	4,149,881,707

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.3 Net Book Values

	2019 Rs.	2018 Rs.	2017 Rs.
At Cost			
Freehold Land	400,459,500	400,459,500	1,056,581,031
Land Development	364,620,701	364,047,900	468,227,599
Buildings on Freehold Land	184,267,486	183,153,685	1,845,470,213
Buildings on Leasehold Land	145,580,367	16,891,266	2,275,926,760
Plant, Machinery and Equipment	1,514,503,944	1,245,284,915	5,934,020,533
Office Equipment	27,244,027	28,006,481	260,313,880
Furniture and Fittings	99,848,467	105,916,431	315,945,913
Jetty	20,676,703	25,106,590	32,472,961
Gas Point Dealer Huts	46,297,466	47,019,245	17,140,687
Motor Vehicles	146,927,523	217,702,019	292,229,578
Kitchen Equipment	-	-	66,304,134
GYM Equipment	-	-	9,408,270
Vessels	1,590,137,642	1,754,402,295	1,911,391,790
Dry Docking Cost of Vessels	204,979,367	157,126,740	157,525,929
Gas Stock in Tank	4,920,640	3,220,261	4,038,456
Cylinders in Hand and in Circulation	6,406,351,905	5,809,757,025	4,783,524,702
	11,156,815,737	10,358,094,353	19,430,522,437
In the Course of Construction			
Buildings	2,803,711	4,098,248	63,368,908
Fire Water Storage Project	372,862	372,862	372,862
Fire Pump Installation	297,062	297,062	297,062
Galle Bottling Plant	1,572,917	1,572,917	1,572,917
Plant & Machinery	452,673	-	-
Motor Tricycle	-	5,285,026	4,847,151
River Water Project	86,703	86,703	86,703
Motor Vehicles	70,044	831,796	831,796
Tank Installation Project	17,597,623	57,875,149	58,799,340
Land Preparation	-	953,220	893,220
Gas Shop	-	115,462	569,070
Hydro Power Plant	-	-	393,390,199
Cylinder Pallets	34,791,874	-	-
LPG Terminal Project	9,791,869,867	5,677,112,236	2,409,157,049
Storage Tank	1,455,426,965	457,942,018	239,149,486
LPG Pipe Lines	9,399,110	7,436,010	-
12.5kg Carousel	79,477	79,477	-
Cylinder Requalification Plant	-	125,396,656	-
Cylinders	-	372,893,402	-
	11,314,820,889	6,712,348,247	3,173,335,764
Total Carrying Amount of Property, Plant and Equipment	22,471,636,626	17,070,442,596	22,625,858,235

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2017 Rs.	Additions/ Incurred during the Year Rs.	Transfer In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 01.04.2018 Rs.	Additions/ Incurred during the Year Rs.	Transfer In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2019 Rs.
At Cost									
Freehold Land	365,327,500	8,000,000	-	-	373,327,500	-	-	-	373,327,500
Land Development	314,020,789	-	-	-	314,020,789	-	221,660	-	314,242,449
Buildings on Freehold Land	99,176,843	1,072,000	-	-	100,248,843	732,040	5,899,598	-	106,880,480
Building on Leasehold Land	6,121,851	-	-	-	6,121,851	-	-	-	6,121,851
Plant, Machinery and Equipment	1,045,792,190	13,721,297	28,217,903	-	1,087,731,390	8,732,399	82,286,942	(583,232)	1,178,167,499
Office Equipment	65,565,274	2,027,949	-	-	67,593,223	767,207	116,530	-	68,476,960
Furniture and Fittings	126,610,057	1,058,349	511,040	-	128,179,446	-	-	-	128,179,446
Gas Point Dealer Huts	35,499,651	23,866,552	-	-	59,366,202	264,600	-	-	59,630,802
Motor Vehicles	358,799,507	2,827,045	-	-	361,626,552	-	-	(87,859,078)	273,767,474
Cylinders in Hand and in Circulation	5,961,695,749	1,308,752,893	-	(61,898,941)	7,208,549,701	824,198,700	92,059,195	(61,464,080)	8,063,343,515
Total Value of Depreciable Assets	8,378,609,410	1,361,326,085	28,728,942	(61,898,941)	9,706,765,497	834,694,945	180,583,925	(149,906,389)	10,572,137,977
In the Course of Construction									
Buildings	2,416,438	1,681,810	-	-	4,098,248	975,346	(2,269,883)	-	2,803,712
Fire Water Storage Project	372,862	-	-	-	372,862	-	-	-	372,862
Fire Pump Installation	297,062	-	-	-	297,062	-	-	-	297,062
Galle Bottling Plant	1,572,917	-	-	-	1,572,917	-	-	-	1,572,917
Plant & Machinery	-	-	-	-	-	3,185,346	(2,732,673)	-	452,673
Motor Tricycle	4,847,151	658,200	-	(220,325)	5,285,026	-	(658,200)	(4,626,826)	-
River Water Project	86,703	-	-	-	86,703	-	-	-	86,703
Motor Vehicles	831,796	-	-	-	831,796	-	(761,752)	-	70,044
Tank Installation Project	58,799,340	27,292,643	(28,216,834)	-	57,875,149	39,478,279	(79,755,805)	-	17,597,623
Land Preparation	893,220	60,000	-	-	953,220	-	(953,220)	-	-
Gas Shop	569,070	58,500	(512,108)	-	115,462	-	(115,462)	-	-
Storage Tanks	6,171,971	-	-	-	6,171,971	3,490,960	(1,277,735)	-	8,385,196
LPG Pipe Lines	-	7,436,010	-	-	7,436,010	1,963,100	-	-	9,399,110
Cylinders	-	55,133,940	-	-	55,133,940	36,925,254	(92,059,195)	-	-
12.5kg Carousel	-	79,477	-	-	79,477	-	-	-	79,477
	76,858,530	92,400,581	(28,728,942)	(220,325)	140,309,844	86,018,285	(180,583,925)	(4,626,826)	41,117,379
Total Gross Carrying Amount	8,455,467,940	1,453,726,665	-	(62,119,266)	9,847,075,341	920,713,230	-	(154,533,215)	10,613,255,356

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.2 Company (Contd.)

8.2.2 Depreciation

	Balance As at 01.04.2017 Rs.	Charged for the Year Rs.	Transfer In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 01.04.2018 Rs.	Charged for the Year Rs.	Transfer In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2019 Rs.
At Cost									
Buildings on Freehold Land	13,064,905	2,847,280	-	-	15,912,185	2,965,805	-	-	18,877,990
Buildings on Leasehold Land	1,785,005	437,100	-	-	2,222,105	437,100	-	-	2,659,205
Plant, Machinery and Equipment	270,654,293	60,106,247	-	-	330,760,540	66,033,034	-	(102,066)	396,691,508
Office Equipment	57,164,953	4,768,041	-	-	61,932,994	3,647,415	-	-	65,580,409
Furniture and Fittings	61,172,022	13,131,884	-	-	74,303,906	13,154,933	-	-	87,458,839
Gas Point Dealer Huts	18,788,554	3,587,651	-	-	22,376,204	5,347,213	-	-	27,723,417
Motor Vehicles	131,014,005	32,248,750	-	-	163,262,755	28,842,137	-	(51,388,235)	140,716,657
Cylinders in Hand and in Circulation	1,272,097,695	342,182,558	-	(24,177,725)	1,590,102,528	376,158,273	-	(26,120,703)	1,940,140,099
Total Depreciation	1,825,741,432	459,309,512	-	(24,177,725)	2,260,873,219	496,585,910	-	(77,611,004)	2,679,848,125

8.2.3 Net Book Values

	2019 Rs.	2018 Rs.	2017 Rs.
At Cost			
Freehold Land	373,327,500	373,327,500	365,327,500
Land Development	314,242,449	314,020,789	314,020,789
Buildings on Freehold Land	88,002,490	84,336,658	86,111,938
Building on Leasehold Land	3,462,646	3,899,746	4,336,846
Plant, Machinery and Equipment	781,475,991	756,970,851	775,137,897
Office Equipment	2,896,550	5,660,228	8,400,320
Furniture and Fittings	40,720,607	53,875,540	65,438,034
Gas Point Dealer Huts	31,907,385	36,989,998	16,711,097
Motor Vehicles	133,050,817	198,363,797	227,785,502
Cylinders in Hand and in Circulation	6,123,203,416	5,618,447,172	4,689,598,054
	7,892,289,852	7,445,892,278	6,552,867,978
In the Course of Construction			
Buildings	2,803,712	4,098,248	2,416,438
Fire Water Storage Project	372,862	372,862	372,862
Fire Pump Installation	297,062	297,062	297,062
Galle Bottling Plant	1,572,917	1,572,917	1,572,917
Plant & Machinery	452,673	-	-
Motor Tricycle	-	5,285,026	4,847,151
River Water Project	86,703	86,703	86,703
Motor Vehicles	70,044	831,796	831,796
Tank Installation Project	17,597,623	57,875,149	58,799,340
Land Preparation	-	953,220	893,220
Gas Shop	-	115,462	569,070
Storage Tanks	8,385,196	6,171,971	6,171,971
LPG Pipe Lines	9,399,110	7,436,010	-
Cylinders	-	55,133,940	-
12.5kg Carousel	79,477	79,477	-
	41,117,379	140,309,844	76,858,530
Total Carrying Amount of Property, Plant and Equipment	7,933,407,230	7,586,202,122	6,629,726,509

Notes to the Financial Statements

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.3 During the financial year, the Group and Company acquired property, plant & equipment to the aggregate value of Rs.6,477,361,685/- and Rs. 920,713,231/- respectively (2018 - Rs.6,066,140,413/- and Rs. 1,453,726,668/-) of which Rs. Nil (2018- Nil) was acquired by means of finance leases. Cash payment amounting Rs.6,801,040,403/- and Rs. 920,713,231/- respectively. (2018 - Rs.6,066,140,413/-and Rs. 1,453,726,666/-).

8.4 The amount of borrowing costs capitalized during the year ended 31 March 2019 was Rs.993,469,830/- (2018 -Rs.365,116,693/-). The rate used to determine the amount of borrowing costs eligible for capitalisation was 3 Months LIBOR + 2.3% to 3.75% per annum, which is the EIR of the specific borrowings.

8.5 The useful lives of the assets are estimated as follows:

	2019	2018
Group		
Land Development*	13 - 24 Years	13 - 28 Years
Buildings on Freehold Land	40 - 50 Years	40 - 50 Years
Buildings on Leasehold Land*	9 - 27 Years	9 - 27 Years
Plant, Machinery and Equipment	3 - 20 Years	3 - 20 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
Kitchen Equipment	10 Years	10 Years
GYM Equipment	10 Years	10 Years
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessels	10 Years	10 Years
Dry Docking Cost of Vessels	3 Years	3 Years
Gas Stock in Tank	3 Years	3 Years
Company		
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 Years	14 Years
Plant, Machinery and Equipment	3 - 20 Years	3 - 20 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer 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.

Consequence to the Group restructuring on 31 March 2018, Group has recognised a freehold property located at Maya Avenue as investment properties, which was previously recognised under Property, Plant & Equipment in the Group financial statements. Corresponding surplus on revaluation amounting to Rs.18,447,766/- has been recognised in revaluation reserve in the equity at the point of transfer.

9. INVESTMENT PROPERTIES

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
As at 1 April	2,507,306,661	2,270,800,000	804,500,000	761,500,000
Addition during the Year	759,297	11,956,654	-	-
Transfers In/(Out)	-	118,106,661	-	-
Fair Value Gain	144,540,703	106,443,346	29,200,000	43,000,000
As at 31 March	2,652,606,661	2,507,306,661	833,700,000	804,500,000
Rental Income derived from Investment Properties	119,290,783	102,839,116	6,915,452	5,343,222
Net Profit arising from Investment Properties	119,290,783	102,839,116	6,915,452	5,343,222

9.1 Fair value related disclosures of the Investment Properties

Fair Value hierarchy

The fair value of the Company's investment property are categorised into Level 3 of the fair value hierarchy.

Investment properties are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2019 and 31 March 2018. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable inputs	2019	2018
LAUGFS Gas PLC				
Land & Building - Galle	Direct Capital Comparison Method	Price per perch for land	Rs.1,750,000	Rs.1,550,000
		Price per square foot for building	Rs.1,750-2,750	Rs.1,500-2,500
		Depreciation rate	10%-30%	10%-30%
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.9,500,000	Rs.9,250,000
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.9,250,000	Rs.9,000,000
		Price per square foot for building	Rs.2,000-4,250	Rs.1,750-4,000
		Depreciation rate	15%	15%
Land - Biyagama	Direct Capital Comparison Method	Price per perch for land	Rs.340,000	Rs.315,000
LAUGFS Property Developers (Pvt) Ltd				
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.8,500,000	Rs.8,000,000
		Price per square foot for building	Rs.18,750	Rs.17,500
		Depreciation rate	10%	10%
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.4,500,000	Rs.4,250,000

Notes to the Financial Statements

10. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2017	95,546,136	3,041,624,429	3,137,170,565	54,668,438	54,668,438
Additions	12,220,278	-	12,220,278	372,505	372,505
Exchange Differences on Translations of foreign operations	(7,855)	(42,495,370)	(42,503,225)	-	-
Group Restructuring	(23,195,078)	(683,335,489)	(706,530,567)	-	-
As at 31 March 2018	84,563,481	2,315,793,570	2,400,357,052	55,040,942	55,040,942
Additions	43,144,853	-	43,144,853	-	-
Exchange Differences on Translations of foreign operations	1,063,053	296,473,543	297,536,596	-	-
As at 31 March 2019	**128,771,387**	**2,612,267,113**	**2,741,038,500**	**55,040,942**	**55,040,942**
Amortization and Impairment					
As at 1 April 2017	48,357,184	-	48,357,184	29,491,061	29,491,061
Amortization	24,978,886	-	24,978,886	13,185,498	13,185,498
Group Restructuring	(16,379,595)	-	(16,379,595)	-	-
As at 31 March 2018	56,956,475	-	56,956,475	42,676,559	42,676,560
Amortization	20,200,756	-	20,200,756	11,128,657	11,128,657
Exchange Differences on Translations of foreign operations	14,929	-	14,929	-	-
As at 31 March 2019	**77,172,159**	**-**	**77,172,159**	**53,805,217**	**53,805,217**
Net Book Values					
As at 1 April 2017	47,188,952	3,041,624,429	3,088,813,381	25,177,376	25,177,376
As at 31 March 2018	27,607,006	2,315,793,570	2,343,400,577	12,364,383	12,364,383
As at 31 March 2019	**51,599,227**	**2,612,267,113**	**2,663,866,340**	**1,235,725**	**1,235,726**

11. IMPAIRMENT TESTING OF GOODWILL

For impairment testing Goodwill acquired through business combinations with indefinite useful lives are allocated to the Energy and Property Development cash generating units, which are also operating and reportable segments.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2019 Rs.	2018 Rs.
Property Development	8,742,326	8,742,326
Energy	2,603,524,787	2,307,051,244
	2,612,267,113	2,315,793,570

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 2019,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 13.2.

