IT BEGINS WITH YOU

Annual Report 2019/20 | LAUGFS GAS

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

IT BEGINS WITH YOU

At LAUGFS Gas PLC, every step we've taken towards the future, began with the strength of your trust. For over 20 years, we have worked towards making our company a leader in the industries we operate in, with a pioneering vision and deeply-ingrained local values.

This report takes a deeper look at how we have re-aligned our focus, strategies and organisational processes to be more customer-centric, thereby ushering in a new era of growth. It also details how our broad presence across the value chain provides us with significant advantages to drive forward our vision of becoming the most preferred Sri Lankan multinational, while delivering enduring value to the thousands of stakeholders we serve.

At LAUGFS Gas, our inspiration to move forward begins with you, because our journey is about serving you better.

LAUGFS Group 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.

LAUGFS Group 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.

LAUGFS Group Values

Customer centricity

Integrity

Responsible corporate citizen

Innovativeness

Teamwork

CONTENTS

ABOUT THE REPORT

Over the last 10 years, LAUGFS Gas PLC has made good progress in presenting our strategic thinking, performance and prospects in a holistic manner to support stakeholders make an informed assessment of our performance and value creation over the short, medium and long-term. Matters considered most material to our value creation and the sustainability of the Group are highlighted in the report. The company didn't have any significant changes to the organisation for the financial year.

By following best practices in corporate reporting, we have enhanced the quality of our report every year in line with the guiding principles specified in the International Integrated Reporting Framework (IIRC) as described below.

Strategic Thinking and Future Orientation

Refer Pages 18 to 19

Connectivity of Information

Used navigating icons to improve connectivity through the report.

Stakeholder Relationships

Refer Pages 20 to 21

Materiality

Refer Pages 24 to 31

Reliability and Completeness

Both financial and non-financial information are audited by the external auditors, Ernst & Young.

Consistency and Comparability

We present both financial and non-financial information for the current year and comparable periods.

BOARD ACKNOWLEDGEMENT

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

For any queries on the report, please contact

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

OUR REPORTING FRAMEWORK

Scope and Boundaries

The report covers the operations of LAUGFS Gas PLC and its subsidiaries as disclosed on page 04. There were no restatements of information or changes to reporting during the year.

Reporting cycle : Annual

Reporting period :
April 2019 – March 2020

Date of the most recent report :
01 April 2018 – 31 March 2019

Regulatory Framework Applied

- 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

Voluntary Frameworks Applied

- Integrated Reporting Framework issued by the International Integrated Reporting Council
- This report has been prepared in accordance with the GRI standards – Core Option
- Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants. The Securities and Exchange Commission of Sri Lanka and The Colombo Stock Exchange
- Communicating Sustainability issued by the Colombo Stock Exchange

Memberships

- World LPG Association
- LPG Association of Bangladesh

ABOUT US

LAUGFS Gas PLC is a pioneer in Sri Lanka's Power and Energy Sector with the broadest presence across the value chain in the country for the import, distribution and storage of Liquefied Petroleum Gas (LPG) in Sri Lanka and Bangladesh. Our brand, 'LAUGFS GAS' is a recognised household name in the market and is the market leader for supply of LPG to the industrial sector.

We guard our reputation for quality, safety and reliability zealously, using our considerable expertise in providing high quality engineering services, which has supported our growth over the past few years.

LAUGFS Gas PLC is a venture of LAUGFS Holding Limited, a diversified conglomerate with ventures across a range of industry sectors.

LAUGFS GAS PLC

- Refilling and marketing of LPG in Sri Lanka and providing related consultancy services
- Holding company of downstream ventures and LAUGFS Bangladesh

LAUGFS Gas (Bangladesh) Ltd.

Refilling and marketing of LPG in Bangladesh and providing related consultancy services.

LAUGFS Maritime Services (Pvt) Ltd.

Owns and operates three gas tankers to transport LPG.

LAUGFS Terminals Ltd.

Owns and operates the largest LPG storage terminal in South Asia in the Hambantota port.

SLOGAL Energy DMCC

Based in Dubai, this is the trading arm of the Group.

LAUGFS Property Developers (Pvt) Ltd.

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

Key Numbers

Rs. 27Bn
Group Revenue

Rs. 1.9Bn
Group EBITDA

Rs. 39.7Bn
Total Assets

409
Employees

8,231
Distributors & Dealers in Sri Lanka

12,150
Distributors & Dealers in Bangladesh

38,150 MT
Storage Capacity

Relevance to Economy

Only private sector player in LPG

Meeting their domestic energy needs
- Sri Lanka
- Bangladesh

Investment during the year
- Rs. 2,067Mn in Sri Lanka

Creating direct employment opportunities
- 304 in Sri Lanka

ABOUT US

OUR CONTRIBUTION TO THE GLOBAL SUSTAINABILITY DEVELOPMENT GOALS (SDGS)

LAUGFS Gas PLC plays an active socio-economic role in developing sustainable communities and improving the lifestyles and livelihoods of people, especially in rural areas, by providing safe, affordable and a cleaner alternative for cooking fuel as a substitute for firewood. To our industrial and commercial customers, we support their growth and contribution to the economy by ensuring a consistent supply of sustainable energy alternatives. To the economy, our role is bigger, as one of the only two operators in the LPG industry, we have in place a sound infrastructure to serve the regional energy needs with our own fleet of ships and storage terminals, propelling Sri Lanka's vision to become a regional energy hub.

3 GOOD HEALTH AND WELL-BEING
13 CLIMATE ACTION

We served 27.3% of the Sri Lankan LPG demand

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Energy Infrastructure

- Invested in creating a secure value chain to deliver LPG solutions to customers in both Sri Lanka and Bangladesh
- Commissioned the largest storage terminal in South Asia in May 2019

5 GENDER EQUALITY

The female participation rate in our cadre is 10%

11 SUSTAINABLE CITIES AND COMMUNITIES
8 DECENT WORK AND ECONOMIC GROWTH

Rs. 3,479Mn

Economic value addition

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 established LAUGFS Gas (Bangladesh) Ltd.

Commenced construction of LAUGFS LPG Terminal.

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

2018 – Completed construction of LAUGFS Terminal in Sri Lanka.

Signed agreement with Total Gas Bangladesh on cylinder filling.

Installed a cylinder re-qualification plant in Bangladesh.

2019 – **South Asia's largest LPG Transhipment Terminal by LAUGFS officially starts operations in Hambantota International Port**

LOCATION OF HEADQUARTERS

LAUGFS Gas PLC
- Corporate Office – Colombo 06
- Bottling Plant – Mabima

LAUGFS Gas (Bangladesh) Ltd.
- Corporate office - Dhaka, Bangladesh
- Terminal – Mongla, Khulna, Bangladesh

LAUGFS Property Developers (Pvt) Ltd.
Colombo 06

LAUGFS Maritime Services (Pvt) Ltd.
Colombo 06

SLOGAL Energy DMCC
Dubai, UAE

LAUGFS Terminals Ltd.
- Head Office – Colombo 06
- Terminal - Hambantota

FINANCIAL HIGHLIGHTS

	Group			Company		
	2020 Rs.'000	2019 Rs.'000	Change	2020 Rs.'000	2019 Rs.'000	Change
SUMMARY OF OPERATIONS						
Revenue	27,202,064	24,919,775	9%	15,903,144	15,192,633	5%
Gross Profit	2,822,858	3,293,326	-14%	1,220,511	1,337,408	-9%
Profit from Operations	286,804	510,381	-44%	421,141	962,134	-56%
Other Operating Income	806,138	550,231	47%	501,658	1,149,407	-56%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	1,975,613	1,651,132	20%	1,171,804	1,506,026	-22%
Finance Cost	(2,447,498)	(1,936,581)	26%	(1,988,742)	(1,817,854)	9%
Profit/(Loss) Before Tax	(1,841,849)	(1,249,910)	47%	(1,386,124)	(819,542)	69%
Income Tax Expense	151,480	(47,964)	-416%	422,680	377,563	12%
Profit/(Loss) for the Year	(1,690,369)	(1,297,874)	30%	(963,444)	(441,979)	118%
Total Comprehensive Income for the Year Net of Tax	(368,512)	(809,792)	-54%	(1,486,944)	6,059,057	-125%
SUMMARY OF FINANCIAL POSITION						
Property, Plant and Equipment	26,790,343	22,471,637	19%	8,263,242	7,933,407	4%
Investment Properties	2,759,607	2,652,607	4%	862,700	833,700	3%
Investments in Subsidiaries	-	-	-	31,580,885	32,183,542	-2%
Other Non-Current Financial Assets	88,330	103,265	-14%	88,330	103,265	-14%
Current Assets	6,643,220	7,500,399	-11%	3,240,316	4,551,345	-29%
Total Assets	39,716,090	35,396,621	12%	44,089,194	45,606,494	-3%
Non-Current Liabilities	17,295,921	18,191,752	-5%	8,425,241	10,211,974	-17%
Current Liabilities	21,632,017	16,050,845	35%	14,517,735	12,763,996	14%
Total Liabilities	38,927,938	34,242,597	14%	22,942,976	22,975,970	0%
SHAREHOLDERS' INTEREST						
Stated Capital	1,000,000	1,000,000	-	1,000,000	1,000,000	-
Fair Value Reserve of Financial Assets at FVOCI	(353,245)	(337,972)	5%	21,093,480	21,651,144	-3%
Revaluation Reserve	863,476	86,842	894%	38,451	-	-
Foreign Currency Translation Reserve	1,162,068	661,543	76%	-	-	-
Retained Earnings / (Losses)	(2,335,606)	(678,041)	244%	(985,713)	(20,621)	4,680%
Net Assets (Equity) - Attributable to Equity Holders of the Parent	336,693	732,371	-54%	21,146,218	22,630,524	-7%
Return on Equity (%)	-511%	-182%	181%	-5%	-2%	133%
Net Assets Value per Share (Rs.)	0.87	1.89	-54%	54.64	58.48	-7%
LEVERAGE						
Interest Cover (Times)	0.25	0.35	-30%	0.30	0.55	-45%
FINANCIAL RATIO						
Gross Profit Margin	10%	13%	-21%	8%	9%	-13%
EBITDA Margin	7%	7%	0%	7%	10%	-26%
Net Profit Margin	-6%	-5%	19%	-6%	-3%	108%
Earnings/(Loss) per Share (Rs.)	(4.44)	(3.45)	30%	-	-	-
Dividend Payout (%)	-	-	-	-	-	-
Assets Turnover (Times)	0.68	0.70	-3%	0.36	0.33	8%
Equity to Assets (Times)	0.02	0.03	-39%	0.48	0.50	-3%
Current Ratio (Times)	0.31	0.47	-34%	0.22	0.36	-37%
Quick Ratio (Times)	0.23	0.38	-38%	0.17	0.30	-43%

NON-FINANCIAL HIGHLIGHTS

Human Capital

No of employees
409

Total injuries
5

22.6 Average training hours
per employee

Social and Relationship Capital

20,403
Channel partners
25% Growth

Payments to suppliers
Rs. 24,848Mn

CSR Investment
Rs. 4.6Mn

Intellectual Capital

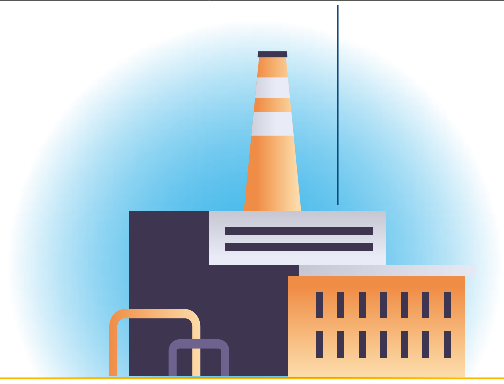
A trusted brand backed by quality, safety and reliability

Natural Capital

		2019/20
Raw materials consumed	MT	359,485
Energy consumed	MJ	199,334,300
Water consumed	M3	74,885

Manufactured Capital

		2019/20	2018/19
Value of PPE	Rs.	26,790	22,472
Capital Expenditure	Rs.	2,715	6,521
Storage Capacity	MT	38,150	34,950
Depreciation & Amortisation	Rs.	1,301	964



GROUP CHAIRMAN'S MESSAGE

The year under review has been extraordinary as the country faced terror attacks in April 2019 and by mid-March 2020 we were in a lockdown due to the COVID-19 pandemic. I am reminded of how resilient our country has been through decades of civil war and that we were on the road to recovery again despite the tragedy at the beginning of the year. I am confident that this is another challenge that has to be managed and that we will weather the tough times and emerge more resilient.

W.K.H. Wegapitiya
Group Chairman

Dear Shareholders,

I am pleased to present the Annual Report for LAUGFS Gas PLC for the financial year ending 31st March 2020, which sets out our performance together with the challenges encountered, opportunities seized and how risks were managed during the year. The year under review has been extraordinary as the country faced terror attacks in April 2019 and by mid-March 2020 we were in a lockdown due to the COVID-19 pandemic. I am reminded of how resilient our country has been through decades of civil war and that we were on the road to recovery again despite the tragedy at the beginning of the year. I am confident that this is another challenge that has to be managed and that we will weather the tough times and emerge more resilient. Despite the sombre times, we see opportunities for leveraging one of the strongest supply chains for LPG in South Asia and will look to optimise these to drive top line growth while rationalising our operative costs to derive the envisaged synergies.

REALISING THE FUTURE

In May 2019, we created history with the commissioning of South Asia's largest LPG storage terminal adjacent to the Hambantota Port, which completes our LPG value chain which spans three countries covering sourcing, transporting, storing, bottling and distributing functions. It is the realisation of a long-term goal of the Group envisioned at the time Sri Lanka unfolded plans for becoming a maritime hub. This transforms our business model to derive revenue from rental of storage space for LPG in the region as well as from chartering of gas tankers for transportation of LPG while serving the downstream operations of the Group in Sri Lanka and Bangladesh. We are encouraged by the potential we see for consolidating our position as a regional player in LPG as well as interest in our services.

OPPORTUNITIES & CHALLENGES

Our operating environment, which I described as challenging in my previous year's message, became even more challenging in the aftermath of the Easter Sunday terror attacks. Budget and trade deficits resulted in tightening fiscal and monetary policy although inflation largely remained within the target range. Accordingly, Sri Lanka's GDP growth moderated to 2.3% in 2019 while the Sri Lankan rupee depreciated by 3.7% during the financial year. Interest rates which increased during 2019, were curtailed by the Central Bank of Sri Lanka to stimulate investment and growth. The onset of elections resulted in a decrease in the price of LPG in Sri Lanka and there were no upward revisions despite significant volatility in global LPG prices. GDP growth in Bangladesh remained strong for the third consecutive year at 7.9% and the LPG sector continued to grow although at a moderated pace as expected.

LPG prices remained volatile during the year with prices moving above USD 500 in April and May 2019 and later in January and February in 2020. The lowest prices were observed in September 2019 with prices moving to USD 350 and moving up thereafter to a peak of USD 565 in January. Prices fell sharply in April 2020 to USD 230 as a result of the breakdown of the OPEC+ agreement among oil suppliers and the weaker demand stemming from COVID-19 impacts although this will only impact the performance of the year that has commenced.

UNLOCKING VALUE

Volume growth will be key to unlocking value of our considerable infrastructure and our company is redoubling its efforts to drive growth in key markets. Relatively low penetration levels in Sri Lanka and Bangladesh present opportunities which we have been pursuing, focusing on solutions for the urban domestic market as well as solutions for the rural market, which will be switching from firewood and kerosene to LPG. LAUGFS adopted a customer centric approach to understand and address the concerns of the target market segments and compile holistic value propositions supporting customer retention. The results are encouraging and have supported strong volume growth in the packed segment which is dominated by domestic use. In Bangladesh, we have identified the issues specific to the distribution of LPG in the country, particularly during the wet season, and are addressing these in readiness to drive volumes exponentially.

The industrial segment also presents opportunities, however competitive pricing is necessary to sustain the value proposition. Here too, our approach to growth of the segment has been successful as we have gained leadership in this segment.

PERFORMANCE

I am pleased to report that the energy sector in Sri Lanka and Bangladesh delivered strong volume growth of 9% and 8% respectively, supporting top line growth of 9% to Rs. 27Bn. The price ceiling in Sri Lanka and volatility in LPG prices and supplies increased pressure on margins which were already under pressure. Increasing competition in Bangladesh also saw an increase in selling and distribution expenses exerting pressure on operating margins. Consequently, the loss after tax of the energy sector increased to Rs. 649Mn in the reporting year.

Rs. 27Bn
Revenue

Sri Lanka and Bangladesh delivered strong volume growth of 9% and 8% respectively.

Rs. 40Bn
Total Assets

Total assets grew by 12% during the year.

GROUP CHAIRMAN'S MESSAGE

This was the first year of operations for LAUGFS Terminals which was completed at a cost of Rs. 11.9Bn with a storage capacity of 30,000 MT with its own dedicated pipeline and loading arm facilitating significant operational efficiencies. We received the Pre-commissioning Safety and Security Certificate from Lloyds of London in April 2019 and the first commercial shipment was received in May 2019. Since then we have received 13 shipments and dispatched 26 shipments to Colombo, Bangladesh, Maldives and Port Blair as we implemented the hub and spoke operating models to drive cost efficiencies in the value chain. The facility operated at 40% average capacity during the year due to LPG shortages faced during the year but we expect this to change in the months ahead as market dynamics have changed significantly with adequate supplies paving the way to realising envisaged efficiencies. Expected losses in the first year of operations in a venture of this nature were exacerbated due to the shortages of LPG supply resulting in a loss of Rs. 162Mn.

SLOGAL Energy DMCC supported downstream operations although setbacks such as the drone attack in Saudi gave rise to temporary shortages and price optimisation remained a key focus due to price volatility during the year. The company incurs costs for charter of vessels and storage, which are mainly due to the Group entities and are offset in consolidation. The entity recorded a loss of Rs. 986Mn during the year which is largely attributable to inefficiencies stemming from supply shortages and operational issues which are being reviewed to strengthen our operating model.

LAUGFS Maritime was also affected by the supply dynamics during the year, which resulted in a decline in turnover. This is reflected in the decline in turnover and profitability, resulting in a profit of Rs. 5.6Mn.

OUR PROSPECTS

The year ahead will be unlike any other, characterised by a recession and significant uncertainty. The IMF forecasts global growth to decline to a negative 3% while Sri Lanka's economic growth is forecast to decline by 0.5%. Bangladesh's steady economic growth of the recent past is expected to moderate to 1.9%. It is also necessary to understand that the forecasts available at present include cautionary commentary on significant downside potential. On the positive side, LPG is an essential service with a baseline stable demand and commodity prices have declined significantly including LPG, due to the breakdown in the OPEC+ agreements between oil suppliers and weaker demand from industrial nations due to COVID-19 impacts. The disruption in supply chains may also provide additional opportunities for enhancing capacity utilisation of our considerable infrastructure, particularly for storage and transportation of LPG to players in the region. The Board continues to monitor the COVID-19 impacts and LPG market dynamics closely to identify potential opportunities and threats and formulate appropriate responses.

We are very much aware that urgent action is required to uplift the financial performance of the Group and the Board is driving significant changes to the Group's operating systems to deliver positive change. Current market dynamics are favourable to LAUGFS operations and we are initiating actions that will support Group profitability. As an essential service, our demand is largely expected to remain stable although demand from the bulk segment and the hotels, restaurants and cafes are likely to moderate for the next six months at least while social distancing remains a key imperative. The impact of moderating industrial demand is expected to be offset by favourable supply dynamics to the domestic segment. Pricing policies of the Consumer Affairs Authority will play a key role in the profitability of Sri Lankan operations. Operations in Bangladesh are expected to grow with the investments made to enhance capacity and distribution of LPG.

Unlocking operational and cost efficiencies in our value chain is key to returning to profitability and this will be the main priority for the Board in the year that has commenced. The time in lockdown has been used to have deep conversations and brainstorm solutions with encouraging results. Holistic solutions are being implemented by cross functional teams with high levels of scrutiny and objective oversight by the Board. Volume growth will also play a key role as increasing capacity utilisation of our infrastructure is part of the solution to realise the necessary economies of scale.

Unlocking operational and cost efficiencies in our value chain is key to returning to profitability and this will be the main priority for the Board in the year that has commenced. The time in lockdown has been used to have deep conversations and brainstorm solutions with encouraging results. Holistic solutions are being implemented by cross functional teams with high levels of scrutiny and objective oversight by the Board. Volume growth will also play a key role as increasing capacity utilisation of our infrastructure is part of the solution to realise the necessary economies of scale. Managing liquidity is a key concern and we have applied for moratorium for our loans with deferment of interest and capital repayments for six months during this period of uncertainty. Managing debt and related interest costs will remain a key priority to strengthen the balance sheet and our financial performance and the Board continues to pursue multiple strategies to strengthen the prospects of the Group.

APPRECIATIONS

LAUGFS Group has built a world class LPG infrastructure and I commend the leadership for delivering on a vision that started with a venture in supply of gas cylinders for the domestic market just 19 years ago. I wish to convey my sincere appreciation of the project teams and business partners who have worked with us to deliver the terminal in line with global safety standards. The Board joins me in thanking various regulators for their clarifications and assistance on regulatory matters. I wish to thank our Bankers who have supported our growth with the necessary funding. I convey my sincere appreciation to our shareholders who shared our vision to make LAUGFS Gas PLC a regional player in LPG. I conclude by requesting your continued support in the future as well as we work towards a mutual goal of unlocking value.

Deshabandu W.K.H. Wegapitiya
Group Chairman

05th October 2020

GROUP DEPUTY CHAIRMAN'S MESSAGE

During the financial year under review, we realised our vision of a strong supply chain that encompasses a sourcing arm, our own fleet of gas tankers for transportation of LPG, the largest LPG storage and transhipment terminal in South Asia and bottling and distribution operations in Sri Lanka and Bangladesh.

U.K. Thilak De Silva
Group Deputy Chairman

Dear Shareholders,

We are living through a time of unprecedented challenges and it is more important than ever to maintain objectivity and a clear focus to weather the crisis and chart our course to recovery and growth. With this in mind, I have approached my annual message with a view to providing an overview of what we achieved during the financial year to enable an assessment of our current positioning followed by an outline of our plans for recovery post COVID-19 pandemic and building resilience in the year ahead together with perceived risks. It is also timely to remember that every crisis provides opportunity as well as threats, generally disrupting the status quo and supply chains. As an agile organisation engaged in an essential service with a broad presence across the supply chain, we remain confident about our prospects of emerging from the turmoil with a more resilient business model and a paradigm change in the cost-efficiency of our supply chain.

A STRONG SUPPLY CHAIN

During the financial year under review, we realised our vision of a strong supply chain that encompasses a sourcing arm, our own fleet of gas tankers for transportation of LPG, the largest LPG storage and transhipment terminal in South Asia and bottling and distribution operations in Sri Lanka and Bangladesh. Our vision is closely aligned to the country's vision of becoming a hub for South Asia, leveraging it's strategic location and strong diplomatic ties with our neighbouring countries. The commissioning of the LPG storage terminal changes our supply dynamics significantly as we have now put into place a hub and spoke operation which facilitates significant cost efficiencies in the transportation of LPG which we expect to realise in the year that has commenced, easing pressure on operating margins. At the time of writing, LAUGFS Gas has a broad presence across the LPG supply chain in the country and a strong reputation for quality and safety in both Sri Lanka and Bangladesh.

GROUP PERFORMANCE

Group revenue growth of 9% was driven by downstream operations in Sri Lanka and Bangladesh as both markets leveraged their considerable experience in this sector. Operating profit declined by 44% to Rs. 287Mn due to increased selling and distribution overheads in Bangladesh. The increase in finance costs by 26% to Rs. 2.4Bn reflects key concerns of the Group as borrowings increased by 16% to Rs. 29.8Bn. Losses before tax amounted to Rs. 1.8Bn as finance costs for expansion in Bangladesh and Terminals added to the existing burden. Recovery of tax losses enabled the Group to record a loss for the year of Rs. 1.7Bn.

Total assets grew by 12% to Rs. 39.7Bn due to investments as discussed above. Continuing losses eroded equity which declined from Rs. 1.1Bn to Rs. 0.78Bn during the year. Debt to equity increased from a multiple of 22 to 38 which is being addressed by the Board. Moratorium have been extended by the Banks waiving repayment of interest and capital for six months, strengthening liquidity of the Group during the COVID-19 pandemic and supporting recovery. It is noteworthy that the debt and share capital are represented by operational assets and we are formulating strategies to increase utilisation of the LPG capacity created to steer the Group out of its current financial difficulties.

SRI LANKA

Our Sri Lankan operations comprising LAUGFS Gas PLC, LAUGFS Maritime Services (Pvt) Ltd., LAUGFS Terminals Ltd. and LAUGFS Property Developers (Pvt) Ltd. recorded revenue growth of 8% to Rs. 17.9Bn largely due to the strong volume growth of 9% recorded by the bottling and distribution operation. The revenue growth is commendable as it was achieved despite a 14% decrease in the price of 5kg and 12.5kg cylinders which account for over 9% of sales volumes and gained market share in the domestic segment while enhancing our dominant position in the industrial segment. As mentioned last year, the failure to implement the agreed pricing formula in accordance with the Supreme

Rs. 287Mn

Operating profit

Group revenue growth of 9% was driven by downstream operations in Sri Lanka and Bangladesh.

30,000MT

Terminal Capacity

The commissioning of the LPG storage terminal changes our supply dynamics significantly.

Court order remains a key concern impacting profitability of the bottling and distribution operations. Consequently, operating profit margins declined significantly to record an operating profit of Rs. 637Mn prior to finance costs. Several initiatives were implemented to streamline operating costs including optimising distribution and enhancing productivity and capacity utilisation of the plant. Idle time of vessels increased during the year adding to the woes, which is being rectified to drive efficiencies in the supply chain. Capacity utilisation of the storage terminal averaged 40% which is expected to increase as we expand our horizons beyond our own requirements in Sri Lanka and Bangladesh to service other players in the region. Finance costs increased by 20% to Rs. 2,268Mn during the year as borrowing increased marginally during the year resulting in a loss before tax of Rs. 1.3Bn.

BANGLADESH

Bangladesh operations also recorded top line growth of 5% supported by strong volume growth of 8% as we focused on strengthening our distribution networks to ensure availability. Three consecutive years of strong GDP growth at 7%+ supported by investments in infrastructure and policies supporting LPG have also supported growth of

GROUP DEPUTY CHAIRMAN'S MESSAGE

the LPG market in the country which now has 27 players. Pricing is driven by market factors facilitating long term sustainability of operations. We maintained our positioning as the fifth largest player in this lucrative market and have invested Rs. 2.4Bn in enhancing our capacity and distribution networks to drive growth supporting increased demand for auto, domestic and industrial uses. The cylinder requalification plant was commissioned during the year and we have expedited the requalification of our cylinders, reinforcing our brand promise of quality and safety which have been strategic differentiators in a competitive market. Addition of another storage sphere and replacement of the carousel in the bottling plant combined with the requalification plant has doubled our capacity supporting our plans for growth in the fastest growing country in South Asia. Total assets of our Bangladesh operations amount to Rs. 6.6Bn equivalent to 17% of Group Total Assets.

Operating profit margins declined during the year by 23% due to increased competition while increased finance costs resulting from the expansion contributed to a lower PBT of Rs. 540Mn which still remains the highest contribution to the Group. We expect profitability to improve significantly in the year ahead as we roll out our strategies for growth in this lucrative market.

UNITED ARAB EMIRATES

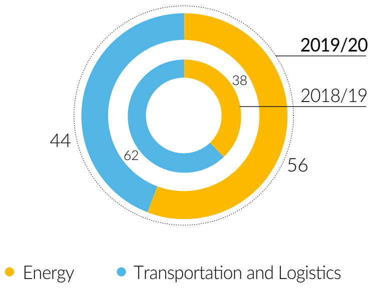
SLOGAL Energy is the procurement arm of the Group based in Dubai which operates a hub and spoke model for delivery of LPG for our downstream operations paying rentals to Maritime Services and Storage Terminals for charter of vessels and renting of the sphere. As this business model was completed only during this year, we are yet to realise the full potential of this key entity and we are reviewing dynamics of the supply chain to drive the efficiencies to realise the full potential of the Group's business model. SLOGAL recorded revenue growth of 29% to Rs. 11.6Bn during the year supporting volume growth in Sri Lanka and Bangladesh although it recorded a loss of Rs. 986Mn after payment of charter fees and Terminal Throughput fee. Turning this operation around will be a key priority for the year that has commenced as we focus on making the LPG supply chain more efficient.

WEATHERING TOUGH TIMES

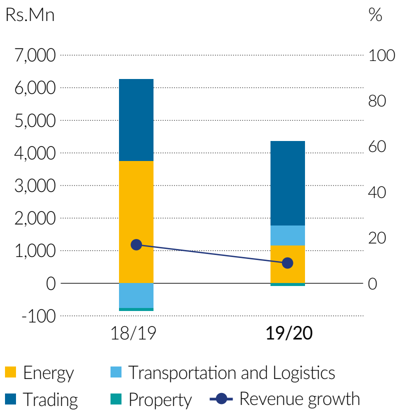
There is no doubt that the year ahead will be critical for the LAUGFS Group as the world has moved into the worst recession in our lifetime. The sobering economic and social impacts of the COVID-19 pandemic and the tragic loss of human life is likely to drive lasting change in the way we work, live and interact with others. While acknowledging that we are in uncharted territory, we also perceive several strategies that we can pursue to steer LAUGFS Group towards a more efficient way of managing our operations as we brainstorm collectively to write a new playbook for the Group. It is indeed a relief that propane prices set by Saudi Aramco have fallen sharply from USD 430 in March 2020 to USD 230 in April 2020 due to the breakdown of OPEC+ and weaker demand for crude oil. The LPG market is predominantly driven by domestic use which accounts for around 70% of the market and this demand is likely to be more stable due to the significant change required to switch to an alternative and related safety issues. It is also the rationale for price control in Sri Lanka and the reason why it is an essential service. The storage and transport hub created for LPG also opens new avenues for expansion as established supply chains come under scrutiny by LPG players in the region. Our target is very clearly to enhance capacity utilisation of the Group's infrastructure through expansion of our own downstream operations and new collaborations to drive LPG market growth in the region. A knowledgeable and experienced management team, strong distribution networks and a loyal workforce are pivotal to implementation of our strategies and we are confident that this is a key strength of the Group.

Investing for The Future

%

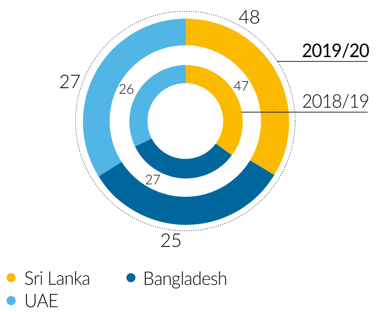


Revenue Growth



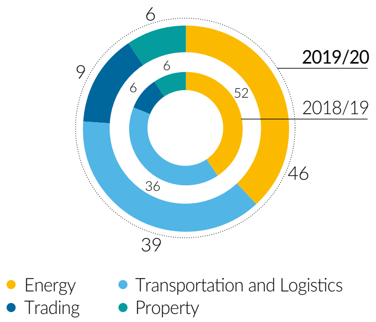
Expanding our Footprint

%



Distribution of Assets

%



ACKNOWLEDGEMENTS

I commend the leadership of the CEOs of the LAUGFS Group and the functional heads who have provided able leadership to their teams in a difficult year that commenced with terror attacks and ended with a pandemic. I urge everyone of the LAUGFS Team to look back at the mountains we have climbed together and draw on our experiences to explore the path ahead of us with optimism despite the present sobering environment.

I thank our Chairman and the Board for their guidance in navigating a challenging year and count on your counsel in steering the Group in the year that has commenced. I thank our banks for the accommodation granted to drive our expansion and meet our liquidity requirements. I extend my sincere appreciation of the co-operation of our distributors and other business partners whose efforts contribute greatly to our success. I conclude by thanking our shareholders for the confidence in the vision of the Group.

U.K. Thilak De Silva
Group Deputy Chairman

05th October 2020

FOCUS ON STRATEGY

HOW WE CREATE VALUE

Our Mission

- Increase market share in all three segments we operate in
- Introduce latest innovations and technology
- Promote a safety culture
- Lead by example as an exemplary Sri Lankan entity
- Ensure fair returns to all stakeholders

We aim to create long-term value to our stakeholders by building a sustainable and profitable business model to drive our value creation through specialisation, efficiency and excellence. We invest in building our own value chain which is important to achieve our purpose and maintain our position as a leading downstream player by ensuring quality and consistency in LPG supply.

Our resources

Financial Capital

- Total Assets - Rs. 39,716Mn
- Total Liabilities - Rs. 38,928Mn

Infrastructure

- Three Vessels
- Storage Capacity - 38,150MT

People Strength

- 409 employees

Alliances

- Dealers
- Suppliers
- Customers

Natural Capital

- Energy
- Materials

Intellectual Capital

- Brand equity
- Certifications
- Health and safety

OUR PRESENCE ALONG THE VALUE CHAIN

TRANSPORTATION AND LOGISTICS

We own and charter LPG vessels.

We invest in storage terminals and filling plants to ensure consistent LPG supply to customers.

TRADING

We connect with various upstream suppliers to source LPG.

ENERGY

We deliver LPG solutions to a wide range of customers serving their domestic, industrial and commercial energy needs.

PROPERTY

We manage rentable office space of 88,082 square feet.