12. PREPAYMENTS

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Prepayments	76,823,092	176,897,779	191,001,323	14,875,359	34,073,223	18,879,274
Group Restructuring Adjustment	-	(100,803,615)	-	-	-	-
	76,823,092	76,094,163	191,001,323	14,875,359	34,073,223	18,879,274
Prepayments within One Year (Current)	72,800,116	69,801,807	85,250,366	14,875,359	34,073,223	18,879,274
Prepayments after One Year (Non-Current)	4,022,976	6,292,356	105,750,957	-	-	-
	76,823,092	76,094,163	191,001,323	14,875,359	34,073,223	18,879,274

Notes to the Financial Statements

13. INVESTMENTS IN SUBSIDIARIES

13.1 Company

Non-Quoted	Country of Incorporation	% of Holding			Fair Value			Cost		
		2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
LAUGFS Eco Sri Ltd.	Sri Lanka	-	-	100%	-	-	3,757,373,122	-	-	416,301,984
LAUGFS Leisure Ltd.	Sri Lanka	-	-	100%	-	-	3,990,502,356	-	-	3,000,000,000
LAUGFS Property Developers (Pvt) Ltd.	Sri Lanka	75%	75%	86%	1,280,257,500	1,173,699,000	1,172,769,100	870,000,020	870,000,020	550,000,000
LAUGFS Power Ltd.	Sri Lanka	-	-	100%	-	-	1,926,751,315	-	-	1,879,999,930
LAUGFS Maritime Services (Pvt) Ltd.	Sri Lanka	100%	100%	100%	1,926,412,000	1,863,701,000	1,596,572,000	800,000,010	800,000,010	800,000,010
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	69%	69%	69%	9,909,615,793	7,296,909,882	4,451,973,720	2,597,931,346	2,597,931,346	2,597,931,346
SLOGAL Energy DMCC	United Arab Emirates	100%	100%	100%	2,851,987,000	2,566,902,000	2,198,940,000	1,356,103,616	1,356,103,616	1,356,103,616
LAUGFS Terminals Ltd.	Sri Lanka	100%	100%	100%	16,215,269,635	9,652,443,489	8,398,925,980	3,620,000,000	1,250,000,010	1,250,000,010
Total Non-Quoted Investments in Subsidiaries					32,183,541,928	22,553,655,371	27,493,807,593	9,244,034,992	6,874,035,002	11,850,336,896

*Investments in LAUGFS Eco Sri Ltd (formally known as LAUGFS Eco Sri (Pvt) Ltd), LAUGFS Leisure Ltd and LAUGFS Power Ltd have been vested to the shareholders of LAUGFS Gas PLC, with effect from 31 March 2018 (Note 14.2.1).

13.2 Fair value related disclosures of the Investments in Subsidiaries

13.2.1 Fair Value hierarchy

The fair value of the Company's investment in subsidiaries are categorised into Level 3 of the fair value hierarchy.

13.2.2 Valuation Techniques and Significant inputs

Company	Valuation Technique	Significant inputs	2019	2018
LAUGFS Maritime Services (Pvt) Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	15.8%	15.2%
		Terminal growth rate	3%	3%
LAUGFS Gas (Bangladesh) Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	10.7%	10.5%
		Terminal growth rate	1%	1%
SLOGAL Energy DMCC	Discounted Cash Flow Methodology	Weighted average cost of capital	14.1%	14.5%
		Terminal growth rate	1.5%	1.5%
LAUGFS Terminals Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	11.0%	10.9%
		Terminal growth rate	3%	3%

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 9.1.

13.2.3 Sensitivity of Assumptions Employed in Fair Valuation

Company	Increase/ (Decrease) Weighted Average Cost of Capital	Terminal Growth Rate	2019 Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Effect on Other Comprehensive Income Rs.	Fair Value of Financial Assets at FVOCI Rs.	2018 Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVOCI Rs.
LAUGFS Maritime Services (Pvt) Ltd.	+1%	-	160,004,000	(160,004,000)	163,826,000	1,766,408,000	(163,826,000)	1,699,875,000
	-1%	-	(191,807,000)	191,807,000	(197,664,000)	2,118,219,000	197,664,000	2,061,365,000
	-	+1%	(137,789,000)	137,789,000	(133,534,000)	2,064,201,000	133,534,000	1,997,235,000
	-	-1%	116,813,000	(116,813,000)	113,320,000	1,809,599,000	(113,320,000)	1,750,381,000
LAUGFS Gas (Bangladesh) Ltd.	+1%	-	(1,478,964,617)	1,478,964,617	958,037,202	11,388,580,410	(958,037,202)	6,338,872,680
	-1%	-	1,206,382,213	(1,206,382,213)	(1,193,322,078)	8,703,233,580	1,193,322,078	8,490,231,960
	-	+1%	(1,035,010,337)	1,035,010,337	(858,062,118)	10,944,626,130	858,062,118	8,154,972,000
	-	-1%	848,912,533	(848,912,533)	693,971,442	9,060,703,260	(693,971,442)	6,602,938,440
SLOGAL Energy DMCC	+1%	-	139,721,928	(139,721,928)	112,682,593	2,712,265,072	(112,682,593)	2,454,219,407
	-1%	-	(166,051,469)	166,051,469	(135,658,763)	3,018,038,469	135,658,763	2,702,560,763
	-	+1%	(113,386,684)	113,386,684	(102,499,441)	2,965,373,684	102,499,441	2,669,401,441
	-	-1%	96,760,062	(96,760,062)	87,824,373	2,755,226,938	(87,824,373)	2,479,077,627
LAUGFS Terminals Ltd.	+0.1%	-	422,925,445	(422,925,445)	338,850,909	15,792,344,190	(338,850,909)	9,313,592,580
	-0.1%	-	(436,941,215)	436,941,215	(349,756,641)	16,652,210,850	349,756,641	10,002,200,130
	-	+0.1%	(335,138,075)	335,138,075	(254,458,971)	16,550,407,710	254,458,971	9,906,902,460
	-	-0.1%	324,644,905	(324,644,905)	246,828,609	15,890,624,730	(246,828,609)	9,405,614,880

Notes to the Financial Statements

14. GROUP RESTRUCTURING

14.1 Arrangement

The Board of Directors of LAUGFS Gas PLC at a meeting held an 23 December 2017 resolved to segregate its Subsidiaries not relating to the core business of Gas (LAUGFS Eco Sri Limited, LAUGFS Leisure Limited and LAUGFS Power Limited) from LAUGFS Gas PLC, with the Subsidiaries having imitated shareholding to LAUGFS Gas PLC and that segregation be effected in terms of an “Arrangement” approved by court under Sec. 256 of the Companies Act No. 07 of 2007.

The restructuring arrangement has been duly approved by the shareholders of the LAUGFS Gas PLC at an Extraordinary General Meeting held on 20 March 2018; and the Commercial High Court of The Western Province on 23 March 2018 in the following manner,

- Each ordinary voting share of the LAUGFS Gas PLC as at 31 March 2018 being vested with one (01) ordinary voting share of LAUGFS Leisure Limited, one (01) ordinary voting share of LAUGFS Power Limited and one (01) ordinary voting share of LAUGFS Eco Sri Limited; and each ordinary non-voting share of the Company as at 31 March 2018 being vested with one (01) ordinary non-voting share of LAUGFS Leisure Limited, one (01) ordinary non-voting share of LAUGFS Power Limited and one (01) ordinary non-voting share of LAUGFS Eco Sri Limited, in addition to the shares which each shareholder holds in LAUGFS Gas PLC as of 31 March 2018.
- Stated capital of LAUGFS Gas PLC be reduced from Rs.3,285,000,260/- to Rs.1 000,000,000/- as of 31 March 2018.

14.2 Company

14.2.1 Investments in Subsidiaries Vested to Shareholders of LAUGFS Gas PLC

LAUGFS Eco Sri Limited (incorporated and domiciled in Sri Lanka), LAUGFS Leisure Limited (incorporated and domiciled in Sri Lanka) and LAUGFS Power Limited (incorporated and domiciled in Sri Lanka) were 100% owned subsidiaries of LAUGFS Gas PLC up to 31 March 2018. With effect from the restructuring arrangement, investments in said companies have been vested to the shareholders of LAUGFS Gas PLC on 31 March 2018.

	Rs.
Reduction of Stated Capital under Sec. 256 of the Companies Act No. 07 of 2007	2,285,000,260
Amount recognised in Fair Value Through OCI Reserve	7,200,252,653
Amount recognised in Retained Earnings	3,312,431,819

14.3 Group

Consequent to the restructuring arrangement, LAUGFS Eco Sri Limited, LAUGFS Leisure Limited and LAUGFS Power Limited became direct subsidiaries of LAUGFS Holdings Limited with effect from 31 March 2018. The Management of the Group is of the view that despite the transaction resulting a change in the immediate parent of above companies., the Group and above companies are ultimately controlled by the same party which is LAUGFS Holdings Ltd., both before and after the vesting of shares, and that control is not transitory. Hence, this transaction is a group reorganization involving entities or business under common control.

14.3.1 Discontinued Operations

Financial results of LAUGFS Eco Sri Limited, LAUGFS Leisure Limited and LAUGFS Power Limited for the year ended 31 March 2018 are classified as discontinued operations with the vesting of shares on 31 March 2018.

The businesses of LAUGFS Eco Sri Limited, LAUGFS Leisure Limited and LAUGFS Power Limited represented the entirety of the Group’s Other Services, Leisure & Hospitality and Power operating segments respectively until 31 March 2018. With said companies are classified as discontinued operations, the Other Services, Leisure & Hospitality and Power segments are no longer presented in the segment note. The results of LAUGFS Eco Sri Limited, LAUGFS Leisure Limited and LAUGFS Power Limited for the year are presented below;

	2018			
	LAUGFS Eco Sri Limited Rs.	LAUGFS Leisure Limited Rs.	LAUGFS Power Limited Rs.	Total Rs.
Revenue	1,339,933,463	648,814,392	1,068,339,528	3,057,087,383
Cost of Sales	(260,217,754)	(255,144,828)	(265,287,591)	(780,650,173)
Gross Profit	1,079,715,709	393,669,564	803,051,937	2,276,437,210
Other Operating Income	4,790,103	6,110	-	4,796,213
Expenses	(630,561,529)	(540,699,085)	(55,368,195)	(1,226,628,809)
Operating Profit/(Loss)	453,944,282	(147,023,410)	747,683,742	1,054,604,613
Finance Income	28,870,597	344,993	5,609,117	34,824,707
Finance Costs	(1,265,961)	(274,889,448)	(413,130,714)	(689,286,124)
Profit/(Loss) Before Tax from Discontinued Operations	481,548,918	(421,567,866)	340,162,145	400,143,197
Income Tax Expense	(105,113,369)	752,882	480,501	(103,879,985)
Profit/(Loss) for the Year from Discontinued Operations	376,435,550	(420,814,984)	340,642,646	296,263,212

	2018			
	LAUGFS Eco Sri Limited Rs.	LAUGFS Leisure Limited Rs.	LAUGFS Power Limited Rs.	Total Rs.
Operating	340,094,141	(183,780,972)	342,433,982	498,747,151
Investing	(243,708,914)	(172,945,764)	(168,581,103)	(585,235,781)
Financing	(408,498,397)	111,999,953	(103,710,258)	(400,208,702)
Net cash (outflow)/inflow	(312,113,170)	(244,726,783)	70,142,622	(486,697,332)

Above financial results relating to LAUGFS Leisure Limited and LAUGFS Power Limited are consolidated results which include;

- Anantaya Passekudah (Pvt) Ltd, Anantaya Wadduwa (Pvt) Ltd and LAUGFS Hotel Management Services (Pvt) Limited (fully owned subsidiaries of LAUGFS Leisure Limited) and
- Anorchi Lanka (Pvt) Limited, Iris Eco Power Lanka (Pvt) Limited, Ginigathhena Tiniyagala Mini Hydro Power (Pvt) Limited, Pams Power (Pvt) Limited (fully owned subsidiaries of LAUGFS Power Limited) respectively.

	2018
Earnings/(Loss) Per Share	
Basic/Diluted Profit/(Loss) for the year from discontinued operations	0.77

Notes to the Financial Statements

14. GROUP RESTRUCTURING (CONTD.)

14.3 Group (Contd.)

14.3.2 Assets and Liabilities Transferred

The carrying values of the identifiable assets and liabilities as at the date of restructuring were:

		2018			
	Note	LAUGFS Eco Sri Limited Rs.	LAUGFS Leisure Limited Rs.	LAUGFS Power Limited Rs.	Total Rs.
Assets					
Property, Plant and Equipment	8.1	158,074,858	5,057,977,558	4,937,325,639	10,153,378,055
Deferred Tax Assets	6.6	13,656,925	1,597,481	1,207,736	16,462,142
Intangible Assets (excluding Goodwill)	10	4,118,677	2,696,806	-	6,815,484
Prepayments	12	-	70,903,851	29,899,765	100,803,615
Inventories		38,241,504	79,503,808	-	117,745,311
Trade and Other Receivables		69,745,445	152,600,867	432,068,711	654,415,023
Income Tax Recoverable		-	5,488,687	5,421,497	10,910,184
Cash and Short-Term Deposits	19.4	104,514,848	18,909,083	115,671,431	239,095,361
		388,352,256	5,389,678,141	5,521,594,778	11,299,625,176
Liabilities					
Interest Bearing Loans and Borrowings (excluding Bank Overdrafts)	16.2	(12,135,349)	(1,937,997,800)	(3,418,452,452)	(5,368,585,601)
Bank Overdrafts	19.4	(25,455,078)	(434,401,771)	(6,271,063)	(466,127,911)
Employee Benefit Liability	23.5	(40,767,791)	(8,100,515)	(1,428,405)	(50,296,711)
Trade and Other Payables		(43,532,866)	(1,177,152,531)	(231,800,412)	(1,452,485,809)
Income Tax Payable		(28,094,936)	-	(231,099)	(28,326,035)
		(149,986,019)	(3,557,652,617)	(3,658,183,431)	(7,365,822,067)
Total Identifiable Net Assets at 31 March 2018		238,366,237	1,832,025,524	1,863,411,348	3,933,803,109
Goodwill	10	34,245,161	9,940,734	639,149,594	683,335,489
Non-Controlling Interest arising on Group restructuring*	15	386,183,727	-	-	386,183,727
Consolidation adjustments		-	-	-	301,130,035
Group's Carrying Amount of the Investment Transferred to the Shareholders		658,795,125	1,841,966,258	2,502,560,942	5,304,452,360
* Interests held by transferred subsidiaries in remaining group assets.					
Reduction of Stated Capital under Sec. 256 of the Companies Act No. 07 of 2007					2,285,000,260
Amount recognised in Retained Earnings and Other Reserves					3,019,452,100

Carrying amounts relating to LAUGFS Leisure Limited and LAUGFS Power Limited are consolidated values which include;

- Anantaya Passekudah (Pvt) Ltd, Anantaya Wadduwa (Pvt) Ltd and LAUGFS Hotel Management Services (Pvt) Limited (fully owned subsidiaries of LAUGFS Leisure Limited) and
- Anorchi Lanka (Pvt) Limited, Iris Eco Power Lanka (Pvt) Limited, Ginigathhena Thiniyagala Mini Hydro Power (Pvt) Limited, Pams Power (Pvt) Limited (fully owned subsidiaries of LAUGFS Power Limited) respectively.

15. MATERIAL PARTLY-OWNED SUBSIDIARIES

15.1 LAUGFS Eco Sri Limited (fully owned subsidiary of the group before restructuring) 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 2019 is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2019 Rs.	2018 Rs.
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.

	2019 Rs.	2018 Rs.
Summarised Statement of Profit or Loss		
Revenue	136,941,363	146,403,455
Direct Operating Expenses	(9,828,788)	(9,180,052)
Administrative Expenses	(27,319,371)	(56,048,059)
Fair Value Gain on Investments Properties	123,740,703	74,743,345
Finance Costs	(26,584,451)	(30,713,254)
Finance Income	180,014	354,652
Profit before Tax	197,129,469	125,560,087
Income Tax	(55,306,725)	(46,758,078)
Profit for the Year	141,822,744	78,802,009
Other Comprehensive Income	53,394	(16,611,579)
Total Comprehensive Income	141,876,139	62,190,430
Attributable to Non-Controlling Interests	35,469,035	-

Notes to the Financial Statements

15. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD.)

	2019 Rs.	2018 Rs.
Summarised Statement of Financial Position		
Trade and Other Receivables, Prepayments and Cash and Short-Term Deposits Balances (Current)	278,384,486	230,829,011
Property, Plant and Equipment, Investment Properties and Other Non-Current Assets (Non-Current)	2,002,558,336	1,884,935,642
Trade and Other Payables and Interest Bearing Loans and Borrowings (Current)	(172,839,242)	(161,871,938)
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(421,492,532)	(409,157,807)
Total Equity	1,686,611,048	1,544,734,908
Attributable to Equity Holders of Parent	1,264,958,286	1,158,551,181
Attributable to Non-Controlling Interest	421,652,762	386,183,727

	2019 Rs.	2018 Rs.
Summarised Cash Flow Information		
Operating	37,429,681	(446,419,788)
Investing	(1,311,183)	(13,398,631)
Financing	(43,161,310)	466,573,346
Net Increase/(Decrease) in Cash and Cash Equivalents	(7,042,812)	6,754,928

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Other Financial Assets

Group/Company	2019 Rs.	2018 Rs.	2017 Rs.
16.1.1 Financial Assets at Fair Value through OCI (Equity Instruments)			
Quoted Equity Shares			
Ceylon Guardian Investment Trust PLC	1,143,053	1,516,672	1,666,490
Citrus Leisure PLC	6,300,000	11,250,000	10,500,000
Colombo City Holdings PLC	8,494,800	9,178,800	8,400,000
Commercial Bank of Ceylon PLC	19,394,649	26,346,151	22,998,648
Ceylon Grain Elevators PLC	52,100,000	71,500,000	68,900,000
Lanka Orix Leasing Company PLC	3,111,500	4,130,000	2,135,000
Three Acre Farms PLC	3,027,640	3,449,600	3,951,640
Browns Capital PLC	9,692,890	10,263,060	4,276,275
Total Financial Assets at Fair Value through OCI (Equity Instruments)	103,264,532	137,634,283	122,828,052

16.1.2 Financial Assets at Fair Value through Profit or Loss

	2019 Rs.	2018 Rs.	2017 Rs.
Group/Company			
Quoted Equity Shares			
Union Bank of Colombo PLC	108,900	126,720	140,580
Multi Finance PLC	3,198,770	2,551,620	2,551,620
Total Financial Assets at Fair Value through Profit or Loss	3,307,670	2,678,340	2,692,200
Total Other Financial Assets	106,572,202	140,312,623	125,520,252
Total Current	3,307,670	2,678,340	2,692,200
Total Non-Current	103,264,532	137,634,283	122,828,052
	106,572,202	140,312,623	125,520,252

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2 Other financial liabilities

16.2.1 Interest Bearing Loans and Borrowings

Group	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Finance Leases	-	-	-
Term Loans (Note 16.2.1.1)	2,354,262,460	15,137,416,981	17,491,679,441
Short Term Loans (Note 16.2.1.2)	7,346,572,565	-	7,346,572,565
Bank Overdrafts (Note 19.2)	758,343,827	-	758,343,827
	10,459,178,853	15,137,416,981	25,596,595,833

16.2.1.1 Term Loans

Term Loans	As at 01.04.2018 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2019 Rs.
Sampath Bank PLC	1,410,714,285	-	-	(214,278,428)	1,196,435,857
Commercial Bank of Ceylon PLC - Loan 1	219,999,880	-	-	(110,000,000)	109,999,880
Commercial Bank of Ceylon PLC - Loan 2	213,888,913	-	-	(33,333,324)	180,555,589
Commercial Bank of Ceylon PLC - Loan 3	-	819,604,278	33,122,870	(1,295,175)	851,431,972
Hong Kong & Shanghai Banking Corporation - Loan 1	740,118,609	-	95,469,166	(279,170,849)	556,416,925
Hong Kong & Shanghai Banking Corporation - Loan 2	354,355,636	-	2,274,333	(356,629,969)	-
Hatton National Bank PLC - Loan 1	1,357,130,000	-	-	(261,900,667)	1,095,229,333
Hatton National Bank PLC - Loan 2	68,324,000	-	-	(10,008,000)	58,316,000
DFCC Bank PLC	1,523,800,000	-	-	(285,705,275)	1,238,094,725
NDB Bank PLC	3,000,000,000	-	-	(300,000,000)	2,700,000,000
People's Bank	3,145,255,521	-	537,751,255	-	3,683,006,776
Standard Chartered Bank - Loan 1	3,149,799,983	-	410,538,017	-	3,560,338,000
Standard Chartered Bank - Loan 2	109,523,207	155,765,457	20,231,146	(3,665,426)	281,854,385
Bank of Ceylon - Loan 1	-	1,200,000,000	-	-	1,200,000,000
Bank of Ceylon - Loan 2	-	800,000,000	-	(20,000,000)	780,000,000
	15,292,910,034	2,975,369,735	1,099,386,787	(1,875,987,114)	17,491,679,441

2018 Amount Repayable Within 1 Year Rs.	2018 Amount Repayable After 1 Year Rs.	2018 Total Rs.	2017 Amount Repayable Within 1 Year Rs.	2017 Amount Repayable After 1 Year Rs.	2017 Total Rs.
-	-	-	7,258,352	12,135,349	19,393,701
1,806,827,043	13,486,082,991	15,292,910,034	1,552,824,374	15,431,104,514	16,983,928,888
4,965,909,115	-	4,965,909,115	2,134,317,629	-	2,134,317,629
685,786,165	-	685,786,165	642,024,723	-	642,024,723
7,458,522,323	13,486,082,991	20,944,605,314	4,336,425,078	15,443,239,863	19,779,664,941

16.2.1.2 Short Term Loans

Short Term Loans	As at 01.04.2018 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2019 Rs.
Hatton National Bank PLC	1,714,791,091	1,285,884,411	-	-	3,000,675,502
MCB Bank Ltd	300,000,000	1,636,883,902	-	(1,636,883,902)	300,000,000
Nation Trust Bank PLC	455,500,000	1,101,937,600	-	(1,101,937,600)	455,500,000
Standard Chartered Bank	1,495,618,023	-	-	(1,144,030,092)	351,587,932
Sampath Bank PLC	1,000,000,000	1,000,000,000	-	(1,500,000,000)	500,000,000
Union Bank of Colombo PLC	-	550,000,000	-	(400,000,000)	150,000,000
People's Bank	-	3,930,554,648	10,927,002	(1,957,125,659)	1,984,355,992
Commercial Bank of Ceylon PLC	-	337,116,187	-	(232,663,047)	104,453,140
Pan Asia Banking Corporation PLC	-	1,300,000,000	-	(800,000,000)	500,000,000
	4,965,909,115	11,142,376,748	10,927,002	(8,772,640,299)	7,346,572,565

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2 Other financial liabilities

16.2.2 Interest Bearing Loans and Borrowings

Company	2019 Amount Repayable Within 1 Year Rs.	2019 Amount Repayable After 1 Year Rs.	2019 Total Rs.
Term Loans (Note 16.2.2.1)	1,401,757,954	6,808,001,961	8,209,759,915
Short Term Loans (Note 16.2.2.2)	7,079,695,564	-	7,079,695,564
Bank Overdrafts (Note 19.2)	388,701,041	-	388,701,041
	8,870,154,559	6,808,001,961	15,678,156,520

16.2.2.1 Term Loans

	As at 01.04.2018 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2019 Rs.
Hong Kong & Shanghai Banking Corporation-Loan 2	354,355,637	-	2,274,333	(356,629,970)	-
Hatton National Bank PLC - Loan 1	1,357,130,000	-	-	(261,900,667)	1,095,229,333
DFCC Bank PLC	1,523,800,000	-	-	(285,705,275)	1,238,094,725
Sampath Bank PLC	1,410,714,285	-	-	(214,278,428)	1,196,435,857
NDB Bank PLC	3,000,000,000	-	-	(300,000,000)	2,700,000,000
Bank of Ceylon - Loan 1	-	1,200,000,000	-	-	1,200,000,000
Bank of Ceylon - Loan 2	-	800,000,000	-	(20,000,000)	780,000,000
	7,645,999,922	2,000,000,000	2,274,333	(1,438,514,340)	8,209,759,915

2018 Amount Repayable Within 1 Year Rs.	2018 Amount Repayable After 1 Year Rs.	2018 Total Rs.	2017 Amount Repayable Within 1 Year Rs.	2017 Amount Repayable After 1 Year Rs.	2017 Total Rs.
1,400,708,514	6,245,291,408	7,645,999,922	986,402,855	8,120,292,137	9,106,694,992
4,965,909,115	-	4,965,909,115	2,084,317,629	-	2,084,317,629
500,109,042	-	500,109,042	402,009,329	-	402,009,329
6,866,726,671	6,245,291,408	13,112,018,079	3,472,729,814	8,120,292,137	11,593,021,951

16.2.2.2 Short Term Loans

	As at 01.04.2018 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2019 Rs.
Hatton National Bank PLC	1,714,791,091	1,285,884,411	-	-	3,000,675,502
MCB Bank Ltd	300,000,000	1,636,883,902	-	(1,636,883,902)	300,000,000
Nation Trust Bank PLC	455,500,000	1,101,937,600	-	(1,101,937,600)	455,500,000
Standard Chartered Bank	1,495,618,023	-	-	(1,144,030,092)	351,587,932
Sampath Bank PLC	1,000,000,000	1,000,000,000	-	(1,500,000,000)	500,000,000
Union Bank of Colombo PLC	-	550,000,000	-	(400,000,000)	150,000,000
People's Bank	-	3,674,604,649	-	(1,957,125,659)	1,717,478,990
Commercial Bank of Ceylon PLC	-	337,116,187	-	(232,663,047)	104,453,140
Pan Asia Banking Corporation PLC	-	1,300,000,000	-	(800,000,000)	500,000,000
	4,965,909,115	10,886,426,748	-	(8,772,640,299)	7,079,695,564

Notes to the Financial Statements

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

	Interest Rate	Repayment Terms
Sampath Bank PLC	AWPLR + 2% per annum	Repayable by 67 monthly instalments of Rs.17,857,143
Commercial Bank of Ceylon PLC		
Loan 1	8% per annum	Repayable by 12 monthly instalments of Rs.9,166,667
Loan 2	9% per annum for first 5 years. thereafter AWPLR+1% for balance 3 years	Repayable by 65 monthly instalments of Rs. 2,777,777/-.
Loan 3	6 Months Treasury Bill Rate + 3.85%	Repayable by 48 - 60 equal monthly instalments after 8 to 12 months grace period.
Hong Kong & Shanghai Banking Corporation	3 Months LIBOR + 3% per annum	Repayable by 23 equal monthly instalments amounting to USD 150,207/-.
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 2 years	Repayable by 45 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 69 monthly instalments of Rs. 834,000/- and the final instalment of Rs.770,000/-.
DFCC Bank PLC	AWPLR + 4.5% per annum	Repayable by 51 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 8 separate instalments amounting Rs. 150,000,000 - Rs. 450,000,000, commencing from November 2018.
People's Bank	3 Months LIBOR + 3.75% per annum	Repayable by 89 installent of USD 244,000 and final installment of USD 284,000 after the grace period of 2 1/2 years.
Standard Chartered Bank		
Loan 1	3 Months LIBOR + 2.3% per annum	Repayable by 32 Quarterly installement of USD 625,000 after a grace period of 2 years.
Loan 2	6-months T-Bill + 4.5%	Repayable within 4 years quarterly basis with 15 months grace period
Bank of Ceylon		
Loan 1	AWPLR + 2% per annum	Repayable within 72 Months after 12 months grace period (13th to 48th Month - Rs.5,000,000/- and 49th to 84th Month - Rs.28,333,340/-)
Loan 2	AWPLR + 2% per annum	Repayable within 48 Months (1st to 12th Month - Rs.5,000,000/- and 13th to 48th Month - Rs.20,555,560/-)

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.