- Corporate Planning
- Integrated IT Systems
- Compliance
- Risk Management
- Corporate Governance

Segment Outputs

Energy

9%
Increase in volume of LPG sold as against last year

Transportation and Logistics

3
Vessels utilised

Transportation and Logistics

30,000MT
Available storage and filling capacity at the terminals

Trading

Rs. 11.6Bn (29%)
Value of trading services increased

Value Delivered

For Shareholders

- Group revenue growth of 9%
- Group operating profit of Rs. 287Mn

For Customers

- Affordable solutions for clean cooking
- Convenient access to sustainable energy sources

For Employees

- Salaries and benefits of Rs. 1,504Mn
- Training hours of 9,269.4

For Business Partners

- Payment to suppliers of Rs. 24,848Mn

For Communities

- CSR spend of Rs. 4.6Mn

Impacts

Emissions

CO_2

5,278,246 MT

Water discharge

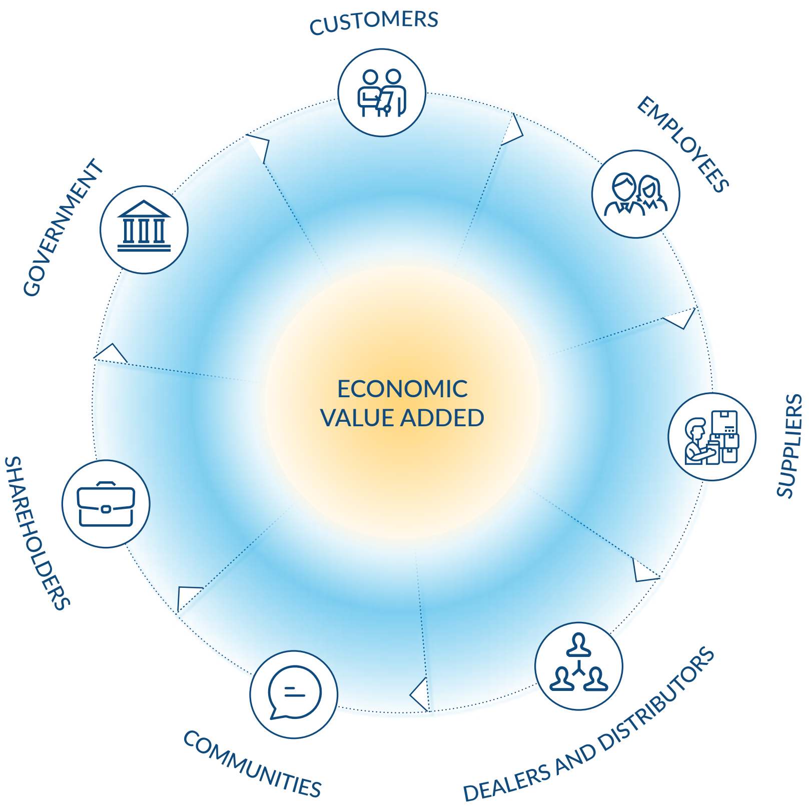
14,500 M^3

Effluents and waste

10,092 kg
Non hazardous waste disposed of

DELIVERING VALUE TO ALL OUR STAKEHOLDERS

Building strong and long-term relationships with our key stakeholders is important to deliver our corporate strategy and achieve our purpose; to create sustainable, equitable and profitable value to our stakeholders. The below stakeholders have been identified based on their materiality to the business and significance in terms of affecting or being affected by our decisions and activities. The economic value generated by LAUGFS Gas PLC in 2019/20 and the distribution of our monetary value addition is described below. In addition, we continuously support the wellbeing and growth of our stakeholders by maintaining continuous dialogue to understand their priorities and deliver meaningful value both financial and non-financial.



CUSTOMERS

We listen to our customers through various mechanisms including surveys, meetings, conferences and social media.

EMPLOYEES

We engage with employees through monthly HR meetings, welfare events and performance appraisals.

SUPPLIERS

Building a secure supplier base is key to our value creation. We network with our suppliers through meetings, one to one discussions and other forms such as e-mails.

DEALERS AND DISTRIBUTORS

We maintain continuous dialogue with our distributors and dealers through workshops and awareness programmes. We also perform on-site inspections to ensure safety standards at the dealer premises.

COMMUNITIES

We engage with our communities by hosting awareness programmes, campaigns, social media and CSR projects.

SHAREHOLDERS

We engage with our shareholders through Annual General Meetings, press releases and the timely publication of financial reports.

GOVERNMENT

Being a part of a regulated industry, our license to operate depends on our compliance with all applicable laws, regulations and standards.

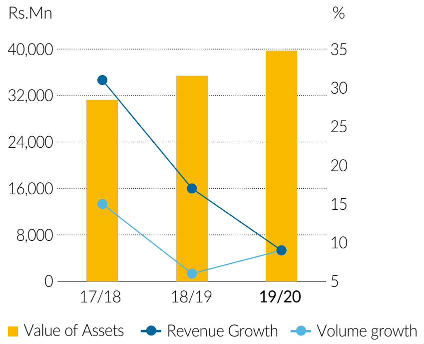
We engage with the Government continuously through written communication, round table sessions and meetings.

Stakeholders	Frequency of engagement	What we discuss	How we responded
Customers	Regularly	▪ Customer satisfaction ▪ Awareness ▪ Health and safety ▪ Product quality ▪ Accessibility	▪ Easy payment schemes ▪ Provision of after sales services ▪ Safety precautions are included in product labelling ▪ Compliance to quality standards ▪ Island wide dealer network
Employees	Regularly	▪ Skill development ▪ Performance appraisals ▪ Career progression ▪ Employee benefits ▪ Grievance handling	▪ Reviewed HR policies ▪ Training programmes ▪ Re- aligned compensation and benefit structures ▪ Set Key Performance Indicators (KPIs)
Suppliers	Regularly	▪ Prices ▪ Credit periods ▪ Terms of contract ▪ Meeting quality standards ▪ Delivery time ▪ Transparency	▪ Prices are determined by expert LPG traders ▪ Independent Procurement Committee ▪ Formed an independent supply chain Division ▪ Import/Export Management System (IEMS) to improve transparency in dealings
Dealers and Distributors	Regularly	▪ Product availability ▪ Commissions ▪ Health and safety	▪ Appointed Channel Development Manager to oversee channel safety and improve visibility
Communities	Regularly	▪ Employment opportunities ▪ Community development ▪ Awareness of product features ▪ Promotions	▪ Recruit from local communities ▪ CSR projects
Shareholders	Regularly	▪ Progress of projects ▪ Earnings growth ▪ Road map for the next year	▪ Formulation of the corporate strategy
Government	Regularly	▪ Pricing regulations ▪ Laws and compliances ▪ Government initiated projects ▪ Health and safety	▪ Initiated discussions to adopt an industry-based pricing mechanism ▪ Adhere to laws and regulations ▪ Sound health and safety procedures

OUR CORPORATE STRATEGY

Delivering an effective corporate strategy is integral to pass through turbulence while making use of opportunities to drive growth and value creation. LAUGFS Gas PLC was founded in 2001 with a long-term view to support sustainable economies and communities by supplying safe, convenient and affordable LPG. Since then, the Group strategically invested in building its own value chain to enhance growth, efficiency and stability while also contributing responsibly to society and the surrounding environment.

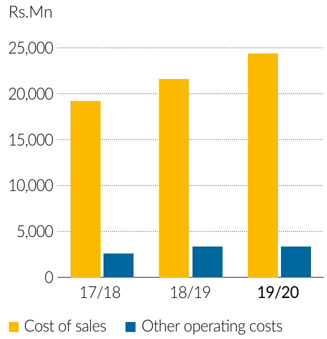
GROWTH



Gain market share

- **Acquire new customers**
  - Increase focus on HORECA segment and introducing new products and services
  - Increase penetration in bulk and commercial market segments
  - Promoted a second cylinder for households
- **Nurturing a trusted brand by ensuring**
  - Quality & Safety
  - Service excellence
  - Reliability

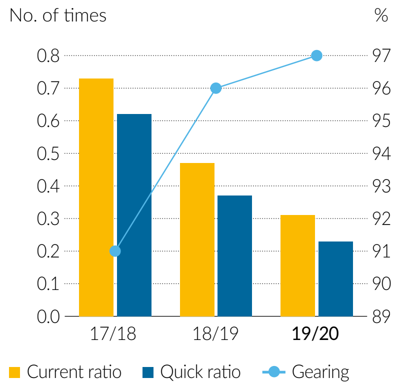
OPERATIONAL EFFICIENCY



Increase productivity

- **Empowering staff**
  - Training and development
- **Performance management**
  - Align incentives and recognition to performance

CAPITAL DISCIPLINE
Grow free cash flows



Improve working capital management

- **Maintain an optimum inventory level**
- **Negotiate with suppliers on favourable payment terms**

PROMOTE RESPONSIBLE GROWTH

Electricity Consumption

1,843,346 KwH

Total Injuries

5 injuries

Measure environmental impact

- **Minimise consumption of non-renewable sources**
  - Electricity
  - Water
  - Effluents and waste
- **Compliance to all environmental laws and regulations**

Build capacity

- Ramp up distribution capacity
  - Grow dealer network
  - Increase regional centres
- Increase storage capacity
  - Commissioning of LAUGFS Terminals in the country's Southern port facilitates a paradigm change in supply chain efficiencies with potential to expand our services

Create revenue streams

- Extend in-house services to external clients.
  - Chartering of vessels and logistics services to external clients
- Consultancy services and third party hosted investments.
  - Negotiate long term contracts for supply of LPG

Process enhancements

- Automation
  - Realigned processes through automation
- Lean processors
  - Realigned sales force to minimise distribution costs

Strategic inventory management

- Strategic procurement decisions
  - In house trading arm; SLOGAL Energy DMCC
  - Robust inventory management systems

Maintain unused funding lines

- Strong relationships with financial institutions
- Enhance rapport with existing and potential investors

Manage leverage

- Regular review of the rates to ensure smooth conversion management.
- Continuous monitoring of interest rate exposure pertaining to the loans obtained to avoid potential interest rate risks.

Commitment to zero harm

- Ensure sound health and safety framework covering all business processes including
  - Transportation
  - Storage
  - Distribution
- Ensure customer health and safety

Grow communities

- Increase awareness especially in rural communities
- CSR investments
- Offer employment opportunities to local communities

MATERIALITY

MANAGING RISKS AND MATERIALITY

Our material issues and risk landscape for 2019/20

Strategy

- Volatility in commodity prices
- Political instability
- Policy uncertainty
- Financial constraints
- Accelerated competitor strategies
- Changes in the business environment

Finance Risk

- High gearing ratio
- Interest rate risk
- Adverse fluctuation in the exchange rates
- Working capital management
- Credit risk

Operational

- Sourcing risk
- Raw material availability
- Plant efficiency
- Labour efficiency and availability
- Disaster recovery due to pandemic during the last quarter

Health and Safety

- Given the combustible nature of our product, the Group faces several health and safety risks across the downstream of LPG value chain

Cross-border

- Geo-location risks

Compliance

- Compliance to pricing formula
- Other industry acts, laws and regulations
- ISO standards compliance

Our Approach

Our sustainable growth is dependent on identifying opportunities and risks associated with the business and assessing and managing the same. The criticality of diverse material issues including social, environmental and economic aspects are assessed through a structured process. The annual Risk Management process of LAUGFS consists of discussions with key stakeholders and identification of risks, impacts and preventive, detective and mitigation action plans.

Our Process

Identify material issues and risks

Risk identification

The Group Risk and Control Division is constantly in search of internal and external threats that impact corporate performance, because we believe that these threats could lead to expensive lawsuits and or impacts to the Group.

Our approach

- Stakeholder engagements
- Review of operating environment
- Table–top discussions with Management teams
- Review of peer engagement
- Global market dynamics

Assessment

- 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 the risk

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.

How we manage

The Board of Directors are supported by the Audit Committee and the LAUGFS ERM Process in this key area. The Audit Committee assists the Board by reviewing risk registers, review of Internal Audit reports, recommend corrective actions and perform bi-annual evaluation of the Group risk profile. The GRC division serves the Board and the Audit Committee by preparing risk registers, Internal Audit report, propose mitigative actions and follow up on management strategies of the Group.

The Board of Directors reviews the various risk indicators, likelihood of occurrence and impact on the value creation of the Group.

Board of Directors

Audit Committee

Risk and Control Division

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

Key developments during the year

- During the period, the Group Risk and Control Division performed an extensive risk assessment by using risk register uniquely prepared for LAUGFS. The risks were taking into consideration when compiling the annual audit plan.
- 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 of the Group.
- The Group Top Management actively lobbying over a fair and decisive pricing methodology to be used on an ongoing basis with authorities in concern.
- Expanded our audit footstep for HSE to new stakeholders such as Distributors.
- Further strengthen the Group credit process with more stringent credit management.
- Operations were made more efficient through new strategies.

Updated the risk register of the Group after a comprehensive risk assessment process, in line with the findings.

Outcomes

We comply with the Enterprise Risk Management framework (ERM) presented by the Committee of Sponsoring Organizations of the Tread-way Commission (COSO) to ensure our risk management process is in line with best practices.

Strategy

The Group reported revenue growth of 9% despite a tough operating environment through:

- Out-of the box thinking during the pandemic to reach customers
- Expanding to new geo-borders for LPG sourcing
- Ramping up the LPG storage capacity
- Increased dealer reach by 1,100 to further strengthen island-wide coverage

Financial

- 11% increase in operating profit (without inter-company dividend) compared to last year

Operating

- Increased in overall OEE compared to previous year
- Zero cyber security breaches
- Achievement of sales goals despite difficult operating environment

Health and safety

- Zero fatalities
- Obtaining ISO 45001 : 2018 accreditation

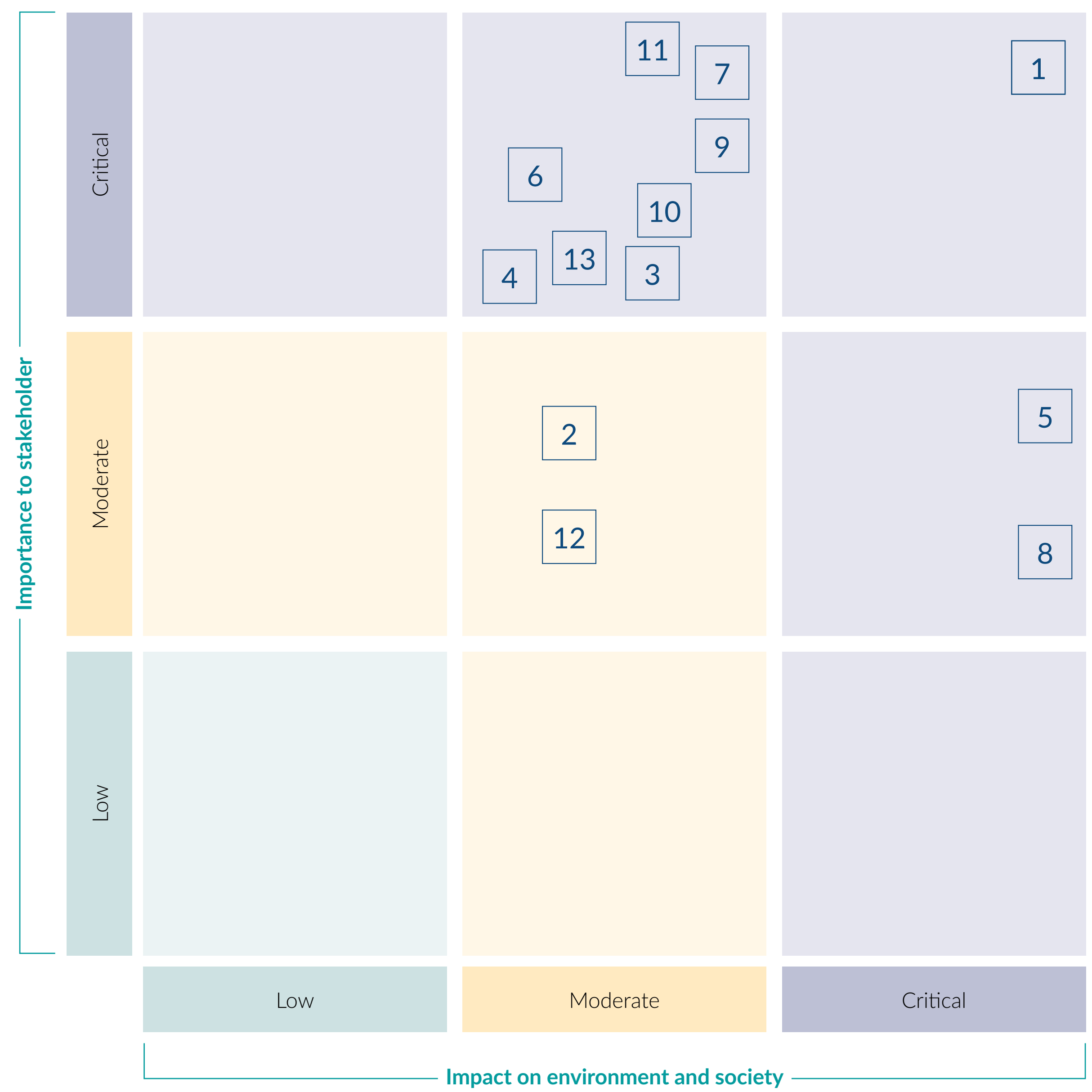
Compliance

- The Group complied with all applicable laws and regulations and renewed its license to operate on time

MATERIALITY

OUR MATERIAL ISSUES AND PRINCIPAL RISKS

Our materiality map for 2019/20



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

The principal internal risks faced by our organisation and the management approach taken to mitigate these material issues are detailed below. We also faced several external risks which were beyond our control and mitigating these risks continuously is a challenge for the Group. However, we work effectively to manage these by closely monitoring risk indicators and taking proactive action to strengthen the resilience of the Group to these external variables.