Group		Carrying Amount		Fair Value	
	Notes	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Financial Assets					
Trade and Other Receivables	A	2,562,758,115	2,698,892,327	2,562,758,115	2,698,892,327
Cash and Short Term Deposits	A	1,676,986,748	2,957,222,783	1,676,986,748	2,957,222,783
Total		4,239,744,864	5,656,115,110	4,239,744,864	5,656,115,110
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	15,137,416,981	13,486,082,991	15,137,416,981	13,486,082,991
Interest Bearing Loans and Borrowings (Current)	A	9,700,835,025	6,772,736,158	9,700,835,025	6,772,736,158
Trade and Other Payables	A	1,559,854,768	2,189,267,125	1,559,854,768	2,189,267,125
Bank Overdrafts	A	758,343,827	685,786,165	758,343,827	685,786,165
Total		27,156,450,602	23,133,872,439	27,156,450,602	23,133,872,439
Company					
Financial Assets					
Trade and Other Receivables	A	2,872,472,587	2,951,002,558	2,872,472,587	2,951,002,558
Cash and Short Term Deposits	A	386,914,540	122,949,401	386,914,540	122,949,401
Total		3,259,387,127	3,073,951,959	3,259,387,127	3,073,951,959
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	6,808,001,961	6,245,291,408	6,808,001,961	6,245,291,408
Interest Bearing Loans and Borrowings (Current)	A	8,481,453,518	6,366,617,629	8,481,453,518	6,366,617,629
Trade and Other Payables	A	2,216,521,167	1,710,544,689	2,216,521,167	1,710,544,689
Bank Overdrafts	A	388,701,041	500,109,042	388,701,041	500,109,042
Total		17,894,677,687	14,822,562,768	17,894,677,687	14,822,562,768

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 2019, 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 2019, the Group held the following financial instruments carried at fair value on the statement of financial position.

Group Assets Measured at Fair Value	2019 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	103,264,532	103,264,532	-	-
Financial Assets at Fair Value through Profit or Loss	3,307,670	3,307,670	-	-
	106,572,202	106,572,202	-	-

Company Assets Measured at Fair Value	2019 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	32,286,806,460	103,264,532	-	32,183,541,928
Financial Assets at Fair Value through Profit or Loss	3,307,670	3,307,670	-	-
	32,290,114,130	106,572,202	-	32,183,541,928

During the reporting period ending 31 March 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

17. INVENTORIES

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Gas in Cylinders and Accessories	362,480,609	302,062,348	201,714,662	178,983,535	191,755,285	90,242,635
Gas in Bulk	358,322,032	270,728,230	423,230,711	196,396,575	211,300,199	339,839,605
Cylinders	900,158,777	703,384,347	343,843,264	-	-	-
Non-Trade Inventories	136,226,902	146,462,354	286,296,570	44,090,231	93,677,854	92,720,765
Work-in Progress	-	29,092,383	-	-	-	-
Food and Beverages	-	-	13,646,589	-	-	-
Goods in Transit	394,855,967	342,642,193	263,510,739	394,855,967	277,693,716	88,055,989
	2,152,044,287	1,794,371,855	1,532,242,535	814,326,307	774,427,054	610,858,995
Provision for Inventories	(223,833,277)	(230,587,983)	(104,032,092)	-	(3,151,093)	(41,338,181)
Total Inventories at the lower of Cost and Net Realisable Value	1,928,211,010	1,563,783,872	1,428,210,443	814,326,307	771,275,960	569,520,813

18. TRADE AND OTHER RECEIVABLES

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Trade Receivables						
- Related Parties (Note 18.1)	100,323,104	45,143,415	49,214,540	25,872,033	3,023,358	7,252,157
- Others	1,083,731,433	1,333,173,847	1,300,631,080	1,007,508,336	1,236,310,030	1,096,904,238
Less: Provision for Impairments	(217,762,351)	(231,847,924)	(250,148,770)	(211,004,914)	(226,967,913)	(240,552,758)
	966,292,186	1,146,469,338	1,099,696,851	822,375,455	1,012,365,475	863,603,637
Other Receivables						
- Related Parties (Note 18.2)	1,300,788,102	1,297,784,650	206,166,634	1,279,502,777	1,720,922,913	2,037,536,431
- Others	295,677,828	254,638,340	298,672,001	770,594,355	229,314,170	201,054,880
Less: Provision for Impairments	-	-	-	-	(11,600,000)	-
	2,562,758,115	2,698,892,327	1,604,535,485	2,872,472,587	2,951,002,558	3,102,194,947
Advances						
- Related Parties (Note 18.3)	31,654,835	33,034,904	32,045,532	31,654,835	33,034,904	31,985,132
- Others	1,032,284,975	1,631,146,081	2,053,572,856	260,728,588	290,801,637	135,092,917
Loans to Company Officers	690,470	2,045,291	12,758,029	690,470	1,861,435	1,692,066
	3,627,388,396	4,365,118,603	3,702,911,902	3,165,546,480	3,276,700,535	3,270,965,063

Notes to the Financial Statements

18. TRADE AND OTHER RECEIVABLES (CONTD.)

18.1 Trade Dues from Related Parties

	Relationship	Group 2019 Rs.	Group 2018 Rs.	Group 2017 Rs.	Company 2019 Rs.	Company 2018 Rs.	Company 2017 Rs.
LAUGFS Holdings Ltd.	Parent	21,123,491	38,349	7,849,172	-	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	2,255,196	2,990,667	2,568,018	1,336,900	805,448	360,087
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	1,013,892	1,276,639	2,524,403	-	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	7,241,165	1,449,395	7,919,690	7,241,165	756,951	6,809,107
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	3,163,620	1,354,938	-	2,587,960	1,354,938	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	7,932,866	1,507,398	5,011,935	-	-	-
LAUGFS Beverages (Pvt) Ltd.	Fellow Subsidiary	-	-	57,023	-	-	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	1,405,354	708,989	9,153,217	36,610	106,021	82,963
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	-	-	273,339	-	-	-
LAUGFS Salt & Chemicals Ltd.	Fellow Subsidiary	1,328,018	291,898	56,613	-	-	-
LAUGFS Solutions Ltd.	Fellow Subsidiary	952,911	224,274	28,307	-	-	-
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	-	978,366	-	-	-	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	-	468,479	1,846,832	-	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	47,089,582	32,254,958	10,322,126	-	-	-
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	-	207,360	1,603,865	-	-	-
LAUGFS Power Ltd.	Fellow Subsidiary	541,935	-	-	-	-	-
LAUGFS Terminals Ltd.	Subsidiary	-	-	-	14,669,398	-	-
LAUGFS Leisure Ltd.	Fellow Subsidiary	5,354,292	1,092,172	-	-	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	920,782	299,534	-	-	-	-
		100,323,104	45,143,415	49,214,540	25,872,033	3,023,358	7,252,157

18.2 Other Dues from Related Parties

		Group			Company		
	Relationship	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	594,683	299,502	8,937,591	-	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	40,388	250,860	2,934,420	-	-	-
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	-	542,798	-	-	-	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	91,313	103,198	1,548,986	-	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	263,278	-	94,388	-	-	-
LAUGFS Holdings Ltd.	Parent	152,945,648	149,497,219	172,710,420	2,749,850	-	17,648,664
LAUGFS Power Ltd.	Fellow Subsidiary	111,220,575	51,324,275	-	111,129,000	51,129,000	52,282,650
LAUGFS Maritime Services (Pvt) Ltd.	Subsidiary	-	-	-	2,002,690	-	47,635,275
PAMS Power (Pvt) Ltd.	Fellow Subsidiary	-	-	-	-	-	500,000
Anantaya Wadduwa (Pvt) Ltd.	Fellow Subsidiary	300,000,000	300,000,000	-	300,000,000	300,000,000	600,000,000
LAUGFS Gas (Bangladesh) Ltd.	Subsidiary	-	-	-	19,685,800	19,059,028	14,193,225
LAUGFS Terminals Ltd.	Subsidiary	-	-	-	-	448,858,538	284,414,104
LAUGFS Leisure Ltd.	Fellow Subsidiary	719,143,519	718,959,798	-	718,589,280	718,768,830	93,478,063
SLOGAL Energy DMCC	Subsidiary	-	-	-	44,324,234	26,077,502	23,307,372
Iris Eco Power Lanka (Pvt) Ltd	Fellow Subsidiary	-	60,000,000	-	-	60,000,000	7,500,000
Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd	Fellow Subsidiary	-	-	-	-	-	351,250
LAUGFS Property Developers (Pvt) Ltd.	Subsidiary	-	-	-	81,021,923	85,418,999	636,225,828
LAUGFS Hotel Management Services (Pvt) Ltd.	Fellow Subsidiary	-	-	-	-	-	200,000,000
LAUGFS On Reid (Pvt) Ltd	Subsidiary	-	-	-	-	11,600,000	-
Anantaya Passekudah (Pvt) Ltd.	Fellow Subsidiary	-	-	-	-	-	60,000,000
LAUGFS Solutions Ltd.	Fellow Subsidiary	278,398	148,851	107,149	-	-	-
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	54,426	157,952	447,253	-	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	13,967,662	14,499,450	9,206,099	-	-	-
LAUGFS Salt & Chemicals Ltd.	Fellow Subsidiary	224,188	62,843	76,162	-	-	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	1,492,165	1,468,399	2,498,904	-	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	183,819	54,847	-	-	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	288,040	414,657	7,605,261	-	11,017	-
		1,300,788,102	1,297,784,650	206,166,634	1,279,502,777	1,720,922,913	2,037,536,431

Notes to the Financial Statements

18. TRADE AND OTHER RECEIVABLES (CONTD.)

18.3 Advances given to Related Parties

	Relationship	Group 2019 Rs.	Group 2018 Rs.	Group 2017 Rs.	Company 2019 Rs.	Company 2018 Rs.	Company 2017 Rs.
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	31,654,835	33,034,904	31,985,132	31,654,835	33,034,904	31,985,132
Anantaya Resort & Spa (Pvt) Ltd.	Fellow Subsidiary	-	-	60,400	-	-	-
		31,654,835	33,034,904	32,045,532	31,654,835	33,034,904	31,985,132

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 Rs.	Neither Past Due nor Impaired Rs.	Past Due and Impaired < 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2019	1,184,054,537	600,055,985	164,723,291	19,798,021	15,170,085	384,307,155
2018	1,378,317,262	774,585,046	209,843,353	17,860,754	15,015,743	361,012,366

Company	Total Rs.	Neither Past Due nor Impaired Rs.	Past Due and Impaired < 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2019	1,033,380,369	614,725,383	85,084,898	11,428,685	7,930,098	314,211,304
2018	1,239,333,388	674,115,620	206,102,597	15,114,466	13,522,807	330,477,898

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.

19. CASH AND SHORT-TERM DEPOSITS

19.1 Favourable Cash & Cash Equivalent Balances

	Group 2019 Rs.	Group 2018 Rs.	Group 2017 Rs.	Company 2019 Rs.	Company 2018 Rs.	Company 2017 Rs.
Fixed Deposits	783,276,352	223,768,016	960,865,501	-	-	-
Repos	-	34,682	205,087,357	-	-	-
Savings Accounts	380,550,943	176,770,729	399,005,751	286,045,907	41,952,373	271,101,119
Cash in Hand and at Bank	513,159,453	2,556,649,357	493,605,706	100,868,633	80,997,028	16,777,258
	1,676,986,748	2,957,222,783	2,058,564,316	386,914,540	122,949,401	287,878,377

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
19.2 Unfavourable Cash & Cash Equivalent Balances						
Bank Overdrafts (Note 16.2)	(758,343,827)	(685,786,165)	(642,024,723)	(388,701,041)	(500,109,042)	(402,009,329)
Cash and Cash Equivalent for the Purpose of Statement of Cash Flows	918,642,921	2,271,436,618	1,416,539,593	(1,786,501)	(377,159,641)	(114,130,952)

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.

19.4 Consequent to the group restructuring, net cash and cash equivalents amounting to Rs.(227,032,550/-) (favourable - Rs.239,095,361/-, unfavourable - Rs.466,127,911/-) has been derecognised as of 31 March 2018.