Material topics and principal risks	Management approach	Mitigative measures	
1 Health and Safety GRI: 417 | 416 403	▪ Health, Safety and Environmental policy (HSE policy) ▪ Promote a safety culture	Customers	**Domestic** ▪ Initiated LPG safety awareness programmes through different forums ▪ A safety instruction leaflet was included with every new LPG cylinder accessory package ▪ Safety instructions were circulated through social media platforms and e-flyers **Commercial & Bulk Customers** ▪ Routine HSE Audits and follow-up audits at customer's premises ▪ Established incident investigation teams ▪ Conducting certificate course safety training for Commercial & Bulk Customer representatives
		Distributors	▪ Routine & Surveillance HSE-distributor audits by the Group Risk & Control Division ▪ Road safety training provided to distributors
		Employees and Premises	▪ Safety training programmes to increase awareness and promote a safety culture ▪ Daily awareness programmes on local and international LPG standards such as SLSI ▪ Periodic HSE audits to monitor compliance ▪ Conducted over 1,000 HSE trainings and awareness sessions across the Group ▪ Provided average of 22 training hours per employee for internal training for HSE ▪ Stringent follow up on guidelines stipulated in ISO 45001 : 2018 accreditation
		Transportation	▪ Continuous road safety training to all our transporters ▪ Introduced defensive driving training to all our LPG distributing partners ▪ Well-defined check list for all bowser/trailer check-out from the plant (Related to HSE) ▪ Conducted specialised audits for our fleet **LAUGFS Maritime Services (Pvt) Ltd.** ▪ DOC certification and the compliance to ISM code to ensure the safety of ships

MATERIALITY

OUR MATERIAL ISSUES AND PRINCIPAL RISKS

Material topics and principal risks	Management approach	Mitigative measures
2 Sourcing risk	▪ Procurement policy ▪ Introducing KYC forms to new suppliers ▪ Experienced professionals	▪ Network with a list of registered suppliers and a sister company which has expertise in LPG sourcing ▪ Local procurement - list of registered suppliers and corporate procurement function which is specialised in procurement ▪ Engage with expert LPG traders around the world ▪ Nurture long-term relationships with suppliers ▪ Well-established strategic partnerships
3 Working capital management	▪ Credit policies ▪ Set liquidity risk limits approved by the Board of Directors	▪ Maintain a diversified funding base ▪ Strong credit management processes ▪ Maintain adequate liquidity by using robust inventory management systems, centralising credit management and continuously monitoring the liquidity requirements of the Group ▪ Negotiate with suppliers for favourable payment terms
4 Credit risk	▪ Credit policies	▪ Stringent follow-up on collection practices ▪ Credit exposure management with bank guarantee and other risk management methods ▪ Review credit exposure on weekly basis ▪ Strong SOPs (Standard Operation Procedures) which govern processes in credit management
5 Customer satisfaction GRI: 418	▪ CRM Policy ▪ KPIs of the CRM staff is linked with the policy criteria	▪ Conduct customer feedback review/survey ▪ Customer inquiry system with a sound technical support system ▪ Customer reach-out initiatives to strengthen dealers and distributors by providing bikes for home delivery
6 Expertise GRI: 401, 404,407	▪ Learning and development policy	▪ Ensure skills are up to date through training and development programs ▪ Hiring the right expertise and skill set for technical positions
7 Compliance GRI: 419	▪ Tabling of comprehensive quarterly reports to the Board	▪ Compliance to all applicable laws and regulations ▪ Compliance with ISO certification by conducting periodic surveillance audits and Internal Management System Audits (IMSA) ▪ Regular review of 'Statement of Compliance' through the Audit Committee

Material topics and principal risks	Management approach	Mitigative measures
8 Environmental commitments GRI: 301,302,303, 304,306 and 307	▪ HSE policy	▪ Ensure compliance with environmental regulations ▪ Discharge of waste-water through a treatment plant
9 Stakeholder relationships GRI: 201, 202, 204, 205, 206, 406, 408, 409, 410, 411, 412, 413, 414, 415	▪ Compliance to the Code of Corporate Governance ▪ Disciplinary policy ▪ LAUGFS Code of Conduct ▪ Strengthened HR policies	
10 External environment ▪ Political instability ▪ Commodity price risk ▪ Changes in the Global business environment	▪ Strong relationships with stakeholders who influence the socio-economic stability within the country ▪ Represent industry forums/meetings together with peers, the Chamber of Commerce and other industry associations and global forums related to LPG ▪ Consumer Affairs Authority (CAA) proposed a common formula which is under discussion	
11 Competitor action risks	▪ Invested in channel visibility activities ▪ Enhanced marketing through social media promotions ▪ Expand regional presence by appointing 4,102 new dealers	
12 Finance risks such as FOREX risks and interest rate risk	▪ Managing foreign exchange / interest rate exposures with positive negotiations with banks and applying financial risk management techniques ▪ Group Treasury Division continuously negotiate with banks to secure best potential rates for the Group deposits and borrowings	
13 BCP/ disaster recovery due to natural disasters, explosions, data breaches, etc.	▪ Standby carousal at the Hambantota Terminal premises to be used in emergency situations ▪ Developed necessary contingency and evacuation plans specially for floods and other types of emergencies ▪ During COVID-19, all our cylinders circulated through an internally-developed disinfection machine prior to reaching its customers	

MATERIALITY

OUR MATERIAL ISSUES AND PRINCIPAL RISKS

In addition to the aforementioned principal risks, the Group also faces the below risks which at present have a medium to low likelihood of occurrence and severity of impact.

● - Low | ● - Medium | ● - High

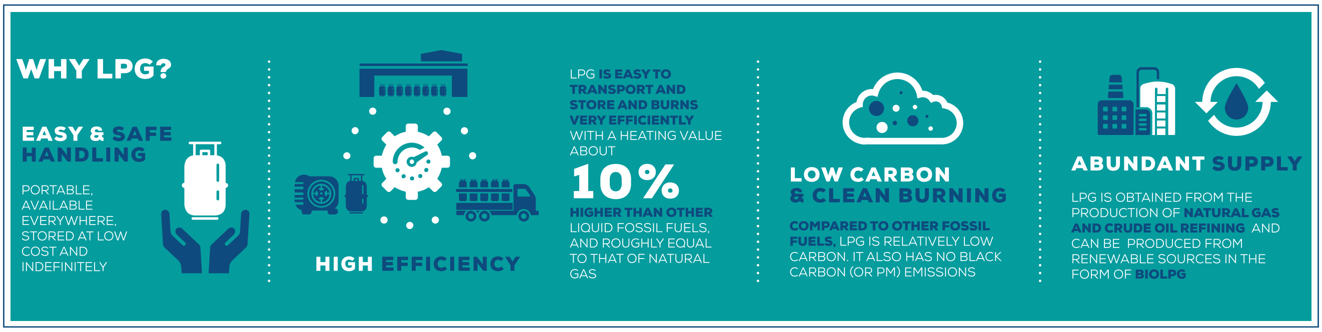
Risk	Likelihood	Impact	Mitigative measures
Strategic risks			
Reputation ▪ Brand image ▪ Stakeholder confidence ▪ Business ethics	Medium	Medium	▪ High ethical standards ▪ LAUGFS Code of Conduct ▪ Stakeholder engagement process ▪ Continuous assessment of customer satisfaction and prompt follow up actions on complaints and/or suggestions ▪ Proper adherence to the statutory and environmental regulations
High Gearing	High	High	▪ Good rapport with financial institutions ▪ Enhance rapport with existing and potential investor
Operational			
Product availability Limited availability of the product to customers	Low	Low	▪ Appointment of new distributors and new dealers covering every region ▪ Improved product delivery methods ▪ Commencing 'Top of Mind', awareness projects such as POS displays, cylinder displays and distributor and dealer branding
Plant efficiency	Low	Low	▪ Business continuity plan ▪ Use of state-of-the-art technology ▪ Streamlined processes ▪ 40% increase in plant carousel throughput from 2018/19 to 2019/20
Labour productivity	Low	Low	▪ Measure performance and reward key performers
People risk	Low	Low	▪ Initiation of employee recognition programmes ▪ Broad base skills through diverse training programmes ▪ Career and succession planning ▪ Cordial relationships with 3rd party manpower suppliers
Cyber risks	Medium	Medium	▪ Compliance with ISO 27001- Information Security Management System (ISMS & BCMS) ▪ Continuous awareness programmes on malware attacks and cyber security ▪ Multiple locations for data storage facilities ▪ Increased server capacity

Risk	Likelihood	Impact	Mitigative measures
Compliance risks	●	●	▪ We adhere to the MRP set-out by the Consumer Affairs Authority (CAA) and Securities and Exchange Commission (SEC). ▪ Currently on the verge of signing the agreement for a common pricing formula ▪ Adhere to the CSE listing rules and the applicable accounting standards such as the LKAS & SLFRS ▪ Tabling of complied compliance reports to the Board on quarterly basis ▪ Annual ISO surveillance audits and reviews
Geopolitical risks			
Geo location risk Volatility of returns on international investments caused by events associated with a particular country	●	●	▪ Building rapport with Government officials of Bangladesh ▪ Building up image as Regional LPG player
Transfer pricing risk Non-compliance to establish practice of arm's length prices for Related Party cross-border Transactions	●	●	▪ All the Related Party Transactions are being reviewed by the Committee as per CSE section 09 guidelines

A REVIEW OF THE LPG MARKET

GLOBAL VIEW

The LPG industry plays an active role in supporting the energy transition of economies as LPG is considered a cleaner, safer and healthier energy solution to build more efficient and responsible communities and businesses. With the increasing need to reduce carbon emissions, sustainable energy sources are gaining prominence and Governments around the world encourage LPG use in various applications including residential, industrial and transportation sectors. In 2019, the use of LPG as a marine fuel started to gain popularity following the introduction of the low sulfur regulation by the International Maritime Organization. The World LPG Association (WLPGA) continued to drive awareness on the benefits of LPG usage.

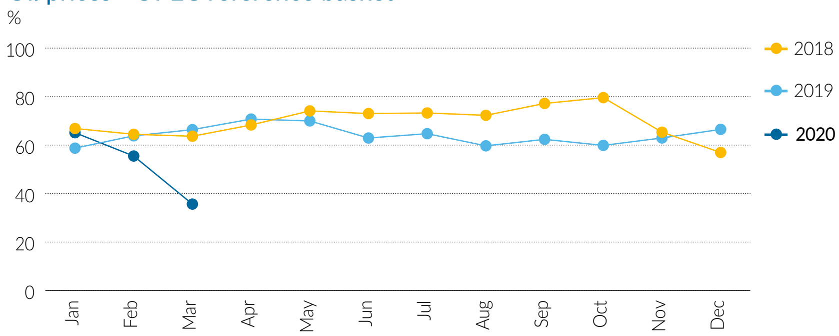


Despite the initiatives, several variables influence the demand, supply and prices of LPG in the global market including movements in oil prices, economic growth, trade flows, Government policies and decisions of key global oil producing nations and groups.

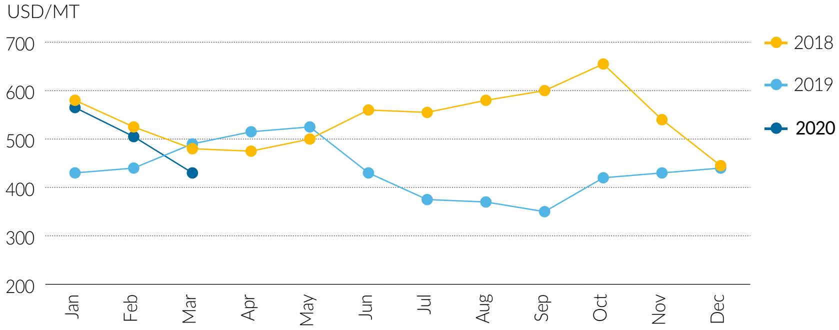
GLOBAL LPG PRICES

During 2019, Saudi Aramco propane prices, a benchmark for global LPG pricing, declined by (20%) to USD 434 per MT compared to an average price of USD 541 per MT in 2018. In March 2020, Saudi Aramco further declined propane prices to USD 430/MT, (17%) lower than the previous month. The drop-in prices followed International crude oil prices, which declined since April 2019 after two consecutive years of price increases due to the slowdown in global economies, US-China trade wars and large inventories of crude oil in OPEC and the US. Although prices are set to recover towards the middle of the year with OPEC basket prices reaching USD 66.48 per barrel, 16% higher than last year, the outbreak of COVID-19 at the outset of 2020, severely affected oil prices which dipped to levels not seen in over two decades and reached USD 35.66 per barrel by March 2020. LPG prices followed suit and dipped to USD 230 in April 2020 compared to USD 430 in March 2020 and USD 505 in January 2020.

Oil prices - OPEC reference basket



Propane price (USD/MT) - Saudi Aramco prices



GLOBAL LPG PRODUCTION

During 2019, LPG production increased by 3.6%.

GLOBAL LPG DEMAND

Global demand increased by 3.8% to 313Mn MT in 2018 driven by the increasing demand for residential and petrochemical industries.

Although several initiatives foster LPG usage, demand also depends on consumer lifestyles, disposable income and the economic benefits of LPG usage as LPG could be easily switched over to other energy alternatives especially in industrial applications.

GLOBAL SEABORNE LPG TRADE

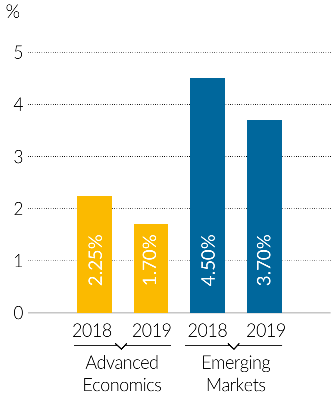
Uncertainties in oil prices, increasing trade tensions and sanctions affected trade flows, especially longer haul routes in 2019. Demand for LPG continued to be driven by the Asian region particularly China, India and South Korea. As per Dewry, an estimated 4.3% increase was seen in global seaborne LPG volumes to 103.5Mn Tonnes.

KEY INFLUENCING FACTORS

LPG is primarily a supply driven market, with output of LPG being determined by the decisions of the five core producing nations including US, Saudi Arabia, China, Russia and Canada. Declining oil prices, trade wars and terror attacks leading to a temporary closure of the leading refinery in Saudi Arabia were some of the challenges faced by LPG suppliers during 2019.

Economic Growth

Global Economic Growth



Global growth subdued during 2019 with slow paced growth in both advanced and emerging markets as a result of trade wars and terror attacks. Economic growth in advanced economies declined to 1.7% from 2.25% last year and in emerging markets growth declined to 3.7% from 4.5% last year.

OUR RESPONSE TO AN UNCERTAIN ECONOMIC LANDSCAPE IN 2020

With the outbreak of COVID-19, the global environment including customers, suppliers and workers faced a challenging period as several countries engaged in quarantine and other measures to curtail the spread of the virus. Although the potential impact of the slowdown in economic activities, particularly industrial activity, cannot be ascertained at this point of time, we continue to monitor the situation to evaluate any possible impact on LPG supplies, import costs and demand. Over the last few years, LAUGFS Gas PLC invested in developing a secure value chain backed by trusted long-term relationships with suppliers, customers and employees. We expanded our capacity in distribution, sourcing and storage to enhance the resilience of the Group as LPG being a part of the commodity industry is subject to several seasonal variations due to uncontrollable factors.

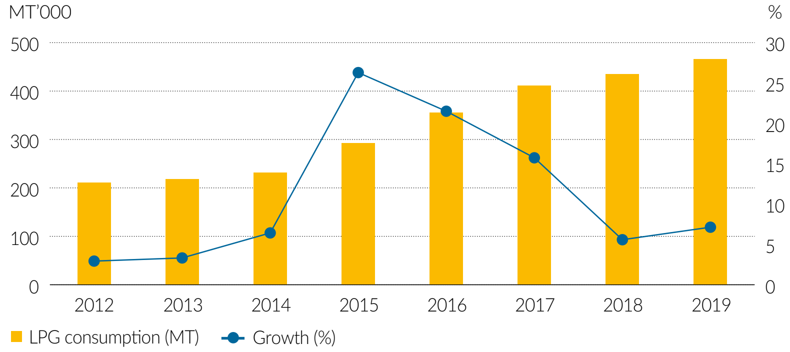
A REVIEW OF THE LPG MARKET

DOMESTIC LPG INDUSTRY

LPG DEMAND

LPG in Sri Lanka is used for various applications including residential, industrial and commercial purposes. Demand for LPG is influenced by several factors, primarily lifestyles, prices of alternative energy products and the disposable income of people. During the year, total industry volume increased by 7.13% compared to last year, while LAUGFS Gas increased its volume by 9%.

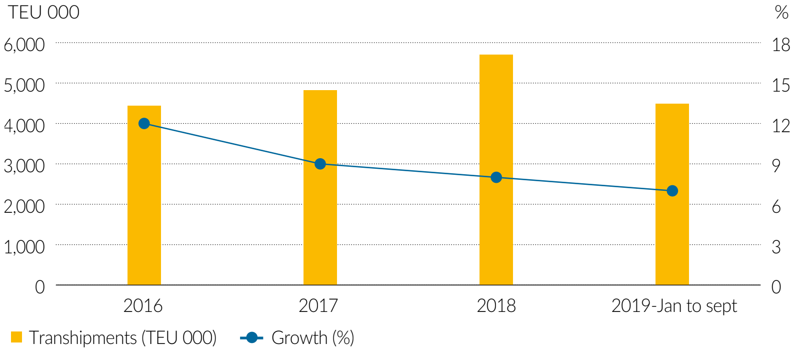
LPG Consumption



DEMAND FOR MARITIME SERVICES

The number of ships arriving at the port of Sri Lanka declined by 3.6% in 2019 compared to last year. However, volume of cargo, container and transhipment handling increased over the period with transhipments recording a 4.4% growth to last year. Growth was mainly driven by expansion of container terminals at the Colombo Port.

Port Sevices

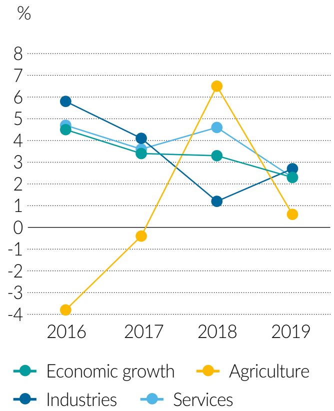


KEY FACTORS/DRIVERS

Economic Growth

Sri Lanka's economic growth was significantly impacted by the Easter Sunday terror attacks in April 2019. Several economic sectors, primarily the tourism sector, witnessed a slowdown in the first half of the year. In addition, the economy faced several external pressures owing to escalating trade wars and conflicts in global markets in addition to the political uncertainties with the Presidential Elections held in November 2019. Several measures were taken to bring the economy to normalcy through fiscal stimulus, export stimulation and accommodative monetary policies to maintain inflation at single digit levels, reduce budget deficits, stabilise exchange rates and build consumer confidence. By the 3rd quarter of 2019, economic growth improved to 2.7% showing signs of recovery from the 2nd quarter growth of 1.6%. However, economic growth for the full year slowed to 2.2% from 3.7% last year.

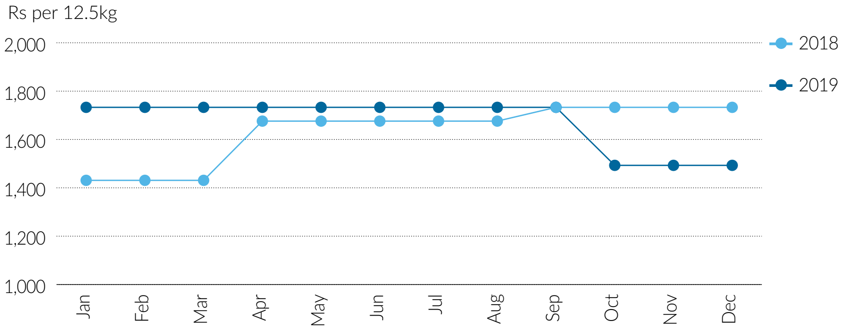
Economic Performance



RETAIL PRICES OF DOMESTIC ENERGY PRODUCTS

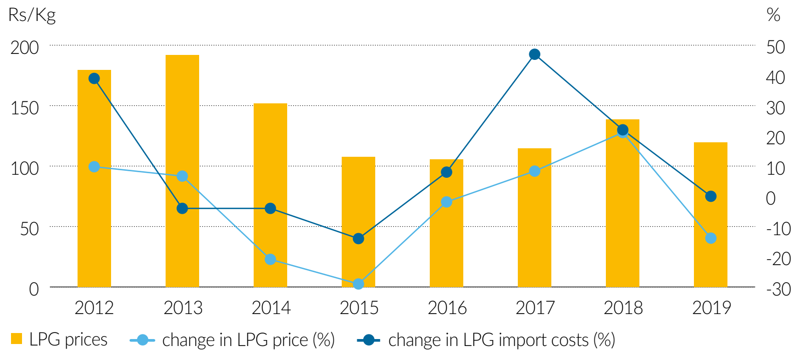
Average price of crude oil imported by the CPC declined by 9.6% during the first six months of the year to USD 69.13 per barrel. As a result, the price of various energy products including Kerosene and Auto Diesel were revised in 2019 in line with the cost reflective pricing formula implemented in May 2018.

- In October 2019, the Consumer Affairs Authority also lowered retail prices of LPG used for domestic use by Rs. 240 from Rs. 1,733 to Rs. 1,493 per 12.5 kg cylinder reflecting a 13% month on month reduction. The prices of the 5 kg LPG cylinders also reduced proportionately. However, the lack of a cost reflective pricing formula in the LPG industry continued to be a challenge for domestic LPG operators who are unable to adjust prices based on global LPG price movements, which is a key challenge to the LPG industry today.



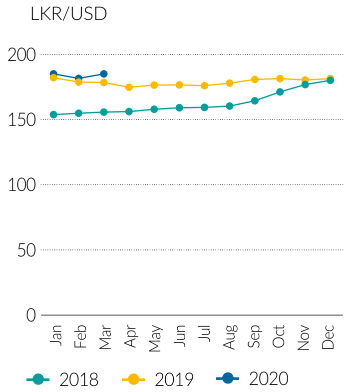
LPG IMPORT COSTS

As domestic LPG requirements are predominantly met through imports, several factors impact the cost of LPG imports including global LPG prices, exchange rate and freight costs.



Exchange rates

Rupee depreciation against the dollar stabilised towards the last quarter of 2019 with the annual depreciation hovering between 2% to 3% from November 2019 to February 2020 after which the pace of depreciation increased.



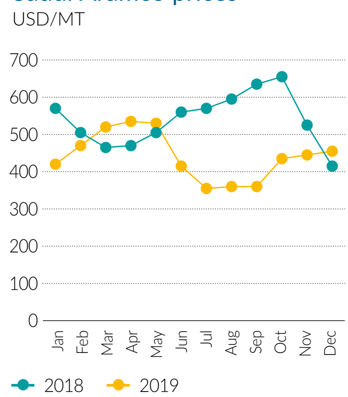
Propane prices

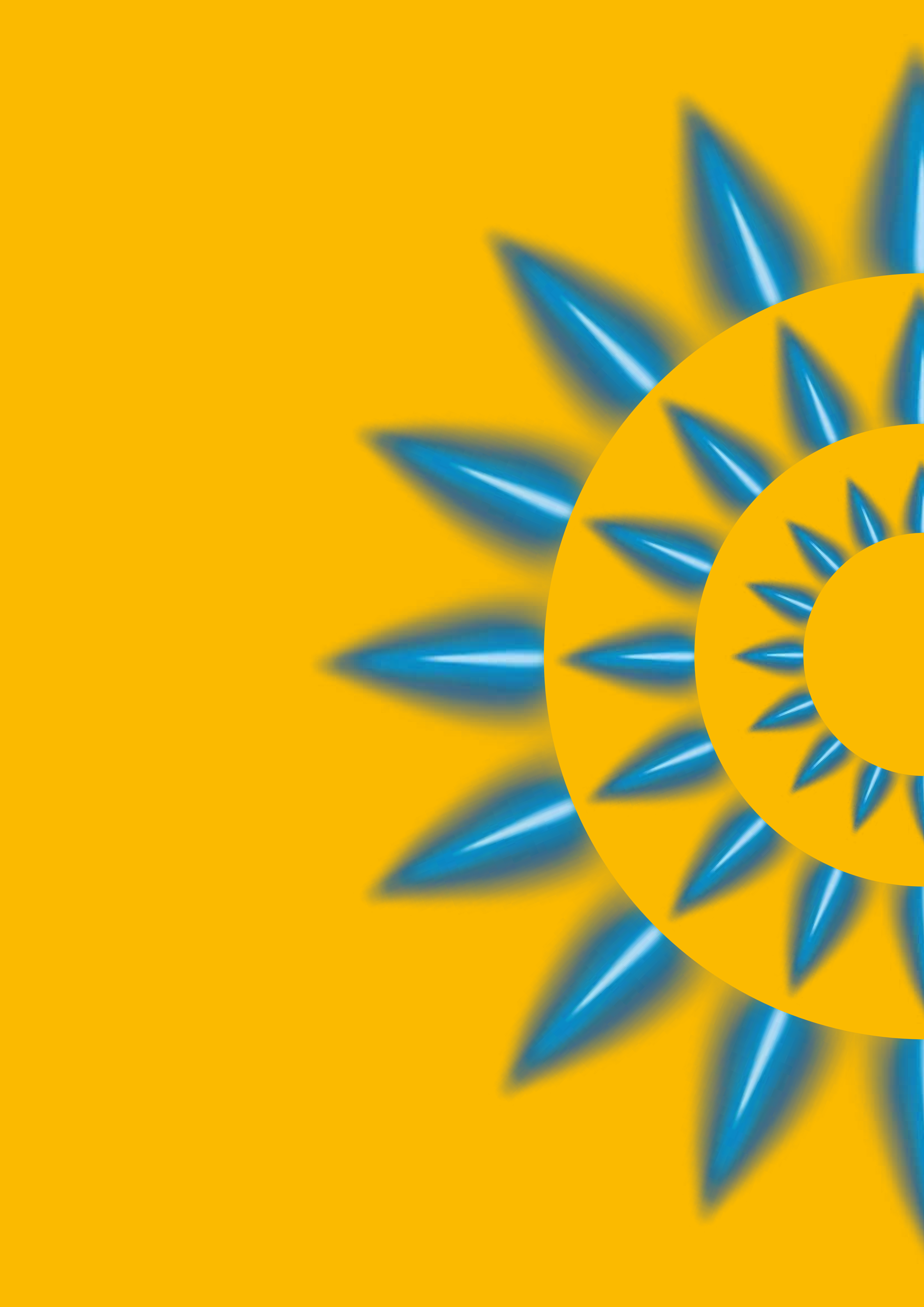
Global propane prices declined by 20% in 2019 compared to 2018.

Butane prices

During 2019, Saudi Aramco Butane prices declined by 18% to USD 442 per MT. The decline in global Butane prices was particularly during the 2nd and 3rd quarters of the year. By December 2019, Butane prices reached USD 455 per MT, increasing by 9.6% compared to December 2018.

Butane price
Saudi Aramco prices





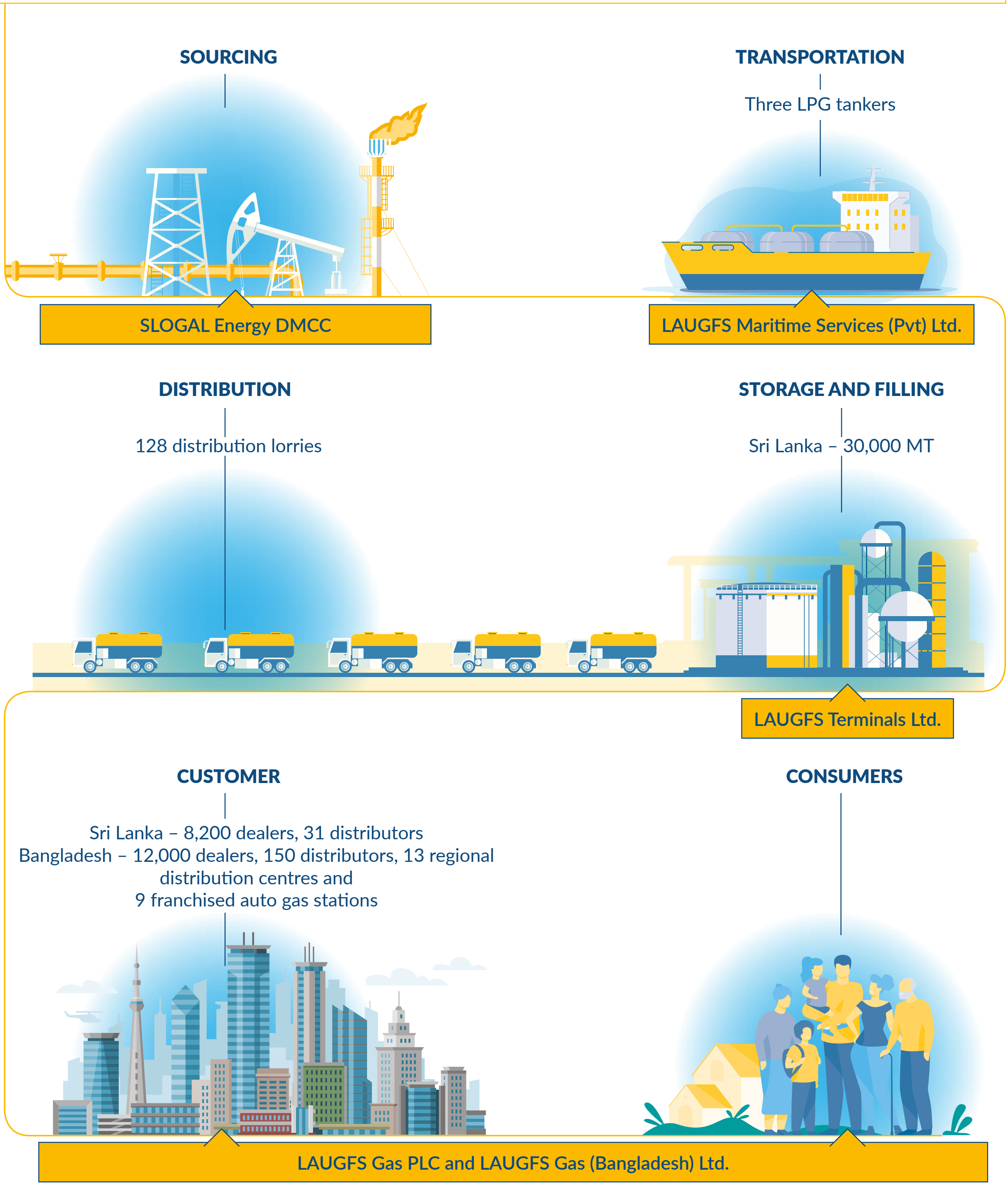
Management Discussion and Analysis

IT BEGINS WITH OUR RESOURCEFULNESS

BUSINESS LINE REVIEWS

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.



ENERGY

LAUGFS Gas PLC was formed with the purpose of establishing Liquefied Petroleum Gas (LPG) as a reliable source of energy for a wide range of domestic and industrial applications. With this vision, we entered the local LPG industry in 2001 as the only private sector operator and grew exponentially to build a secure value chain to provide high quality, safe and reliable LPG solutions. Recognised as a fast-expanding energy business involved in related diversification. We further expanded our operations overseas to Bangladesh in 2015 and formed LAUGFS Gas (Bangladesh). Today, the two companies, LAUGFS Gas PLC and LAUGFS Gas (Bangladesh), distributes LPG to four diverse customer segments, namely domestic/households, commercial, bulk and Auto Gas, playing an important role in supporting the economic transition to sustainable energy.

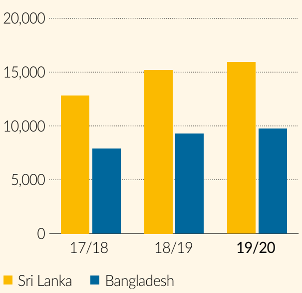
GROWTH

Capacity Enhancements

- Dealers and distributors **4,102**
- **3,000** MT new storage capacity in Bangladesh

Revenue

Rs.Mn



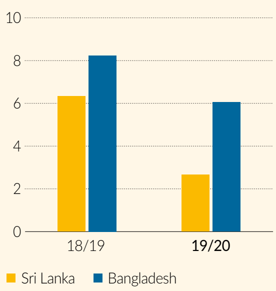
OPERATIONAL EFFICIENCY

Cost Savings Initiatives

- Reducing cadre of employees
- Saving yard space at the plant by eliminating manual fork lift and pallet operation

Operating Margins

%



CAPITAL DISCIPLINE

Current Ratio (times)

- **0.30**
  0.48 (18/19)

Debt to Equity Ratio (times)

- **0.74**
  0.68 (18/19)

PROMOTE RESPONSIBLE GROWTH

Electricity Consumed (Kwh)

- Sri Lanka **762,239**
- Bangladesh **609,396**

BUSINESS LINE REVIEWS

ENERGY

LAUGFS GAS PLC

We have created a trusted household brand in Sri Lanka, entering the market as the challenger to a monopoly, capturing significant market share in the regulated LPG market through the supply of high quality, reliable and safe LPG solutions to every region in the country. We increased our consumer base through an expansive network of distributors and dealers who operate convenient touch points island wide. With increasing awareness, use of LPG has gained popularity across the world as a sustainable energy source. LAUGFS Gas PLC plays an integral role in spreading this awareness in the domestic market especially in rural areas where discounts on new cylinders are also offered to promote the use of LPG as a cooking fuel. While ensuring the safety and quality of LPG solutions, we continuously improve our value addition to consumers by offering specialised value-added services such as after sales services to industrial consumers. In addition to being recognised as an industry expert, we hold a 60% market share in the industrial bulk segment and 27.3% market share in the commercial and household markets which is an ongoing trend year on year.

OPERATING CONTEXT

The year was challenging with several turning points both globally and domestically including the Easter Sunday attacks, local Presidential Elections, global trade wars and the outbreak of COVID-19 in December 2019. Domestic economic growth slowed. However, LPG continued to gain popularity with increasing awareness of the cost and quality benefits of LPG compared to alternative fuels. In addition, the second cylinder market showed favourable prospects with increasing number of consumers purchasing spare cylinders for domestic use. Although demand from the commercial market was impacted by the fall in the tourism sector post Easter Sunday attacks, demand gradually picked up during the year with construction of condominiums and gradual recovery of the tourism sector.

Some of the key challenges witnessed during the year include –

- Fluctuations in global LPG prices and supply due to escalating geopolitical tensions in several key oil supplying countries and the temporary closure of the world's largest refinery in Saudi Arabia.
- The decline in the Maximum retail prices (MRPs) of LPG for domestic use since October 2019. Price of 12.5 kg cylinder was reduced by Rs. 240 to Rs. 1,493. The prices of the 5 kg LPG cylinders also reduced proportionately.
- Pending approval of proposed cost reflective pricing formula.
- Easter Sunday terror attacks.
- Outbreak of COVID-19.
- Subdued domestic economic growth.
- Intense competitive rivalry.

Contribution to the Group value chain

Financial Capital

- Rs. 15,792Mn Debt
- Rs. 21,146Mn Equity

Infrastructure

- Rs. 44,089 Asset worth
- Rs. 862Mn Capital spend
- 40 high Capacity trailers
- 128 Re-distribution lorries

People strength

- 243 Employees
- 6,605 Training hours
- 59% of Group manpower

Alliances

- 8,200 Dealers
- 31 Distributors

Natural capital

- 762,239 Kwh Electricity consumed

Intellectual capital

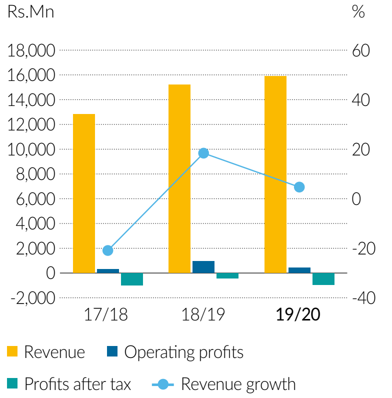
- Health and safety
  Ensure safety of vehicles and distributor premises.
- Brand equity
  Maintained market share in all customer segments.