20. STATED CAPITAL

Group/Company	2019		2018		2017	
	Number	Rs.	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 20.1)	335,000,086	762,557,096	335,000,086	762,557,096	335,000,086	2,505,000,260
Ordinary Non-Voting Shares (Note 20.2)	52,000,000	237,442,904	52,000,000	237,442,904	52,000,000	780,000,000
	387,000,086	1,000,000,000	387,000,086	1,000,000,000	387,000,086	3,285,000,260
20.1 Ordinary Voting Shares						
As at 1 April	335,000,086	762,557,096	335,000,086	2,505,000,260	335,000,086	2,505,000,260
Group Restructuring Adjustment (Note 14.1)	-	-	-	(1,742,443,164)	-	-
As at 31 March	335,000,086	762,557,096	335,000,086	762,557,096	335,000,086	2,505,000,260
20.2 Ordinary Non-Voting Shares						
As at 1 April	52,000,000	237,442,904	52,000,000	780,000,000	52,000,000	780,000,000
Group Restructuring Adjustment (Note 14.1)	-	-	-	(542,557,096)	-	-
As at 31 March	52,000,000	237,442,904	52,000,000	237,442,904	52,000,000	780,000,000

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.

Notes to the Financial Statements

21. FAIR VALUE THROUGH OCI RESERVE

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Fair Value Through OCI Reserve (Note 21.1)	(337,972,038)	(303,253,074)	(316,055,741)	21,651,144,382	15,151,965,435	15,327,414,956
	(337,972,038)	(303,253,074)	(316,055,741)	21,651,144,382	15,151,965,435	15,327,414,956

21.1 Fair Value Through OCI Reserve

	Group 2019 Rs.	Group 2018 Rs.		Company 2019 Rs.	Company 2018 Rs.	
As at 1 April	(303,253,074)	(316,055,741)		15,151,965,435	15,327,414,956	
Gains/(Losses) arising during the Year	(34,718,964)	12,802,667		6,499,178,947	7,024,803,132	
Group Restructuring Adjustment	-	-		-	(7,200,252,653)	
As at 31 March	(337,972,038)	(303,253,074)		21,651,144,382	15,151,965,435	

22. OTHER RESERVES

Group	2019 Rs.	2018 Rs.
Revaluation Reserve (Note 22.1)	86,841,931	86,841,931
Foreign Currency Translation Reserve (Note 22.2)	661,542,928	123,987,459
	748,384,858	210,829,389

22.1 Revaluation Reserve

	2019 Rs.	2018 Rs.
As at 1 April	86,841,931	112,559,032
Surplus on Revaluation of Assets Transferred to Investment Properties	-	18,447,766
Tax Impact of Revaluation Gain	-	(15,662,389)
Attributable to Non-Controlling Interest	-	(28,502,478)
As at 31 March	86,841,931	86,841,931

22.2 Foreign Currency Translation Reserve

	2019 Rs.	2018 Rs.
As at 1 April	123,987,459	186,807,178
Foreign Exchange Translation Differences	537,555,469	(62,872,719)
Acquisition of Non-Controlling Interest	-	-
Group Restructuring Adjustment	-	53,000
As at 31 March	661,542,928	123,987,459

23. EMPLOYEE BENEFIT LIABILITY

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
23.1 Net Benefit Expense						
Current Service Cost	47,858,840	45,685,246	43,359,277	7,762,077	7,101,882	8,192,599
Interest Cost on Benefit Obligation	14,337,272	22,291,351	20,668,479	5,427,426	7,184,979	6,806,499
Total Expenses	62,196,113	67,976,597	64,027,756	13,189,503	14,286,861	14,999,098
23.2 Employee Benefit Liability						
Employee Benefit Liability	376,506,964	276,892,751	339,419,526	62,959,534	54,274,256	59,874,827
Fair Value of Plan Assets	(141,850,846)	(102,501,907)	(74,315,234)	-	-	-
Net Employee Benefit Liability	234,656,118	174,390,844	265,104,292	62,959,534	54,274,256	59,874,827

23.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2019. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2019, 31.03.2018 and 31.03.2017 are as follows:

	2019	2018
Method of Actuarial Valuation	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	6%-11%	6%-10%
Salary Increment Rate:	7%-12%	7%-12%
Retirement Age:	55-60 years	55-60 years
Staff Turnover Ratio:	5%-17%	5%-55%
Mortality Table:	A67/70 Ult Table	A67/70 Ult Table

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 2019.

Increase/(Decrease)		Group 2019			Company 2019		
in Discount Rate	in Rate of Salary Increment	Effect on Statement 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 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%	-	34,308,090	(34,308,090)	342,198,874	2,541,160	(2,541,160)	60,418,374
-1%	-	(23,589,394)	23,589,394	400,096,358	(2,772,372)	2,772,372	65,731,906
-	+1%	(23,606,304)	23,606,304	400,113,269	(3,138,437)	3,138,437	66,097,971
-	-1%	34,926,424	(34,926,424)	341,580,540	2,919,198	(2,919,198)	60,040,336

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.

2019		Amounts Charged to Profit or Loss				
	01 April 2018	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/ (out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	276,892,751	47,692,359	20,072,501	67,764,859	(26,656,190)	5,704,847
Fair value of Plan Assets	(102,501,907)	166,482	(5,735,229)	(5,568,747)	19,465,767	-
Net Benefit Liability	174,390,844	47,858,840	14,337,272	62,196,113	(7,190,423)	5,704,847

2018		Amounts Charged to Profit or Loss				
	01 April 2017	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/ (out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	339,419,526	45,685,246	26,398,127	72,083,374	(28,524,917)	(4,934,031)
Fair value of Plan Assets	(74,315,234)	-	(4,106,777)	(4,106,777)	7,753,014	-
Benefit Liability	265,104,292	45,685,246	22,291,351	67,976,597	(20,771,903)	(4,934,031)

23.5.1 The plan asseet consist a savings deposit at Commercial bank of Ceylon, Bangladesh branch amounting to Rs. 141,850,846/- (2018 - 102,501,907/-).

23.5.2 Following payments are expected contributions to the defined benefit plan obligation on the future years

	2019 Rs.	2018 Rs.
Within the next 2 Years	9,990,482	7,246,950
Between 2 and 5 Years	22,915,205	254,513,514
Between 5 and 10 Years	341,174,647	14,918,153
Over 10 Years	2,426,630	214,133
Total Expected Payments	376,506,964	276,892,751

The average duration of the defined benefit plan obligating at the end of the reporting period is 4.46 - 12.24 years. (2018: 4.6 - 11.56 years)

		Remeasurement (Gains)/Losses in Other Comprehensive Income						
Group Restructuring	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 2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
-	30,368,908	-	(1,443,812)	(2,210,879)	26,086,480	22,431,789	-	376,506,964
-	(14,190,610)	810,612	-	-	-	810,612	(39,865,962)	(141,850,846)
-	16,178,298	810,612	(1,443,812)	(2,210,879)	26,086,480	23,242,401	(39,865,962)	234,656,118

		Remeasurement (Gains)/Losses in Other Comprehensive Income						
Group Restructuring	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 2018
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(50,296,711)	(4,158,959)	-	(31,402,263)	(7,534,366)	(7,758,903)	(46,695,532)	-	276,892,751
	1,568,902	2,650,512	-	-	-	2,650,512	(36,052,324)	(102,501,907)
(50,296,711)	(2,590,057)	2,650,512	(31,402,263)	(7,534,366)	(7,758,903)	(44,045,020)	(36,052,324)	174,390,844

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.

2019	Amounts Charged to Profit or Loss					
	01 April 2018	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/ (out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	54,274,256	7,762,077	5,427,426	13,189,503	(7,190,423)	5,006,656
Benefit Liability	54,274,256	7,762,077	5,427,426	13,189,503	(7,190,423)	5,006,656

2018	Amounts Charged to Profit or Loss					
	01 April 2017	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/ (out of) Company
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	59,874,827	7,101,882	7,184,979	14,286,861	(3,738,692)	(8,260,237)
Benefit Liability	59,874,827	7,101,882	7,184,979	14,286,861	(3,738,692)	(8,260,237)

23.6.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2019 Rs.	2018 Rs.
Within the next 2 Years	4,709,972	4,796,716
Between 2 and 5 Years	13,489,486	38,461,205
Between 5 and 10 Years	44,760,076	11,016,334
Over 10 Years	-	-
Total Expected Payments	62,959,534	54,274,256

The average duration of the defined benefit plan obligating at the end of the reporting period is 5.12 years. (2018: 4.06 years).

Remeasurement (Gains)/Losses in Other Comprehensive Income					
Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(1,586,093)	(2,411,062)	1,676,697	(2,320,458)	-	62,959,534
(1,586,093)	(2,411,062)	1,676,697	(2,320,458)	-	62,959,534

Remeasurement (Gains)/Losses in Other Comprehensive Income					
Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2018
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(957,148)	(7,003,450)	72,094	(7,888,504)	-	54,274,256
(957,148)	(7,003,450)	72,094	(7,888,504)	-	54,274,256

Notes to the Financial Statements

24. REFUNDABLE DEPOSITS

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
As at 1 April	2,685,540,908	2,363,886,573	1,978,097,936	2,593,152,925	2,274,190,028	1,898,243,980
Additions	484,738,261	896,681,110	728,654,447	458,755,166	889,645,280	715,417,756
Refunds/Transfers	(530,037,525)	(573,371,631)	(345,346,674)	(528,727,556)	(570,682,383)	(339,471,709)
Exchange Differences	12,871,254	(1,655,144)	2,480,865	-	-	-
As at 31 March	2,653,112,899	2,685,540,908	2,363,886,573	2,523,180,535	2,593,152,925	2,274,190,028
Refundable Deposits within One Year (Current)	337,736,338	438,222,190	395,561,402	337,736,338	438,222,190	395,561,402
Refundable Deposits after One Year (Non-Current)	2,315,376,561	2,247,318,719	1,968,325,172	2,185,444,197	2,154,930,735	1,878,628,626
	2,653,112,899	2,685,540,908	2,363,886,573	2,523,180,535	2,593,152,925	2,274,190,028

25. TRADE AND OTHER PAYABLES

	Group			Company		
	2019 Rs.	2018 Rs.	2017 Rs.	2019 Rs.	2018 Rs.	2017 Rs.
Trade Payables						
- Related Parties (Note 25.1)	-	1,147,185	1,048,273	841,312,694	866,436,380	98,018,858
- Others	1,435,817,103	1,827,967,499	1,266,038,450	436,644,004	524,600,874	901,067,276
Other Payables						
- Related Parties (Note 25.2)	71,192,381	20,018,372	27,410,694	938,564,469	18,377,400	8,664,201
- Others	52,845,284	340,134,069	310,190,531	-	301,130,035	-
	1,559,854,768	2,189,267,125	1,604,687,948	2,216,521,167	1,710,544,689	1,007,750,335
Provision for Workers' Profit Participation Fund	193,487,232	133,722,412	117,961,418	-	-	-
Sundry Creditors including Accrued Expenses	2,821,998,487	1,860,671,538	2,078,977,920	1,339,584,115	719,134,457	391,248,310
	4,575,340,487	4,183,661,075	3,801,627,286	3,556,105,282	2,429,679,146	1,398,998,645

	Relationship	Group 2019 Rs.	Group 2018 Rs.	Group 2017 Rs.	Company 2019 Rs.	Company 2018 Rs.	Company 2017 Rs.
25.1 Trade Payable to Related Parties							
LAUGFS Holdings Ltd.	Parent	-	-	667,125	-	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	-	38,742	233,892	-	-	-
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	-	-	147,256	-	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	-	841,312,694	866,436,380	98,018,858
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	-	1,108,443	-	-	-	-
		-	1,147,185	1,048,273	841,312,694	866,436,380	98,018,858
25.2 Other Payable to Related Parties							
LAUGFS Beverages (Pvt) Ltd.	Fellow Subsidiary	-	88,726	575,684	-	36,363	-
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	8,373,944	5,479,063	708,963	8,373,944	5,448,138	708,963
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	16,600,902	673,597	848,943	-	-	-
LAUGFS Holdings Ltd.	Parent	8,438,221	7,007,948	20,078,972	-	5,998,004	-
LAUGFS Terminals Ltd.	Subsidiary	-	-	-	914,654,737	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	455,139	-	-	416,499	-	-
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	19,610,636	-	-	-	-	3,773,850
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	13,228,336	4,357,609	5,180,152	12,309,899	4,191,975	4,181,388
LAUGFS Leisure Ltd.	Fellow Subsidiary	-	6,500	-	-	-	-
LAUGFS Maritime Services (Pvt) Ltd.	Subsidiary	-	-	-	-	596,460	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	4,282,185	1,110,929	-	2,656,290	812,460	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	-	1,294,000	-	-	1,294,000	-
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	49,918	-	-	-	-	-
LAUGFS Restaurant (Pvt) Ltd.	Fellow Subsidiary	-	-	7,980	-	-	-
Gas Auto Lanka Ltd.	Fellow Subsidiary	-	-	10,000	-	-	-
Anantaya Passekudah (Pvt) Ltd.	Fellow Subsidiary	153,100	-	-	153,100	-	-
		71,192,381	20,018,372	27,410,694	938,564,469	18,377,400	8,664,201

Trade payables are non-interest bearing and are normally settled on 60 -90 days terms.

For explanations on the Group's credit risk management processes, refer to Note 30.