PERFORMANCE

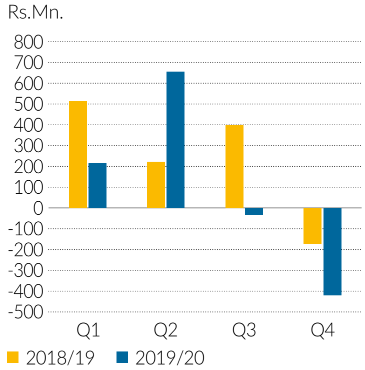
Revenue

Despite the lowering of LPG prices by the Consumer Affairs Authority, revenue grew by 5% in 2019/20 to Rs. 15,903Mn, as double-digit volume growth cushioned the unfavourable impact of lower retail prices. Retail prices of a 12.5kg cylinder declined by 13% to Rs. 1,493 since October 2019. Nevertheless, we continued to make progress in raising awareness on LPG usage and improving our value addition to consumers through several initiatives as listed below and the Easter Sunday attack dragged down our yearly revenue growth to 9% from 17% last year as we witnessed the impact of COVID-19 pandemic.

Growth and Profitability



Quarterly Performance - Operating Profit



Key initiatives in 2019/20

- Channel enhancements by introducing new services such as home delivery and increasing the number of dealers by 1,100.
- Upgrading point of sale visibility.
- Periodic consumer promotions, particularly to support rural consumers to acquire new cylinders.
- Broadened customised energy solutions offered to consumers by investing on customer pipelines and enhancing after sales services through periodic audits and maintenance of pipes in addition to the ongoing services such as safety trainings, safety inspections, audits and periodical maintenance.

Profitability and Efficiency

Operating profits declined by 56% to Rs. 421Mn and margins narrowed to 3% from 6% last year due to the decrease in LPG retail prices for domestic use imposed by the CAA. In addition, procurement costs were also impacted by rising freight costs and fluctuating exchange rates particularly in the last quarter of the financial year. Losses before tax increased to Rs. 1,386Mn due to lower operating profits and increasing finance costs. Although borrowings remained in line with last year, the increasing proportion of short-term borrowings which accounted for 57% of total debt 48% in 18/19 resulted in higher finance costs. Losses after tax amounted to Rs. 963Mn compared to Rs. 442Mn last year.

With the losses being primarily attributable to non-controllable factors, we took several measures to enhance cost management and build the resilience of the Group to ensure smooth business operations within a highly dynamic environment. Streamlining work-flows, automation, multi-skilling of staff and strategic inventory management were some of the initiatives to manage costs and improve productivity during the year. With these initiatives, we contained growth in operating costs excluding exchange gains/losses to 4% almost on par with revenue growth.

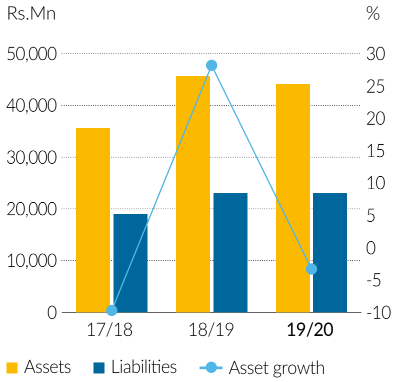
Asset Management

Assets of Rs. 44Bn was broadly unchanged compared to last year with minimal capital investments in 2019/20 after completing three consecutive years of capacity enhancements. Non-current assets of Rs. 41Bn remained in line with last year. Value of current assets dropped by 29% to Rs. 3.2Bn as LAUGFS Gas PLC emphasised on effective working capital management to improve cashflows. Efficient inventory management systems supported the Group in maintaining optimal inventory levels while trade and other receivables were well managed through centralised credit management and up to date credit policies. However, the last quarter of the financial year, particularly March 2020 was impacted by the COVID-19 epidemic.

Liabilities

The liabilities remained in line with last year at Rs. 22,943Mn although a notable shift was seen from non-current liabilities to current liabilities as debt obligations fell due. Non-current liabilities of Rs. 8,425Mn was 17% lower to last year while current liabilities increased by 14% to Rs. 14,518Mn.

Assets and Liabilities



BATTLING THE CHALLENGES IN 2020

We entered 2020 with several uncertainties, particularly the outbreak of COVID-19 and its impact on production, trade and business confidence. As a distributor of LPG, our focus would be to drive volume growth by enhancing consumer confidence, improving awareness and promoting our brand as a trusted LPG provider to both new and existing consumers. Introducing new features and value additions to improve customer services is our priority in 2020 to build trusted long-term relationships with consumers. In the meantime, we will continue to negotiate with CAA on revising the current pricing formula on domestic LPG prices.

BUSINESS LINE REVIEWS

ENERGY

LAUGFS GAS (BANGLADESH)

As the fifth largest LPG distributor in Bangladesh since 2001, LAUGFS Gas (Bangladesh) plays a key role in fulfilling the energy needs of the country by importing, storing and distributing LPG through an extensive distribution network. Our brand is recognised for its three core differentiating factors namely quality, reliability and safety. In addition to operating a 5,000 MT world class storage facility in proximity to the Mongla Port, we also operate 13 regional depots and nine franchised Auto Gas stations to ensure our products are easily accessible to customers in every region as residential consumers account for 80% of our LPG sales.

OPERATING CONTEXT

As one of the fastest-growing economies in the South Asian region, Bangladesh has maintained an average economic growth rate of above 7.5% for over three consecutive years. Strong growth also attracted a steady increase in foreign direct investments and development of infrastructure including roads, telecommunication and energy. Natural gas is a popular form of energy used for various purposes including cooking, auto fuel and industrial fuel pipelines providing domestic users a continuous supply of natural gas. However, over the last 10 years, the natural gas reserves of the country have depleted leading to an increasing part of consumption being met through alternative fuel like LPG which grew exponentially over the last five years.

Key challenges

- Outbreak of the COVID-19 pandemic
- Subdued global growth
- Intense competition

Contribution to the Group value chain

Financial Capital

- Rs. 1,787Mn Debt
- Rs. 2,764Mn Equity

Infrastructure

- Rs. 6,616Mn Asset worth
- Rs. 637Mn Capital spend
- 17% of Group assets

People strength

- 105 Employees
- 2,345 Training hours per year
- 25% of Group manpower

Alliances

- 1Mn Customers
- 12,000 Dealers
- 150 Distributors
- 09 Franchisees

Natural capital

- 609,396 Kwh Electricity consumed

Intellectual Capital

- Health and safety
  Compliance to stringent health and safety framework
- Brand equity
  Maintained Market share at 7%

GDP growth in Bangladesh remained strong for the third consecutive year at 7.9% and the LPG sector continued to grow although at a moderated pace as expected.

Operating Profit

Rs. **589**Mn

LAUGFS Gas Bangladesh

Revenue

Rs. **9,736**Mn

LAUGFS Gas Bangladesh

PERFORMANCE

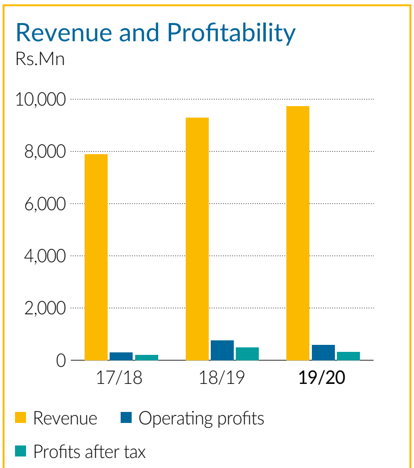
Revenue

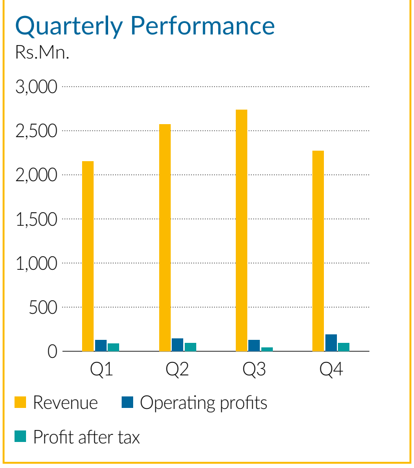
Revenue increased by 5% to Rs. 9.7Bn with the last quarter being the most affected due to the outbreak of the COVID-19 pandemic. Sales volumes expanded by 8% compared to last year. However, the outbreak of the virus and severe price competition throughout the year as several new players entered the industry impacted the revenue growth for the year.

Profitability and Efficiency

Operating profits declined by 23% to Rs. 589Mn and operating margins dropped to 6% (8% in 18/19). This was primarily due to the increase in selling and distribution costs and capacity expansions which led to an increase in depreciation charge.

Profits before tax also declined by 31% to Rs. 540Mn as finance costs further weighed on profitability. Profit after tax declined by 36% to Rs. 315Mn.

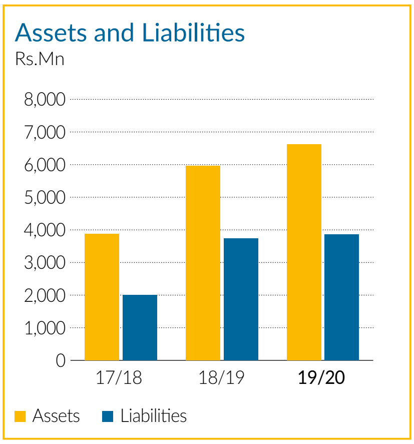




Asset Management

Assets increased by 11% to Rs. 6,616Mn primarily driven by the increase in plant and equipment. We invested Rs. 2.3Bn to double capacity by adding 3,000 MT of storage capacity bringing total plant storage capacity to 5,000 MT. With the expanded capacity, LAUGFS Gas (Bangladesh) is geared to triple its LPG supply to the market. We also invested on a cylinder requalification plant and purchased a new carousel. In addition to expanding storage capacity, as a downstream player, effective inventory management is important to secure sustainable cash resources and ensure consistent LPG supply. During the year, we implemented a fully integrated SAP software to enhance inventory management and drive supply chain efficiencies.

Liabilities increased by 3% to Rs. 3,851Mn due to the working capital requirements and capacity expansion.



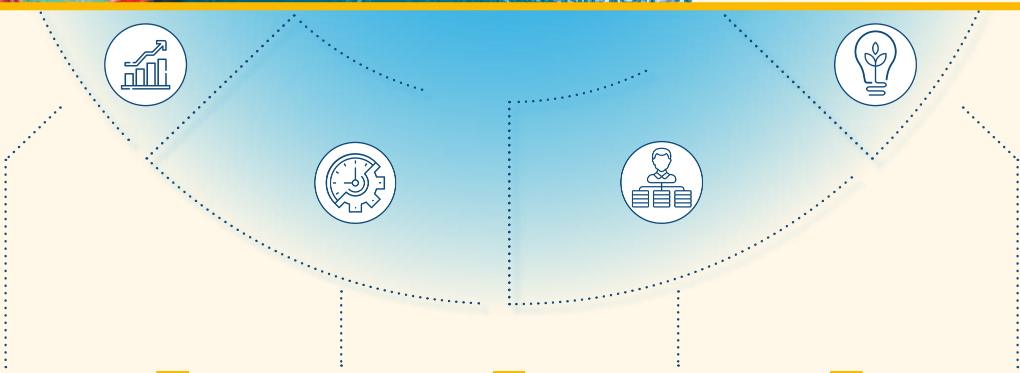
BATTLING THE CHALLENGES IN 2020

With the capital enhancements implemented in 19/20, LAUGFS Gas (Bangladesh) is fully geared to triple LPG supply to the market. However, driving volume growth will be a challenge in 2020, and our plans are to further expand our regional presence, invest in distribution vehicles, connect with new distributors and introduce more franchised Auto Gas stations to make it faster for consumers to access our products.

BUSINESS LINE REVIEWS

TRANSPORTATION AND LOGISTICS

With a long-term goal to be an integrated regional LPG supplier in the Indian Ocean, LAUGFS Gas PLC further broadened its downstream expertise by investing in LPG vessels, storage and filling plants through two companies, namely, LAUGFS Maritime and LAUGFS Terminals. We also provide these services to external clients although external revenue accounts for 21% of sector revenue at present as the holistic value proposition was put in place with the recent commissioning of the storage terminals. Through the two companies, we own and manage three LPG vessels, a bottling and storage terminal with capacity to store 30,000 MT of LPG. In line with our brand image, the transportation and logistics arm are also renowned for its health and safety standards conforming to international best practices such as Lloyds Register and the International Safety Management Code.

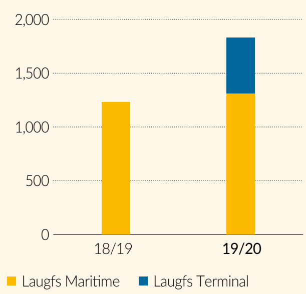


GROWTH

Capacity Enhancements

- **CAPEX - Rs. 1,168Mn**

Revenue
Rs.Mn

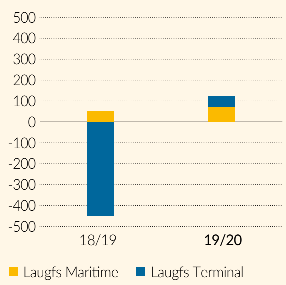


OPERATIONAL EFFICIENCY

Cost Savings

- Operate the vessels in good condition with minimum maintenance cost

Operating Profits
Rs.Mn



CAPITAL DISCIPLINE

Current Ratio (times)

- **0.46**
  0.78 (18/19)

Debt to Equity Ratio (times)

- **1.9**
  2.1 (18/19)

PROMOTE RESPONSIBLE GROWTH

Health and Safety

- Zero incidents related to health and safety
- Zero injuries

OPERATING CONTEXT

Key challenges

- Outbreak of the COVID-19 pandemic
- Subdued global growth
- Intense competition
- Fluctuating weather conditions
- New regulations such as IMO 2020

Key opportunities

- Growth in LPG demand is primarily driven by imports to Asia such as China and India.
- Geographical comparative advantages as Sri Lanka is located along popular maritime routes such as the East-West route.

Contribution to the Group value chain

Financial Capital

- Rs. 9,155Mn Debt
- Rs. 4,810Mn Equity

Infrastructure

- Rs. 16,175Mn Asset worth
- Rs. 1,168Mn capital spend
- Three LPG vessels
- 30,000 MT storage capacity
- 41% of Group assets

Intellectual Capital

- Health and Safety
  Zero injuries

LAUGFS MARITIME

Revenue from chartering of vessels increased by 6% during the year to Rs. 1,308Mn. This was made possible despite the fact the LPG vessels deployed and utilized within the LAUGFS LPG value chain was lower than the last year. Besides, the company under took chartering one of its of vessels to an external party for a considerable period of time during the period under review. The lower utilization of vessels resulted the idle time of vessels being increased during the year. This had an impact on both revenue growth and profitability of LAUGFS Maritime Services (Pvt) Ltd. The changes made in the terms of the Charter Parties concerned also contributed to the adverse performances recorded by the respective vessels. Due to the varied terms and conditions of charter parties entered into, the direct material costs of Rs. 89.7Mn was recorded during the year. This had an impact on the profitability and margins of the transportation segment. The operating profit decreased only to Rs. 50Mn from Rs. 51Mn last year due to lesser effect of foreign exchange losses. Also there was a fairly stable exchange rate regime in 2019. The Profit after Tax during the year under review was Rs. 5.56Mn compared to Rs. 10Mn loss of last year.

Assets increased to Rs. 2.8Mn and liabilities decreased to Rs. 1,119Mn with the repayment of certain long-term borrowings.

Revenue
Rs. 1,833Mn

Operating Profit
Rs. 127Mn

Assets
Rs. 16,175Mn

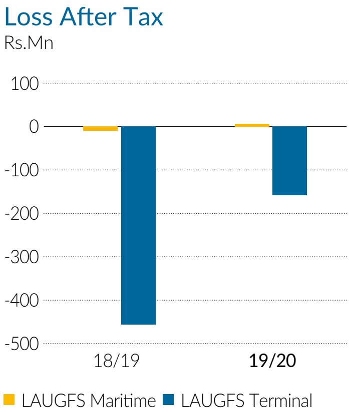
BUSINESS LINE REVIEWS

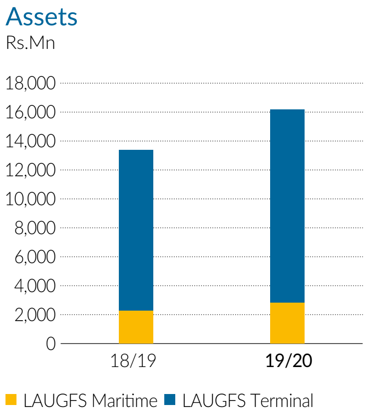
TRANSPORTATION AND LOGISTICS

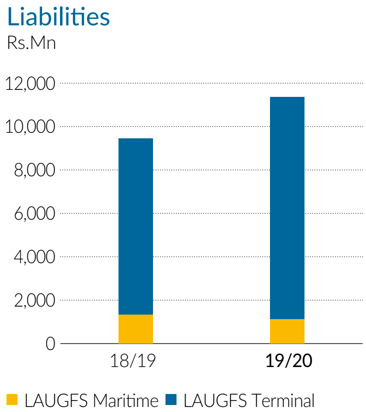
LAUGFS TERMINALS

With the commissioning of the LAUGFS terminal in May 2019, storage capacity of the Group significantly expanded by 30,000 MT. In its first year of operations, LAUGFS Terminals earned revenue of Rs. 525Mn through inbound and re-export shipments of LPG to in-house and external downstream operators. During the year, Terminals handled 175,300 MT of LPG of which inbound volumes was 91,700 MT and outbound volume was 83,600 MT. With revenue generation, the operating profit of LAUGFS Terminals improved to Rs. 58Mn compared to a loss of Rs. 448Mn last year. However, borrowings followed by high finance costs resulted in a loss after tax of Rs. 162Mn compared to Rs. 457Mn last year. Managing the increasing gearing status was a key challenge during the year as it impacted the overall performance of the Group. Steps such as renegotiating with the banks and enhancing working capital management to optimise cash resources were taken to effectively manage borrowings and finance costs in the short-term.