Notes to the Financial Statements

25. TRADE AND OTHER PAYABLES (CONTD.)

25.2 Other Payable to Related Parties (Contd.)

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.
2019	1,435,817,104	1,232,516,923	110,611,605	31,663,827	61,024,748
2018	1,829,114,684	1,465,667,972	296,279,140	2,870,141	64,297,431

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2019	1,277,956,698	1,074,656,518	110,611,605	31,663,827	61,024,748
2018	1,391,037,254	1,028,278,782	295,804,650	2,846,391	64,107,431

26. COMMITMENTS AND CONTINGENCIES

26.1 Capital Expenditure Commitments

The Group and Company have commitments for acquisition of property, plant and equipment incidental to the ordinary course of business as at 31 March 2019 as follows:

Contracted but not Provided for	2019 Rs.
Group	
Land Development	40,230,693
Motor Vehicle	15,000,000
Plant and Machinery	410,033,828
Buildings on Freehold Land	9,000,000
Cylinders	953,630,000
Dealer Boards & Gas Storage Hut at Dealer Points	108,000,000
SAP Implementation	603,601
	1,536,498,122
Company	
Land Development	40,230,693
Buildings on Freehold Land	9,000,000
Motor Vehicle	15,000,000
Plant and Machinery	235,617,121
Dealer Boards & Gas Storage Hut at Dealer Points	108,000,000
Cylinders	953,630,000
	1,361,477,814

26. COMMITMENTS AND CONTINGENCIES (CONTD.)

26.2 Contingencies

The Group does not have significant contingencies as at the reporting date.

The Company has provided corporate guarantees for several of its subsidiaries which has been disclosed in Note 28.3.

27. ASSETS PLEDGED

Group

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged 2019 Rs.	2018 Rs.	Included Under
Mabima Refilling and Distribution Plant	Negative Pledge	-	354,355,636	Property, Plant and Equipment
Assets Located in Mabima	Negative Pledge	1,238,094,725	1,523,800,000	Property, Plant and Equipment
Vessel	Negative Pledge	264,138,843	118,117,500	Property, Plant and Equipment
Land and Building	Primary Mortgage	238,871,589	282,212,913	Property, Plant and Equipment
Project Assets- Terminals	Primary Mortgage over Project assets	7,243,344,776	5,711,465,132	Property, Plant and Equipment
Land and building- Mongla	Pricing mortgage over land and building	281,854,385	-	Property, Plant and Equipment
Plant and machinery	Registered hypothecation (fixed charge) covering plant and machinery	851,431,972	-	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,200,000,000	-	Investment Property
Free Hold Land in Mabima	Negative Pledge	780,000,000	-	Property, Plant and Equipment
Company				
Mabima Refilling and Distribution Plant	Negative Pledge	-	354,355,636	Property, Plant and Equipment
Assets Located in Mabima	Negative Pledge	1,238,094,725	1,523,800,000	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,200,000,000	-	Investment Property
Free Hold Land in Mabima	Negative Pledge	780,000,000	-	Property, Plant and Equipment

Notes to the Financial Statements

28. RELATED PARTY DISCLOSURES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2019 and 31 March 2018, refer to Notes 18 and 25).

28.1 Transactions with the Related Parties

	Parent		Other Group Companies		Total	
Group	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Nature of Transactions						
Sale of Goods/Services	48,169,591	43,972,332	129,300,063	141,406,208	177,469,654	185,378,540
Settlement of Trade & Other Receivable	(27,098,796)	(90,472,933)	(139,112,246)	(160,895,273)	(166,211,042)	(251,368,206)
Purchase of Goods/Services	(84,648,238)	(94,262,000)	(224,294,804)	(377,837,296)	(308,943,042)	(472,099,296)
Settlement of Trade & Other Payable	89,294,173	36,304,385	193,586,722	389,777,515	282,880,895	426,081,901
Inter Company Rent	-	-	6,641,535	6,267,600	6,641,535	6,267,600
Fund Transfers Given	-	95,000,000	-	-	-	95,000,000
Intercompany Expenses To	1,132,897	1,256,878	476,512	418,053	1,609,409	1,674,931
Intercompany Expenses From	(252,308)	(6,446,805)	(141,971)	(483,259)	(394,279)	(6,930,064)
Adjustment due to transfer of employee in/Out company	5,006,656	(3,485,648)	-	(1,448,383)	5,006,656	(4,934,032)
Purchase of fixed assets/construction work	-	-	930,500	(2,891,939)	930,500	(2,891,939)
Allocation of Expense	(1,934,568)	966,811	-	(6,238,748)	(1,934,568)	(5,271,937)
Others	(200,888)	-	28,400,428	-	28,199,540	-
Group Restructuring	-	-	-	1,132,890,909	-	-

28.1.1 Other Group Companies include following Companies;

LAUGFS Engineering (Pvt) Ltd.

LAUGFS Supermarket (Pvt) Ltd.

LAUGFS Corporation (Rubber) Ltd.

LAUGFS Salt and Chemicals (Pvt) Ltd.

LAUGFS Petroleum (Pvt) Ltd.

LAUGFS Restaurant (Pvt) Ltd.

LAUGFS Lubricants Ltd.

Southern Petroleum (Pvt) Ltd

LAUGFS Business Solutions (Pvt) Ltd.

LAUGFS Solutions Ltd.

LAUGFS International (Pvt) Ltd

Lfinity (Pvt) Ltd.

LAUGFS Life Sciences (Pvt) Ltd

28.2 Transactions with the Related Parties

Company	Parent		Subsidiaries		Other Related Companies		Total	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Nature of Transactions								
As at 1 April	(5,998,004)	17,648,664	(276,018,774)	1,918,095,060	1,154,184,172	34,346,939	872,167,394	1,970,090,662
Sale of Goods/Services	-	-	20,894,897	4,712,830	40,182,101	50,135,522	61,076,998	54,848,352
Settlement of Trade & Other Receivables	-	-	(7,056,563)	(4,712,830)	(40,383,943)	(53,153,838)	(47,440,506)	(57,866,668)
Purchase of Goods/Services	(84,456,000)	(84,456,000)	(9,123,494,059)	(6,881,305,482)	(203,088,620)	(349,933,700)	(9,411,038,679)	(7,315,695,182)
Settlement of Trade & Other Payables	87,633,800	-	9,149,946,353	6,113,055,913	189,790,461	340,203,664	9,427,370,614	6,453,259,577
Investments Made by the Company	-	-	(2,369,999,990)	(320,000,000)	-	-	(2,369,999,990)	(320,000,000)
Other Settlements	(317,192)	(25,597,470)	-	5,548,436	-	(1,998,800)	(317,192)	(22,047,834)
Fund Transfers Received	-	-	(5,000,000)	(794,085,873)	-	-	(5,000,000)	(794,085,873)
Fund Transfers Given	-	95,000,000	1,009,615,800	301,785,579	-	-	1,009,615,800	396,785,579
Intercompany Expenses To	1,132,897	250,891	10,987,699	11,176,962	476,512	218,598	12,597,107	11,646,451
Intercompany Expenses From	(252,308)	(5,284,611)	(3,947,806)	(33,659,502)	(141,971)	(351,259)	(4,342,086)	(39,295,372)
Adjustment due to transfer of employee in/out company	5,006,656	(3,559,478)	-	(3,252,375)	-	(1,448,383)	5,006,656	(8,260,237)
Dividend Declared by the Subsidiaries	-	-	-	504,792,584	-	-	-	504,792,584
Inter Company Rent	-	-	-	-	6,641,535	6,267,600	6,641,535	6,267,600
Balance Written Off	-	-	(20,440,365)	-	75,271	-	(20,365,094)	-
Commission On Corporate Guarantee	-	-	20,249,422	31,727,757	-	-	20,249,422	31,727,757
Purchase/Sales of Property & Other Assets	-	-	-	-	930,500	-	930,500	-
Group Restructuring	-	-	-	(1,129,897,830)	-	1,129,897,830	-	-
As at 31 March	2,749,849	(5,998,004)	(1,594,263,387)	(276,018,774)	1,148,666,018	1,154,184,172	(442,847,520)	872,167,394

28.2.1 Subsidiaries include the following Companies;

LAUGFS Property Developers (Pvt) Ltd.

LAUGFS Maritime Services (Pvt) Ltd.

LAUGFS Gas (Bangladesh) Ltd.

SLOGAL Energy DMCC

LAUGFS Terminals Ltd.

LAUGFS On Reid (Pvt) Ltd.

Notes to the Financial Statements

28. RELATED PARTY DISCLOSURES (CONTD.)

28.2.2 Other Related Companies include the following Companies;

LAUGFS Engineering (Pvt) Ltd.
LAUGFS Petroleum (Pvt) Ltd.
LAUGFS Life Sciences (Pvt) Ltd.
Lfinity (Pvt) Ltd.
LAUGFS Eco Sri Ltd.
LAUGFS Leisure Ltd.
LAUGFS Hotel Management Services (Pvt) Ltd.
Anantaya Wadduwa (Pvt) Ltd.
Anantaya Passekudah (Pvt) Ltd.
Iris Eco Power Lanka (Pvt) Ltd.
Anorchi Lanka (Pvt) Ltd.
Pams Power (Pvt) Ltd.
Ginigathhena Thiniyagala Mini Hydro (Pvt) Ltd.
LAUGFS Maldives (Pvt) Ltd.

28.3 The Company has provided corporate guarantees for its subsidiaries in the value of Rs.2,225,211,250/- for term loans and has gained a commission of Rs.20,249,422/- during the financial year.

28.4 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.

	2019 Rs.	2018 Rs.
Compensation of Key Management Personnel		
Group		
Short-term Employee Benefits (Cash Benefits)	176,846,837	223,114,810
Short-term Employee Benefits (Non-cash Benefits)	8,965,592	3,798,000
Total Compensation paid to Key Management Personnel	185,812,429	226,912,810
Company		
Short-term Employee Benefits (Cash Benefits)	96,496,051	104,291,624
Short-term Employee Benefits (Non-cash Benefits)	5,681,100	2,772,000
Total Compensation paid to Key Management Personnel	102,177,151	107,063,624

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

There have been no material events occurring after the reporting date that require adjustments to or disclosure in the financial statements.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Introduction

LAUGFS Gas PLC & its subsidiaries are exposed to financial market risks that the Group is responsible for managing through policies approved by the Board of Directors. Some of these risks are inherent to Conglomerate type and certain risks are intrinsic to their specific industries. Financial instruments held by the Group, principally comprise of cash, loans (variety of loan types) and other receivables, trade and other receivables, trade and other payable, loans and borrowings.

The main purpose of these financial instruments is to manage the operating, investing and financing activities of the Group. Financial risk management of the Group is carried out based on guidelines established by the Group Centralized Treasury Division. Group Treasury identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units.

Company provides guidelines for overall risk management, as well, covering specific areas such as credit risk, investment of excess liquidity, interest rate risk and foreign currency risk.

The Group has established strategies for governing procedures in terms of use in financial instruments, including clear segregation of duties pertaining to financial activities, settlement, accounting, etc. The guidelines and systems are regularly reviewed and adjusted to changes in market conditions. The Group manages and monitors these risks primarily through its operating and financing activities.

a) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

The Group minimize credit risk toward its customers by having high level scrutiny prior to converting to a cash customer to a credit customer. Also the Group adheres to the policy of obtaining Bank Guarantees from distributors and adequate cash deposits from dealers.

	Group		Company	
	2019 Rs.	2018 Rs.	2019 Rs.	2018 Rs.
Trade Receivables	1,184,054,537	1,378,317,262	1,033,380,369	1,239,333,388
Guarantees Provided by Customers	(174,000,000)	(167,000,000)	(174,000,000)	(167,000,000)
Total Maximum Exposure to Credit Risk on Trade Receivables	1,010,054,537	1,211,317,262	859,380,369	1,072,333,388

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts.

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.

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 collects 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 businesses.

The liquidity requirements of business units and subsidiaries are met through central cash management by Group Treasury to cover any short-term fluctuations and longer term funding to address any structural liquidity requirements. The Group Treasury screens the cash flows in Group level in order to facilities the funding requirements. Funding is not focused on single financial institution, thereby minimizing the expose to liquidity risk through diversification of funding sources.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Maturity Analysis

The table below summarizes the maturity profile of the Group's financial liabilities as at 31 March 2019 based on contractual undiscounted payments. The major increase is long term borrowings were from LAUGFS Gas PLC mainly for investing LAUGFS Terminal Project which will commence its operations in 2019/20.

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.

Group	2019			2018		
	Within 1 Year Rs.	More than 1 Year Rs.	Total Rs.	Within 1 Year Rs.	More than 1 Year Rs.	Total Rs.
Long Term Borrowings	2,354,262,460	15,137,416,981	17,491,679,441	1,806,827,043	13,486,082,991	15,292,910,034
Trade & Other Payables	4,575,340,487	-	4,575,340,487	4,183,661,075	-	4,183,661,075
Short Term Borrowings	7,346,572,565	-	7,346,572,565	4,965,909,115	-	4,965,909,115
Bank Overdrafts	758,343,827	-	758,343,827	685,786,165	-	685,786,165
Total	15,034,519,340	15,137,416,981	30,171,936,321	11,642,183,398	13,486,082,991	25,128,266,389

Company	2019			2018		
	Within 1 Year Rs.	More than 1 Year Rs.	Total Rs.	Within 1 Year Rs.	More than 1 Year Rs.	Total Rs.
Long Term Borrowings	1,401,757,954	6,808,001,961	8,209,759,915	1,400,708,514	6,245,291,408	7,645,999,922
Trade & Other Payables	3,556,105,282	-	3,556,105,282	2,429,679,146	-	2,429,679,146
Short Term Borrowings	7,079,695,564	-	7,079,695,564	4,965,909,115	-	4,965,909,115
Bank Overdrafts	388,701,041	-	388,701,041	500,109,042	-	500,109,042
Total	12,426,259,841	6,808,001,961	19,234,261,802	9,296,405,817	6,245,291,408	15,541,697,224

c) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in market prices.

Market prices comprise four types of risk:

- Interest Rate Risk,
- Currency Risk,
- Commodity Price Risk
- Other Price Risk, Such As Equity Price Risk.

Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The sensitivity analyses in the following sections relate to the financial position as at 31 March 2019. The analysis excludes the impact of movements in market variables on the non-financial assets and liabilities.

The sensitivity of the relevant income statement and financial position items' effect of the assumed changes in respective risks is based on the financial assets and financial liabilities held at 31 March 2018 and 2019.

Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

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.