LAUGFS Terminal was constructed with ambitious plans to be the largest transhipment terminal in South Asia. In 2019/20, we broadened the scope and business model of LAUGFS Terminals to enhance our regional competitiveness, improve cost efficiencies and offer an all-inclusive package to customers. A dedicated pipeline and loading arm were installed and new agreements on use of common user facilities and negotiated port charges were signed with the port operator, Hambantota International Port Group (HIPG), providing LAUGFS Terminals a dedicated space at the port. HIPG allowed LAUGFS Terminals Ltd. to handle LPG berth operations, though the original plan was for port operators to handle ship loading and unloading. With these developments, LAUGFS Terminals became a fully-fledged terminal operator covering various activities including discharge, loading, storage and blending.







BATTLING THE CHALLENGES IN 2020

The transportation and logistics arm will continue to expand into International markets whilst predominantly serving in-house business needs and driving supply chain efficiencies within the Group. Our role will primarily be to support the procurement and inventory management of the Group by coordinating with the trading arm, SLOGAL, and optimise use of both storage terminals and LPG vessels.

SLOGAL

SLOGAL Energy DMCC is the LPG trading arm of the Group, ensuring a consistent supply of LPG to the Group. We build a diverse supplier base with multinational presence, charter LPG vessels from LAUGFS Maritime, hire terminal space from LAUGFS Terminal and support the Group in maintaining optimal inventory levels to ensure products are available at the right time to the end customers. With the aggressive capital investments of the Group and the commercialisation of LAUGFS Terminal in 2019/20, our role in the LPG midstream value chain has increased significantly and SLOGAL works actively to build and maintain a broader supplier base to meet the increasing LPG requirements of the downstream businesses and also the third party LPG customers that SLOGAL has developed during the year. In 2019/20, SLOGAL added new multinational LPG suppliers and sourced cargo from the South East Asian region in addition to the Middle East.

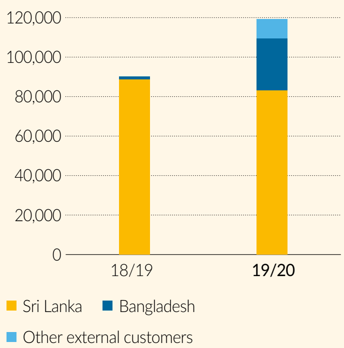
GROWTH

Trading Volume Enhancements

- Entered new markets

LPG Sales Volume

MT



OPERATIONAL EFFICIENCY

Cost Savings

- Sourced LPG at competitive prices
- Supported inventory management by making strategic procurement decisions

CAPITAL DISCIPLINE

Current Ratio (times)

- **0.64**
  0.79 (18/19)

BUSINESS LINE REVIEWS

SLOGAL

OPERATING CONTEXT

Key challenges

- Fluctuating propane and butane prices and LPG vessel charter rates.
- Geopolitical rifts, trade wars and temporary closure of refineries impact LPG supply and prices.
- Impact of COVID-19 on LPG markets, and on supply chains.

Key opportunities

- Increasing LPG demand in the South Asian region.
- Broader based options of suppliers.

Contribution to the Group value chain

Infrastructure

- Rs. 3,797Mn Asset worth

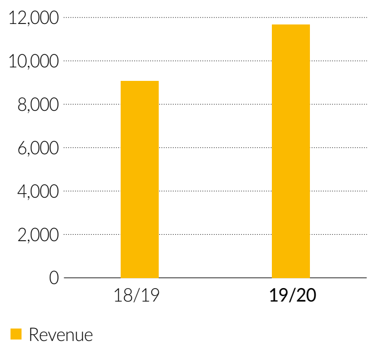
Alliances

- 10 LPG suppliers

PERFORMANCE

Revenue from trading increased by 29% to Rs. 11,672Mn of which 91% of revenue was earned through the LPG requirements within the Group. With the increasing procurements needs of the Group, LPG volumes imported ramped up by 42% in 2019/20. Despite increasing LPG imports, the costs of LPG imports was impacted by erratic fluctuations in global LPG prices especially due to COVID-19, LPG vessel charter rates escalated as a result of Global LPG supply chains dynamics being disrupted from geopolitical rifts and depreciating exchange rates. As a result, SLOGAL continued to face operating loss which amounted to Rs. 893Mn in 2019/20. Losses after tax increased to Rs. 986Mn. Assets of SLOGAL amounted to Rs. 3,797Mn, 61% growth to last year while liabilities grew by 193% to last year.

Revenue
Rs.Mn

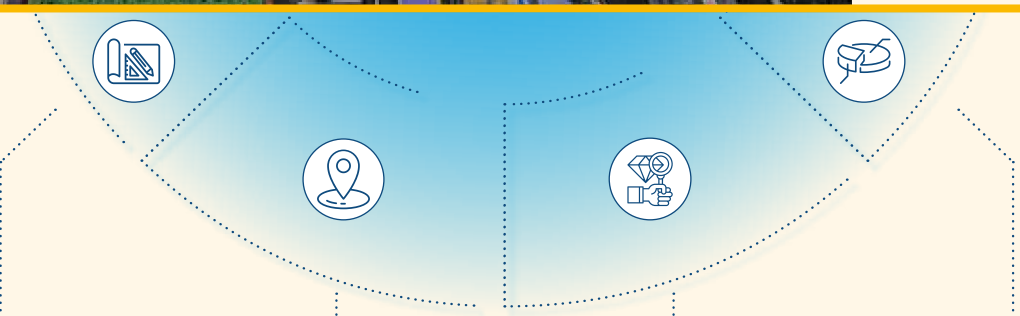


BATTLING THE CHALLENGES IN 2020

As the LPG trading arm of the Group, SLOGAL plays an integral role in the LPG midstream value chain by ensuring consistent LPG supply to the downstream businesses. Despite a pressurised external environment, SLOGAL will further consolidate its supplier base plus focus aggressively on building a non-captive market customer base across South Asia, and thereby be geared to meet a four-fold growth in its business volumes.

PROPERTY

The investment property comprises a state-of-the-art building of 88,082 square feet of rentable space located in Havelock Town of which 16% was used by the Group and the balance rented to subsidiaries of LAUGFS Holdings. The fair value of the investment property was estimated at Rs. 2Bn.



SIZE OF PROPERTY

The Investment property comprises 88,082 square feet of building space and 0.43 acres of freehold land.

LOCATION

The property is located at a prime location, Maya Avenue, Colombo 06.

VALUE OF PROPERTY

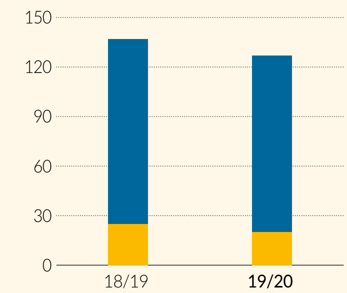
The Investment property was valued at Rs. 2Bn as at 31st March 2020.

VALUE ADDITION TO GROUP

- Revenue from rental of property to external parties.
- Houses the Head Office building of the Group.

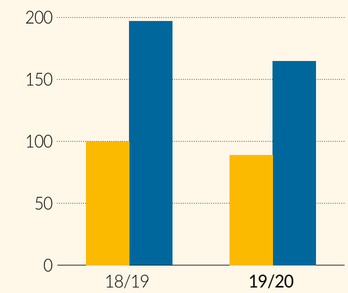
Revenue

Rs.Mn



Profitability

Rs.Mn



Revenue from the rental of the investment property declined by 7% to Rs. 127Mn in 2019/20 compared to Rs. 137Mn last year due to vacating of two floors in the last quarter. The occupancy was 91% compared to 100% last year and average rental yields were 6% (7% in 2018/19). As a result, operating profits of the property segment declined by 11% to Rs. 88Mn. Profits after tax from the investment property amounted to Rs. 118Mn with a fair value gain of Rs. 84Mn being recognised during the financial year.

THE CAPITALS REPORT

Financial Capital

We use our resources in the most effective and efficient manner to create value in the short, medium and long term to our shareholders.

Social and Relationship Capital

Strong ties with our customers, suppliers and market intermediaries enable us to create sustainable value.

Manufactured Capital

These assets help us to build and operate our own LPG value chain and includes LPG Vessels, storage terminals and bottling and filling plants.

Intellectual Capital

Nurturing a trusted brand is a priority to us.

Human Capital

409 Employees are part of the LAUGFS Gas Group.

Natural Capital

We nurture an environmentally conscious culture within our organisation.

FINANCIAL CAPITAL

HIGHLIGHTS

All figures in Rs Mn.	2019/20	2018/19	% change
Financial Performance			
Revenue	27,202	24,919	9%
Gross Profit	2,823	3,293	-14%
Earnings Before Interest and Tax (EBIT)	606	687	-12%
Profit/(Loss) Before Tax	(1,842)	(1,250)	47%
Profit/(Loss) After Tax	(1,690)	(1,298)	30%
Financial Position			
Assets	39,716	35,397	12%
Liabilities	38,928	34,243	14%
Debt	29,810	25,597	16%
Equity	788	1,154	-32%

RETURN ON EQUITY - ROE

Equity Multiplier
(Assets/Equity)

50.39 Times (2019/20)

30.6 Times (2018/19)

Asset Turnover

0.68 Times (2019/20)

0.70 Times (2018/19)

Net Profit Margin

(6%) (2019/20)

(5%) (2018/19)

	2019/20	2018/19
Profitability		
Gross Profit Margin	10.37%	13.22%
EBITDA Margin	7%	7%
EBIT Margin	2.23%	2.76%
Net Profit Margin	(6.21%)	(5.21%)
Efficiency		
Current Ratio (times)	0.31	0.47
Quick Assets Ratio (times)	0.23	0.35
Asset Turnover (times)	0.68	0.70
Leverage		
Debt/Equity Ratio (times)	37.82	22.18

BUSINESS LINE REVIEWS

FINANCIAL CAPITAL

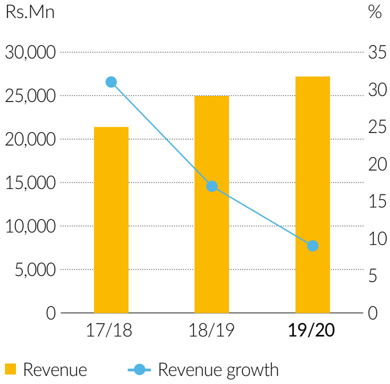
FINANCIAL PERFORMANCE

Revenue

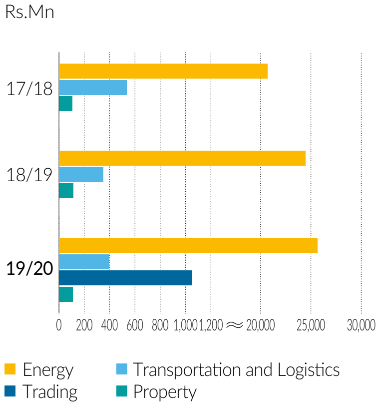
Revenue remained broadly in line with last year at Rs. 27,202Mn. Despite several pressures including the Easter Sunday attacks and the outbreak of COVID-19, LAUGFS GAS PLC, continued to drive LPG demand in both Sri Lanka and Bangladesh. Several initiatives as described in page 41, supported volume growth. However, intense competition and the pricing formula applied on LPG used for domestic purposes in Sri Lanka, continued to be a challenge unfavourably impacting revenue growth.

The Energy sector, being the core revenue source of the Group increased by 5% to Rs. 25,640Mn. Revenue from LAUGFS GAS Sri Lanka increased by 5% to Rs. 15,903Mn and LAUGFS GAS Bangladesh from 5% to Rs. 9,736Mn. The other business segments of the Group continued to predominantly operate for in-house purposes. External revenue from the chartering of vessels to third parties amounted to Rs. 391Mn. The significant milestone in 2019/20 was commencement of commercial operations of LAUGFS Terminals which earned a revenue of Rs. 525Mn by providing storage and logistic services to the downstream operators of the Group.

Revenue Growth



Segmental Revenue



The significant milestone in 2019/20 was commencement of commercial operations of LAUGFS Terminals which earned a revenue of Rs. 525Mn by providing storage and logistic services to the downstream operators of the Group.

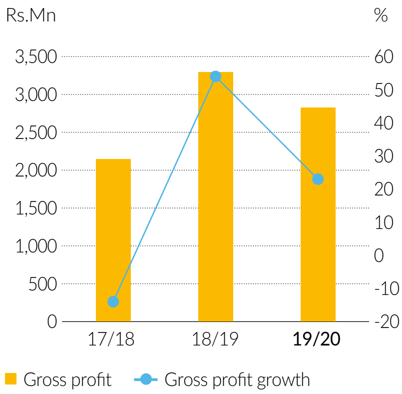
EBIT

Rs. 606Mn

Gross Profit

Gross profit declined by 14% to Rs. 2,823Mn and gross profit margin contracted to 10% in 2019/20 from 13% last year. Group cost of sales was impacted by the fluctuating exchange rate movements and volatile global LPG prices. Although average propane prices in the global market declined by 20% in 2019 to USD 435/ MT, the prices continued to fluctuate throughout the year. In January 2019, Propane prices were USD 430/ MT and ended the year at USD 440/ MT. In addition to these fluctuations, the Rupee depreciation further impacted the procurement costs of LPG. With this and the impact of the 14% decline in local LPG retail prices to Rs. 119.44 per kg, the Group gross profits and margins declined during the financial year.

Gross Profit



Operating Profit

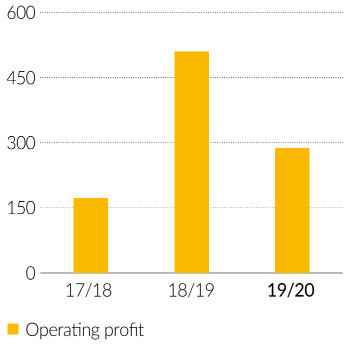
Operating profit decreased by 44% to Rs. 287Mn and margins decreased to 1% in 2019/20 from 2% last year. The decline in foreign exchange loss and administrative expenses during the year, supported an increase in operating profit.

- Other operating income consists of income from expiration of refundable deposits liability which declined by 17% to Rs. 424Mn.
- Selling and distribution costs increased by 35% to Rs. 2,111Mn.
- Administrative expenses declined by 16% to Rs. 1,169Mn.
- Exchange loss amounted Rs. 62Mn compared to an exchange loss of Rs. 377Mn reported last year. The high loss in 2018/19 is due to major currency fluctuations which took place during the year.

Operating profits of the Energy segment declined by 42% to Rs. 1,010Mn and operating margins declined to 4% from 7% last year. The Trading segment continued to make an operating loss which increased to Rs. 893Mn in 2019/20 from Rs. 100Mn last year as erratic LPG prices and exchange rate fluctuations resulted in an increase in procurement costs of LPG.

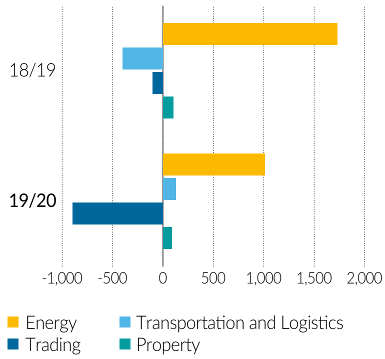
Profitability

Rs.Mn



Operating profit by segment

Rs.Mn



However, the decline in operating loss of the Transportation and Logistics segment with the commencement of LAUGFS Terminals, to a profit of Rs. 127Mn in 2019/20 from a loss of Rs. 397Mn last year, made a significant contribution to Group operating profit.

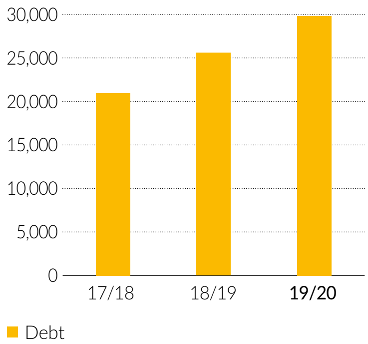
Borrowings and Finance Costs

Finance costs increased by 26% to Rs. 2,447Mn. The increasing contribution of short-term borrowings resulted in an increase in Group finance costs. In 2019/20, short term borrowings accounted for 53% of Group debt compared to 41% last year.

Of the Group finance costs, the Energy segment accounted for 85% of total.

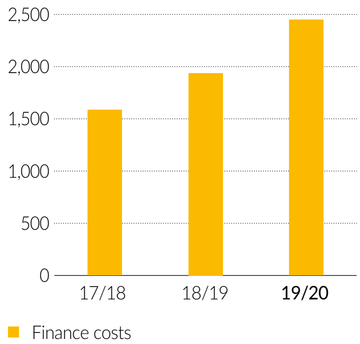
Debt

Rs.Mn



Finance Costs

Rs.Mn



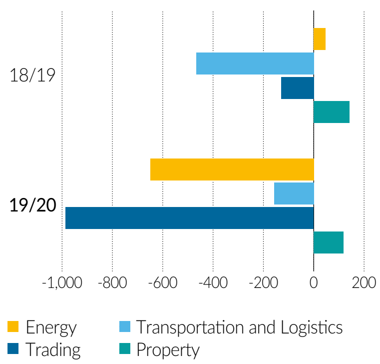
Pre-Tax and Post Tax Profits

The increase in finance costs impacted the profitability of the Group and the pre-tax loss increased to Rs. 1,842Mn compared to Rs. 1,250Mn last year. Post tax loss amounted to Rs. 1,690Mn compared to Rs. 1,298Mn last year. Loss after tax attributable to Equity holders amounted to Rs. 1,720Mn. Loss per share amounted to Rs. 4.44 compared to Rs. 3.45 last year.