Increase/(Decrease) in Interest Rate	2019	
	Effect on Income Statement Rs.	Effect on Statement of Financial Position Rs.
+1%	(232,706,346)	(232,706,346)
-1%	232,706,346	232,706,346

Exchange Rate Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group Treasury Division analyses the market condition of foreign exchange and provides market updates to the Finance Divisions of each subsidiary company of the Group and also involving in minimizing the Group's exposure to foreign currency risk by positive negotiations with banks and make decisions on whether to hold, sell or make forward bookings of foreign currency as per the 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 changes in exchange rates.

Increase/(Decrease) in Exchange Rate	2019	
	Effect on Income Statement Rs.	Effect on Statement of Financial Position Rs.
+1%	(207,802,028)	(211,700,793)
-1%	207,802,028	211,700,793

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Equity Price Risk

The Group's quoted and non-quoted investments are prone to market price risk arising from uncertainties about future values of the investment securities. The key objective of managing the equity price risk is to safeguard its ability to continue as a going concern and maximize 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.

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. 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. However even in the year concluded the company was unable to pass commodity price increases to the market since of price control of CAA.

The industry is now moving towards discussing and agreeing with the CAA for a new more pragmatic industry pricing formula which should help the industry 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 increasing the overall profitability of the Company.

30.2 Capital Management

The Board of Directors reviews the capital structure of the companies of the Group on regular basis. The intention of the Board of Directors is to maintain an optimum capital structure while minimizing cost of financing and safeguarding key stakeholders' interest. The Group have entered in the restructuring process which is ongoing at the current juncture.

Five Year Summary

Year ended 31 March	2015 Rs.	2016 Rs.	2017 Rs.	2018 Rs. Restated.	2019 Rs.
Summary of Operations					
Revenue	11,521,800,102	13,299,978,832	16,270,541,369	21,354,621,221	24,919,775,401
Gross Profit	3,294,443,218	3,663,442,651	2,801,785,747	2,144,567,547	3,293,326,036
Earnings Before Interest Tax, Depreciation and Amortization	2,496,501,052	2,860,243,646	1,534,858,806	1,648,144,424	1,651,131,671
Depreciation and Amortization	(530,209,023)	(709,796,794)	(739,699,488)	(1,323,431,215)	(964,461,070)
Profit Before Finance Cost	1,966,292,029	2,150,446,851	795,159,318	324,713,209	686,670,601
Profit/(Loss) Before Tax	1,840,590,583	1,708,884,010	(494,147,814)	(1,260,763,963)	(1,249,910,171)
Income Tax Expense	(392,529,879)	(372,081,611)	(128,612,866)	(76,435,225)	(47,963,968)
Profit/(Loss) for the Year	1,448,060,705	1,336,802,398	(622,760,680)	(1,040,935,976)	(1,297,874,139)
Profit/(Loss) after Tax for the Year from Discontinued Operations	-	-	(4,554,000)	296,263,212	-
Attributable To:					
Equity Holders of the parent	1,448,060,705	1,284,803,630	(638,026,448)	(1,040,935,976)	(1,333,329,825)
Non-Controlling Interests	-	51,998,768	10,711,768	-	35,455,686
	1,448,060,705	1,336,802,398	(627,314,680)	(1,040,935,976)	(1,297,874,139)

Five Year Summary

As at 31 March	2015 Rs.	2016 Rs.	2017 Rs. Restated.	2018 Rs. Restated.	2019 Rs.
Summary of Financial position					
Capital and Reserves					
Stated Capital	3,285,000,260	3,285,000,260	3,285,000,260	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVOCI	(333,152,345)	(318,968,277)	(316,055,741)	(303,253,074)	(337,972,038)
Revaluation Reserve	-	-	112,559,032	86,841,931	86,841,931
Foreign Currency Translation Reserve	-	48,438,638	186,807,178	123,987,459	661,542,928
Retained Earnings	4,929,317,530	5,395,273,403	4,788,995,434	670,056,623	(678,041,388)
	7,881,165,445	8,409,744,024	8,057,306,163	1,577,632,939	732,371,433
Non-Controlling Interests	-	1,195,843,601	-	386,183,727	421,652,762
Total Equity	7,881,165,445	9,605,587,625	8,057,306,163	1,963,816,666	1,154,024,195
Assets and Liabilities					
Current Assets	3,371,250,449	7,657,503,875	7,482,729,363	9,224,835,419	7,500,398,524
Current Liabilities	2,876,835,095	6,257,915,892	9,186,975,840	12,638,032,201	16,050,845,075
Net Current Assets	494,415,354	1,399,587,983	(1,704,246,477)	(3,413,196,781)	(8,550,446,546)
Property Plant & Equipment and Investments Properties	11,783,468,623	16,368,154,231	24,896,658,235	19,577,749,257	25,124,243,287
Other Non Current Assets	204,337,770	244,538,417	245,972,638	144,134,587	108,112,974
Intangible Assets	63,948,925	3,043,068,904	3,088,813,381	2,343,400,577	2,663,866,340
Non Current Liabilities	4,665,005,226	11,449,761,910	18,469,891,614	16,688,270,972	18,191,751,856
Net Assets	7,881,165,445	9,605,587,625	8,057,306,163	1,963,816,666	1,154,024,195

As at 31 March	2015 Rs.	2016 Rs.	2017 Rs.	2018 Rs. Restated.	2019 Rs.
Summary of Cash Flows					
Net Operating Cash Flows	1,367,870,537	(107,913,459)	1,368,611,864	298,810,031	1,942,920,189
Net Cash Used in Investing Activities	(2,811,682,507)	(5,138,288,923)	(9,330,478,622)	(5,846,729,993)	(6,796,581,683)
Net Cash Used in/(from) Financing activities	679,409,456	7,864,420,196	5,989,766,961	6,402,816,987	3,500,867,797
Financial Ratio					
GP Margin	29%	28%	17%	10%	13%
EBITDA Margin	22%	22%	9%	8%	7%
NP Margin	13%	10%	-4%	-5%	-5%
Earnings per Share (Rs.)	3.74	3.32	(1.65)	(2.69)	(3.45)
Current Ratio (Times)	1.17	1.22	0.81	0.73	0.47

Real Estate Portfolio

As at 31 March 2019	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	-	-	-	-	380,000
No 02, Havelock Place, Colombo 05.	0.22	-	3,200	-	1	347,000
LAUGFS Property Developers (Pvt) Limited.						
No 101, Maya Avenue, Colombo 06.	0.30	-	87,307	-	1	1,885,000
No. 69/2, Maya Avenue, Colombo 06	0.13	-	-	-	-	96,000
Properties Outside Colombo						
LAUGFS Gas PLC						
Biyagama Road, Mabima.	32	-	49,419	-	7	816,000
Biyagama Road, Mabima.	1.02	-	-	-	-	55,500
Matara Road, Galupiadda, Galle.	0.18	-	680	-	1	51,200
Katuwawala , Borelasgamuwa	-	0.40	9,813	-	1	3,463
LAUGFS Gas (Bangladesh) Ltd						
Mongla, Bangladesh	-	10.47	-	3,499	-	13,277

Share Information

NUMBER OF SHARES IN ISSUE

Ordinary Voting	335,000,086
Ordinary Non-voting	52,000,000

STOCK SYMBOL

Ordinary Voting	LGL N 000
Ordinary Non-voting	LGL X 000

Listed in the Main Board of the Colombo Stock Exchange.

SHARE PRICES FOR THE YEAR

LGL N

	As at 31/03/2019	As at 31/03/2018
Market price per share		
Highest during the year	Rs.30.00 (02-04-2018)	Rs.39.80 (09-03-2018)
Lowest during the year	Rs.14.60 (24-08-2018)	Rs.20.90 (22-12-2017)
As at end of the year	Rs.16.80	Rs.35.50

	2018/19
Number of Transactions during the year	4,935
Number of Shares traded during the year	5,300,639
Value of shares traded during the year (Rs.)	108,044,900.60

LGL X

	As at 31/03/2019	As at 31/03/2018
Market price per share		
Highest during the year	Rs.25.00 (02-04-2018)	Rs.31.00 (09-03-2018)
Lowest during the year	Rs.11.50 (22-03-2019)	Rs.18.50 (12-12-2017)
As at end of the year	Rs.13.10	Rs.25.80

	2018/19
Number of Transactions during the year	5,300
Number of Shares traded during the year	3,694,524
Value of shares traded during the year (Rs.)	68,058,891.90

PUBLIC HOLDING

Public Holding percentage as at 31st March 2019 being 25.22% comprising of 9,312 shareholders.

The Float adjusted market capitalization as at 31st March 2019 is Rs. 1,106,781,049.30. The Float adjusted market capitalization of the Company falls under Option 5 of Rule 7.13.1 (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.

SHARE DISTRIBUTION AS AT 31ST MARCH 2019

LGL N

From	To	No of Holders	No of Shares	%
1	1,000	7,607	2,713,124	0.81
1,001	10,000	1,461	4,671,978	1.39
10,001	100,000	219	6,137,680	1.83
100,001	1,000,000	22	5,053,732	1.51
Over 1,000,000		9	316,423,572	94.46
		9,318	335,000,086	100.00

LGL X

From	To	No of Holders	No of Shares	%
1	1,000	5,704	1,954,466	3.76
1,001	10,000	1,299	3,939,821	7.57
10,001	100,000	208	6,026,317	11.59
100,001	1,000,000	27	7,342,623	14.12
Over 1,000,000		7	32,736,773	62.96
		7,245	52,000,000	100.00

ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2019

LGL N

From	No of Holders	No of Shares	%
Local Individuals	9,065	16,300,156	4.87
Local Institutions	216	318,324,540	95.02
Foreign Individuals	35	272,990	0.08
Foreign Institutions	2	102,400	0.03
	9,318	335,000,086	100.00

LGL X

From	No of Holders	No of Shares	%
Local Individuals	7,056	13,255,246	25.49
Local Institutions	156	33,181,328	63.81
Foreign Individuals	27	782,810	1.51
Foreign Institutions	6	4,780,616	9.19
	7,245	52,000,000	100.00

Share Information

RESIDENCY

LGL N

Category	No. of shareholders	No. of shares	%
Resident	9,281	334,624,696	99.89
Non Resident	37	375,390	0.11
Total	9,318	335,000,086	100

LGL X

Category	No. of shareholders	No. of shares	%
Resident	7,212	46,436,574	89.30
Non Resident	33	5,563,426	10.70
Total	7,245	52,000,000	100

DIRECTOR'S SHAREHOLDING AS AT 31ST MARCH 2019

LGL N

	No. of Shares	%
Mr W K H Wegapitiya	1,411,536	0.421
Mr U K T N De Silva	1,077,897	0.322
Mr H A Ariyaratne	3,900	0.001
Mr T K Bandaranayake	Nil	Nil
Mr. N M Prakash	17,000	0.005
Mr. A R D Perera	Nil	Nil
Prof. S P P Amaratunge	Nil	Nil
Mr. C. Ediriwickrama	Nil	Nil

LGL X	No. of Shares	%
Mr W K H Wegapitiya	Nil	Nil
Mr U K T N De Silva	Nil	Nil
Mr H A Ariyaratne	3,400	0.007
Mr T K Bandaranayake	Nil	Nil
Mr. N M Prakash	Nil	Nil
Mr. A R D Perera	Nil	Nil
Prof. S P P Amaratunge	Nil	Nil
Mr. C. Ediriwickrama	Nil	Nil

CHIEF EXECUTIVE OFFICER'S SHAREHOLDING AS AT 31ST MARCH 2019

	No. of shares	%
Mr. U K A T De Silva (resigned on 3rd April 2019)	22,600	0.007 (LGL N)
	22,500	0.043 (LGL X)
Mr. C. Ediriwickrama (appointed on 3rd April 2019)	Nil	Nil (LGL N)
	Nil	Nil (LGL X)

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31st March 2019		31st March 2018	
		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	AMANABANK PLC/ALMAS ORGANISATION (PVT) LTD	2,518,925	0.752	1,547,795	0.462
4	AMANABANK PLC/CARLINES HOLDINGS (PVT) LTD	1,680,685	0.502	1,547,795	0.462
5	MR. W K H WEGAPITIYA	1,411,536	0.421	1,411,536	0.421
6	DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE FUND	1,339,563	0.400	1,339,563	0.400
7	DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,318,182	0.393	1,318,182	0.393
8	DEUTSCHE BANK AG - NAMAL GROWTH FUND	1,198,934	0.358	1,198,934	0.358
9	MR. U K T N DE SILVA	1,077,897	0.322	1,077,897	0.322
10	MR. G Y N MAHINKANDA	854,947	0.255	794,572	0.237
11	MR. H D M P SIRIWARDENA	749,000	0.224	749,000	0.224
12	SEYLAN BANK PLC / S R FERNANDO	699,601	0.209	130,615	0.039
13	EMPLOYEES TRUST FUND BOARD	205,304	0.061	205,304	0.061
14	MR. H A VAN STARREX	197,098	0.059	197,098	0.059
15	ASSETLINE LEASING CO. LTD/ DON AND DON HOLDINGS PVT LTD	193,045	0.058	-	-
16	J.B. COCOSHELL (PVT) LTD	187,669	0.056	187,669	0.056
17	BANK OF CEYLON NO. 1 ACCOUNT	168,727	0.050	168,727	0.050
18	MR. S GNANASEKARAN	167,403	0.050	126,972	0.038
19	MRS. C N G NARAYANA	162,300	0.048	162,300	0.048
20	MR. W V JAGATH PUSHPA KUMARA	153,072	0.046	153,072	0.046
		320,161,738	95.571	318,194,881	94.983
	OTHERS	14,838,348	4.429	16,805,205	5.017
	TOTAL	335,000,086	100.000	335,000,086	100.000

Share Information

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31st March 2019		31st March 2018	
		No of Shares	(%)	No of Shares	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	STATE STREET LUXEMBOURG C/O SSBT - ALLIANCEBERNSTEIN NEXT 50 EMERGING MARKETS (MASTER) FUND SICAV-SIF S.C.SP.	3,846,247	7.397	3,846,247	7.397
3	BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578	3,420,538	6.578
4	DEUTSCHE BANK AG AS TRUSTEE FOR J B VANTAGE VALUE EQUITY FUND	2,505,696	4.819	2,505,696	4.819
5	AMANA BANK PLC / CARLINES HOLDINGS (PRIVATE) LIMITED	2,213,517	4.257	2,213,417	4.257
6	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,461,926	2.811	1,249,845	2.404
7	J.B. COCOSHELL (PVT) LTD	1,247,549	2.399	1,247,549	2.399
8	MR. A.M. WEERASINGHE	813,471	1.564	813,471	1.564
9	COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	793,906	1.527	793,906	1.527
10	DEUTSCHE BANK AG - NATIONAL EQUITY FUND	663,000	1.275	663,000	1.275
11	MR. S SIVASHANTH	523,041	1.006	404,447	0.778
12	GOLD INVESTMENT LIMITED	390,000	0.750	390,000	0.750
13	MRS C N G NARAYANA	378,800	0.728	378,800	0.728
14	MRS S D AMARASINGHE	372,400	0.716	372,400	0.716
15	SEYLAN BANK PLC / S.R. FERNANDO	371,903	0.715	704,992	1.356
16	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
17	PERSHING LLC S/A AVERBACH GRAUSON & CO.	307,604	0.592	307,604	0.592
18	MR. M A VALABHJI	280,000	0.538	280,000	0.538
19	MR. S G H I JAFFERJEE	153,236	0.295	-	-
20	MR. K B DE VOS	151,202	0.291	151,202	0.291
		38,243,336	73.545	38,092,414	73.255
	OTHERS	13,756,664	26.455	13,907,586	26.745
	TOTAL	52,000,000	100.000	52,000,000	100.000

Value Added Statement

For the Year ended 31 March	2019		2018	
	Rs. '000	%	Rs. '000	%
Year ended 31 March			Restated.	
Revenue	24,919,775		21,354,621	
Other Income	726,520		741,546	
	25,646,296		22,096,168	
Cost of Material & Services Provided	(22,572,042)		(19,050,214)	
Value addition	3,074,254	100	3,045,954	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	1,423,122	46	1,397,810	46
To Providers of Funds				
Dividend Paid	-	-	-	-
Interest Cost	1,936,581	63	1,585,477	52
To Government				
As Taxes & Levies	47,964	2	76,435	3
	3,407,667	111	3,059,722	100
To Expansion & Growth				
Depreciation and Amortization	964,461	31	1,323,431	43
Profit After Dividend	(1,297,874)	(42)	(1,337,199)	(44)
	(333,413)	(11)	(13,768)	(0)
	3,074,254	100	3,045,954	100

Our Reach

LAUGFS GAS

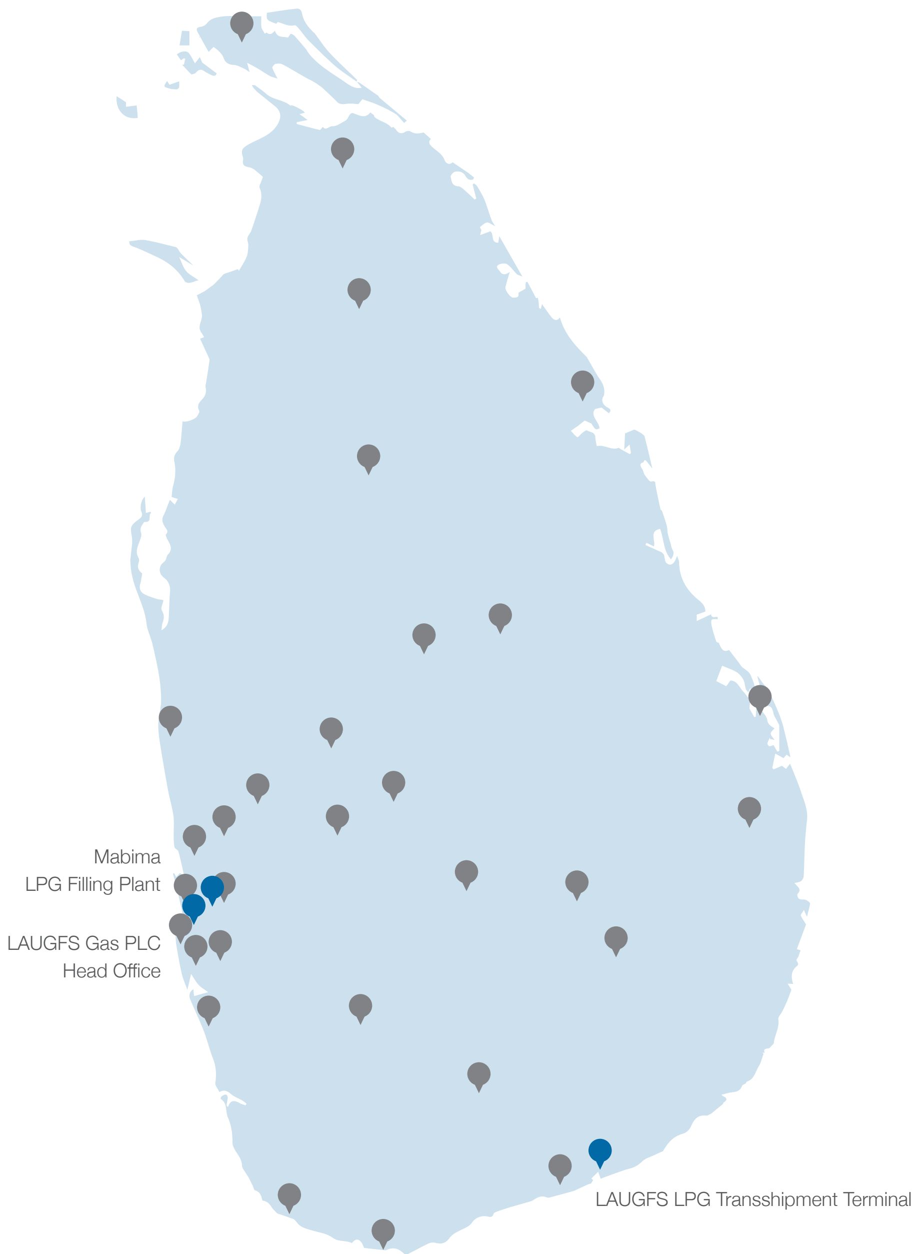
LPG Filling Plant:

Mabima

Distributor Network:

1 Kaluthara
2 Anuradhapura
3 Polonnaruwa
4 Galle
5 Watareka
6 Mawanella
7 Bangadeniya
8 Akkaraipattu
9 Matara
10 Ambalanthota
11 Vavuniya
12 Gampaha
13 Trincomalee
14 Jaffna
15 Dambulla
16 Manikhinna
17 Siyambalape
18 Kurunegala
19 Batticaloa
20 Haliela
21 Monaragala
22 Boralesgamuwa
23 Colombo
24 Negombo
25 Embilipitiya
26 Nawagamuwa
27 Rathnapura
28 Kilinochchi
29 Kesbewa
30 Kiribathkumbura
31 Bandarawela

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 9th Annual General Meeting of LAUGFS Gas PLC will be held on 29th August 2019 at 2.00pm at the Auditorium of the Sri Lanka Foundation Institute at No. 100, Sri Lanka Padanam Mawatha, Independence Square, Colombo 7, for the following purposes;

1. To receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2019 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. T. K. Bandaranayake, who is over the age of 70 years and who retires at the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007 by passing the following ordinary resolution.

"Resolved that Mr. T. K. Bandaranayake, who is over the age of 70 years be and is hereby re-elected as a Director of the Company and it is hereby resolved and declared that the age limit of 70 years referred to in Section 210 of the Companies Act No. 7 of 2007 shall not apply to the said Director"

3. To re-elect as Director, Mr. N. M. Prakash, who retires by rotation in terms of Article 81 of the Articles of Association of the Company.
4. To re-elect as Director, Mr. C. Ediriwickrama, who retires in terms of Article 88 of the Articles of Association of the Company
5. To authorise the Directors to determine and make donations.
6. To re-appoint Auditors M/s. Ernst & Young and to authorise the Directors to determine their remuneration.

By Order of the Board
LAUGFS GAS PLC

Corporate Advisory Services (Private) Limited
Secretaries
5th August 2019

Notes:

i. A member unable to attend is entitled to appoint a Proxy to attend and vote in his/her place.

ii. A Proxy need not be a member of the Company.

iii. A member wishing to vote by Proxy at the Meeting may use the Proxy Form enclosed.

iv. In order to be valid, the completed Proxy Form must be lodged at the Registered Office of the Company not less than 48 hours before the meeting.

THE SHAREHOLDERS ARE REQUESTED TO BRING AN ACCEPTABLE FORM OF IDENTITY.

INSTRUCTIONS TO COMPLETE PROXY

1. The full name and the registered address of the shareholder appointing the proxy should be legibly entered in the Form of Proxy, duly signed and dated.
2. The completed Proxy should be deposited with the Head of Legal of LAUGFS Gas PLC at the Registered Office of the Company at No. 101, Maya Avenue, Colombo 6, not less than 48 hours before the time appointed for holding the Meeting.
3. For voting shares please indicate with an "X" in the space provided how your proxy is to vote on the resolution. If no indication is given the proxy in the discretion will vote as he thinks fit.
4. The Proxy shall –

(a)in the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

(b)in the case of a company or corporate body, either be under its Common Seal or signed by its attorney or by an officer on behalf of the Company or corporate body in accordance with the Articles of Association or the Constitution of that Company or corporate body. The Company may, but shall not be bound to, require evidence of the authority of any such attorney or officer.

(c)in the case of joint-holders, the first joint-holder has the power to sign the proxy without the concurrence of the other joint-holder/s.

5. Every alteration or addition to the Proxy must be duly authenticated by the full signature of the shareholder, signing the Proxy. Such signature should as far as possible be placed in proximity to the alteration or addition intended to be authenticated.

Notes

Notes

Form of Proxy - Voting

*I/We ....

of .... being

*a member/ members of the LAUGFS GAS PLC, hereby appoint ....

.... of ....

.... or failing him/her W. K. H. Wegapitiya or failing him U. K. Thilak De Silva, or failing him H. A. Ariyaratne, or failing him T. K. Bandaranayake or failing him A. R. D Perera, or failing him N. M. Prakash, or failing him S. P. P. Amaratunge or failing him C. Ediriwickrama as *my/our proxy, to represent *me/us and to speak and vote whether on a show of hands or on a poll for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on 29th August 2019 at 2.00pm at the Auditorium of the Sri Lanka Foundation Institute and at any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report and Financial Statements for the Financial Year ended 31st March 2019 with the Report of the Auditors thereon.		
2. To re-elect as a Director Mr. T. K. Bandaranayake, who is over the age of 70 years and who retires at the forthcoming Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007		
3. To re-elect as Director, Mr. N. M. Prakash, who retires by rotation in terms of Article 81 of the Articles of Association of the Company.		
4. To re-elect as Director, Mr. C. Ediriwickrama, who retires In terms of Article 88 of the Articles of Association		
5. To authorize the Directors to determine and make donations.		
6. To re-appoint Auditors M/s. Ernst & Young and to authorize the Directors to determine their remuneration.		

Signed this .... day 2019

*Signature/s of the Shareholder (s) ....

....

Please provide the details :

Shareholder's NIC No / Company Registration No ....

Folio No / Number of Shares held ....

Proxy holder's NIC No (if not a Director) ....

Note - *See instructions to complete the proxy*

* Delete inappropriate words

Form of Proxy - Non-Voting

*I/We ....

of .... being

*a member/ members of the LAUGFS GAS PLC, hereby appoint ....

.... of ....

.... or failing him/her W. K. H. Wegapitiya or failing him U. K. Thilak De Silva, or failing him H. A. Ariyaratne, or failing him T. K. Bandaranayake or failing him A. R. D Perera, or failing him N. M. Prakash, or failing him S. P. P. Amaratunge or failing him C. Ediriwickrama as *my/our proxy, to represent *me/us and to speak on *my/our behalf at the Annual General Meeting of the Company to be held on 29th August 2019 at 2.00pm at the Auditorium of the Sri Lanka Foundation Institute and at any adjournment thereof which may be taken in consequence thereof .

Signed this .... day 2019

*Signature/s of the Shareholder (s) ....

....

Please provide the details :

Shareholder's NIC No / Company Registration No ....

Folio No / Number of Shares held ....

Proxy holder's NIC No (if not a Director) ....

Note - *See instructions to complete the proxy*

* Delete inappropriate words

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 Maritime Services (Pvt) Ltd - Shipping operations

LAUGFS Gas (Bangladesh) Ltd - Downstream Business of Liquefied Petroleum Gas & other related Products & Services

Slogal Energy DMCC - Trading of Liquefied Petroleum Gas and other Petroleum Products

LAUGFS Terminals Ltd - Provider of LPG storage and transshipment facilities

LAUGFS Property Developers (Pvt) Ltd - Holding Company of the Head Office building

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated and domiciled in Sri Lanka.

BOARD OF DIRECTORS

Mr. W.K.H. Wegapitiya
(Chairman/ Group CEO)
Mr. U. K. Thilak De Silva
(Group Managing Director)
Mr. H.A. Ariyaratne
Mr. T.K. Bandaranayake
Mr. N.M. Prakash
Mr. A. R. D. Perera
Prof. S. P. P. Amaratunge
Mr. C. Ediriwickrama

BANKERS

Bank of Ceylon
Commercial Bank of Ceylon PLC
DFCC Bank PLC
Hatton National Bank PLC
Hongkong and Shanghai Banking Corporation
MCB Bank Limited
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

Designed by

emagewise

REGISTERED OFFICE:

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 220
Fax: (011) 25 83 824

CORPORATE WEBSITE

www.laugfsgas.lk

www.laugfsgas.lk