The loss after tax of the Energy segment amounted to Rs. 649Mn as increasing finance costs and declining other operating income affected the sector profitability. The Transportation and Logistics sector incurred a loss after tax of Rs. 157Mn compared to Rs. 467Mn last year primarily due to the decrease in foreign exchange loss. The trading arm of the Group, SLOGAL, reported a loss after tax of Rs. 986Mn compared to Rs. 129Mn last year.

Segmental Profitability

Rs.Mn



BUSINESS LINE REVIEWS

FINANCIAL CAPITAL

FINANCIAL POSITION

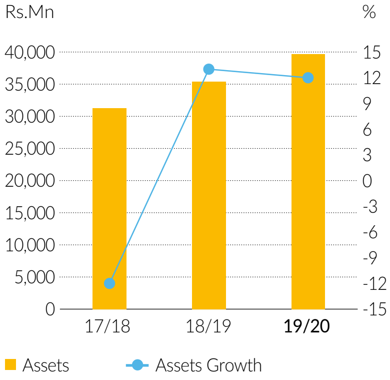
Assets

Assets increased by 12% to Rs. 39,716 Mn. With the capital expenditure of Rs. 2,715Mn, the Property, Plant and Equipment (PPE) of the Group increased by 19% to Rs. 26,790Mn and represented 81% of Total Assets. The Transportation and Logistics segment accounts to 52% of Group PPE.

Group capital expenditure of Rs. 2,708Mn was primarily incurred on Transportation and Logistics and downstream operations of the Group. Depreciation amounted to Rs. 1,279Mn compared to Rs. 944Mn last year due to commencement of the terminal operation.

With this, the assets of the Transportation and Logistics segment grew by 21% to Rs. 16,175Mn and accounted for 41% of Group assets. Assets of the Energy segment remained broadly in line with last year as the depreciation charge increased by 21% to Rs. 783Mn.

Asset Growth



Key capital investments in 2019/20.

Energy

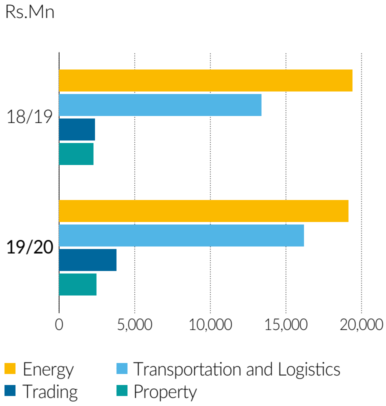
Rs. 1,499Mn

- LAUGFS Gas Bangladesh - Rs. 637Mn.
- LAUGFS GAS Sri Lanka - Rs. 862Mn.

Transportation and Logistics

Rs. 1,168Mn

Asset by Segmental



Of the other non-current assets,

- Value of Investment property remained in line with last year.
- Right of use assets of Rs. 610Mn was recognised during the year following the adoption of IFRS-16: Leases.

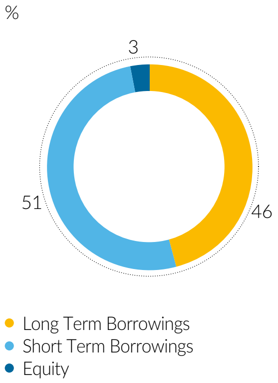
Current assets decreased by 11% to Rs. 6,643Mn primarily due to the decreased in Group inventories and cash and short-term deposits. Value of inventory at year end was Rs. 1,578Mn, an 18% decrease compared to last year and cash and short-term deposits at year end was Rs. 680Mn, a 59% decreased to last year. In addition, trade receivables increased by 13% to Rs. 4,086Mn.

Capital Structure

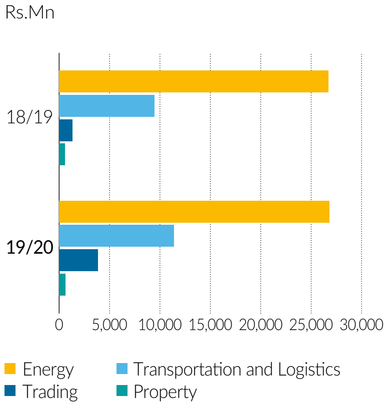
Liabilities continued to form a predominant share of the Group funding in 2019/20. Group debt remained in line with last year although the ratio of short term and long-term debt changed during the year with short-term debt forming a higher proportion of total debt. With the decline in long term borrowings, non-current liabilities declined by 5% to Rs. 17,296Mn. However, the 50% increase in short-term borrowings led to an increase in Group liabilities.

Equity amounted to Rs. 788Mn, a 32% change to last year. Retained losses amounted to Rs. 2,336Mn, 244% change to last year.

Funding Mix - Group



Segmental Liabilities



Cash Flow and Working Capital Management

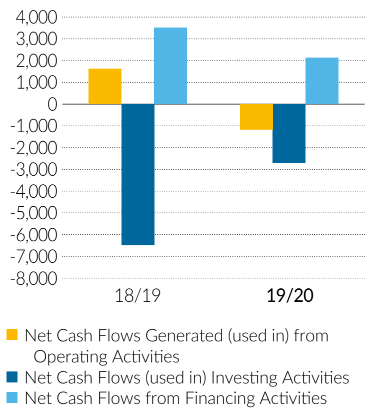
Cash and short-term investments of the Group declined by 59% to Rs. 680Mn. Operating cash flows amounted to (Rs. 1,159Mn) compared to Rs. 1,620Mn last year. The significant decline in operating cash flows was due to many reasons including the increasing loss before tax which amounted to Rs. 1,842Mn in 19/20 compared to Rs. 1,250Mn last year. With this the operating profit before working capital changes reduced to Rs. 1,060Mn compared to Rs. 3,046Mn last year.

Cash outflows from investing activities amounted to Rs. 2,697Mn due to capital expenditure of the Group. Cash inflows from financing activities amounted to Rs. 2,149Mn compared to Rs. 3,501Mn last year. Net cash outflows of the Group amounted to Rs. 1,707Mn compared to Rs. 1,353Mn last year.

The current ratio of the Group was 0.31 times compared to 0.47 times last year. The quick assets ratio of the Group was 0.23 times compared to 0.35 times last year.

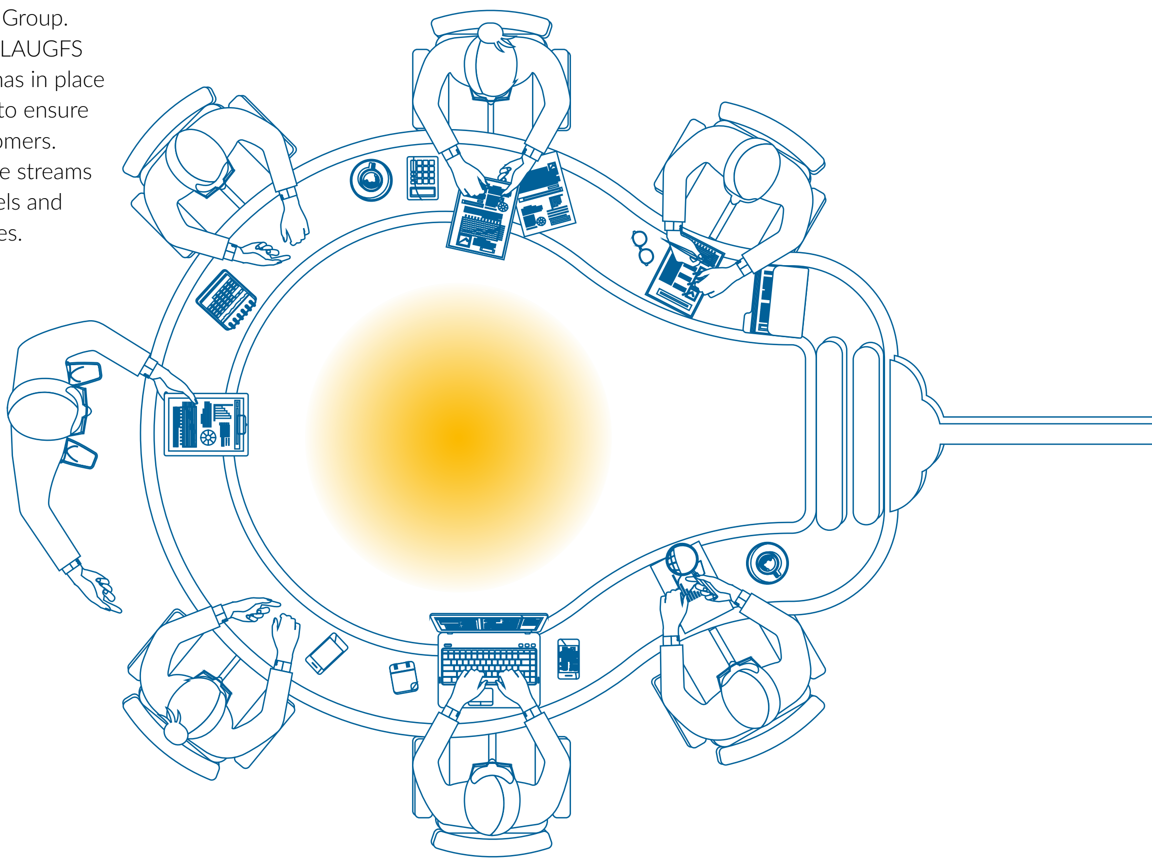
Cash Flows

Rs.Mn



Outlook

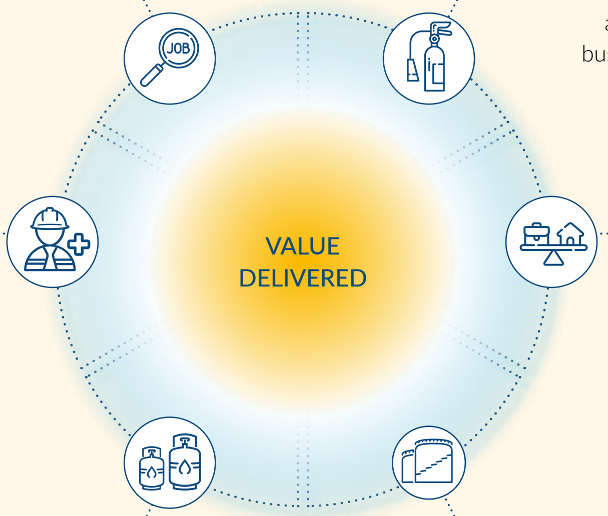
Despite a tough operating environment, LAUGFS Gas PLC will continue to focus on driving volume growth and optimising supply chain to enhance growth, efficiency and resilience of the Group. With the commercialisation of LAUGFS Terminals in 2019, the Group has in place a well-integrated supply chain to ensure a stable supply of LPG to customers. This will also open new revenue streams through the chartering of vessels and storage space to external parties.



THE CAPITALS REPORT

SOCIAL & RELATIONSHIP CAPITAL

Our long-term success depends on strong stakeholder relationships anchored on trust, reliability and ethical conduct. We operate responsibly by understanding stakeholder needs and listening to their feedback and concerns in different ways to ensure fair outcomes to all our stakeholders while also fine tuning our product and services to enhance value addition. Being a responsible corporate citizen is part of corporate value and we are committed to drive long-term mutually beneficial ties with our stakeholders including customers, business partners, employees and local communities. We also maintain good rapport with financial institutions and other external associations such as the WLPGA, Lloyds Register, freight forwarders, etc. In addition, we maintain close ties with the Government and the Consumer Affairs Authority to ensure the timely renewal of licenses.



Employment opportunities

- 20,200 Channel Partners
- 181 Distributors

Enhance awareness

Awareness sessions on LPG usage and conducted safety workshops for business partners and local community members as well.

Health and Safety

Adopt sound health and safety standards which comply to International standards.

Improve consumer lifestyles

Support the transition of households and businesses to sustainable energy sources through the provision of cleaner energy sources. Volume of LPG sold during the year increased by 9%.

Affordable LPG solutions

We support consumers especially in rural areas by offering periodic promotions and easy payment schemes to purchase cylinders.

Ensure product availability

Maintain an adequate LPG supply to ensure consumer needs are met on time.

VALUE DELIVERED TO CUSTOMERS

Our consumers can be categorised into four distinct segments; namely, residential, industrial, commercial and auto gas in two geographies, namely, Sri Lanka and Bangladesh.

LAUGFS GAS

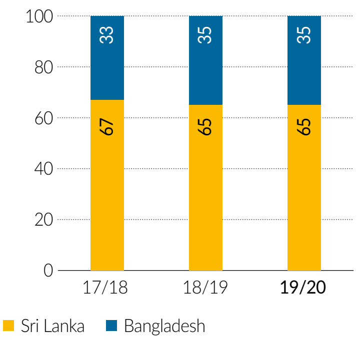
DELIVERING A TRUSTED BRAND

Supply of low carbon, clean fuel.

We add value by improving consumer lifestyles and assisting their transition to cleaner low carbon and efficient energy.

Volume of LPG Delivered to Consumers

%(Volume of LPG sold)



Product availability

In addition to maintaining an island wide presence at both our geographic locations, LAUGFS Gas Sri Lanka further expanded presence through four programmes as listed to ensure products are available to every consumer.

1. Samurdi - Rural sector, low income
2. Corporate sales - urban, semi urban and lower middle class
3. Wathu Praja - Estate sector
4. Town activation - All island

Deliver high quality products and services

Maintaining high quality products and services is key to develop long term relationships with customers. In addition to complying with quality standards, we also implemented the following initiatives to further enhance quality in 2019/20

- LAUGFS Gas Sri Lanka started home delivery/online ordering.
- A dedicated technical support team to handle customer complaints.
- Evaluated customer feedback through customer surveys, online campaigns and Town Storming.

Expanded our range of value-added services by building and maintaining customer gas pipelines and conducting periodic audits to enhance service offerings to customers.

Customer Health and Safety

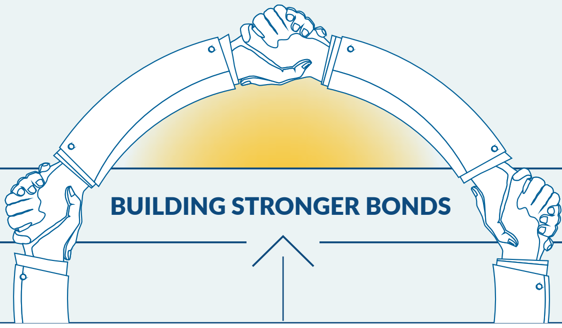
We carry out risk assessments on industrial customers periodically to ensure health and safety standards are maintained at customer premises. In addition, we strictly adhere to all regulations, guidelines and voluntary codes related to marketing communication with product labels and brochures clearly communicating all necessary safety precautions and product information in all three languages. In addition, we purchase branded and certified cylinders. There have not been any incidents of non-compliance concerning marketing communications.

BUSINESS LINE REVIEWS

SOCIAL & RELATIONSHIP CAPITAL

VALUE DELIVERED TO BUSINESS PARTNERS

Our business partners include suppliers and market intermediaries such as dealers, distributors and franchisees. Working together is what drives our value creation, and we grow and energise these key relationships through various initiatives.



We aim to create long term value to our business partners by maintaining trust, ensuring fair remuneration, improving their work practices and advocating high health and safety standards.

During the year, we expanded our network by 4,100 new dealers from both Sri Lanka and Bangladesh.

We expanded our supplier network by connecting with new suppliers from various geographies.

Listening to our business partners

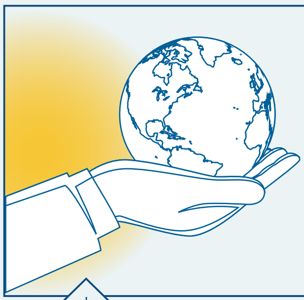
As we are predominantly a B2B business, maintaining continuous contact with our market intermediaries is key to understand our consumer insights and feedback. Customer complaints are also monitored through the CRM hotlines. We are in touch with our business partners through different ways, including dealer conventions, site visits and periodic meetings. We also maintain close ties with our suppliers through meetings, and nurture long term relationships.

Health and Safety

We operate 8,200 dealer locations island-wide and perform periodic audits to evaluate the health and safety standards at dealer premises. In addition, we also ensure the safety standards of vehicles such as high capacity trailers used to transport LPG.

VALUE DELIVERED TO LOCAL COMMUNITIES

We deliver long term value to our societies by providing cleaner and sustainable energy products to meet household needs such as cooking and various industrial needs to support efficient and responsible businesses. Through our broad regional presence, we also provide several employment opportunities, thereby reducing inequalities and fostering inclusive growth.



DELIVERING A SOCIALLY RESPONSIBLE AND TRUSTED BRAND

We deliver products that enhance lifestyles of communities through better -

- Health
- Climate
- Economic Growth & Social Progress
- Efficiency
- Resource Efficiency
- Energy Future

Build sustainable communities

We support economies that transition to sustainable energy sources by ensuring a consistent supply of LPG.

LAUGFS Gas PLC has transitioned households, especially in the rural areas from using kerosene to LPG, which is a low carbon and clean burning source.

Create employment opportunities

We provide several employment opportunities to develop local communities including:

- 20,200 Channel Partners
- 181 Distributors
- 99% of senior management hired from local communities.
- 100% crew for vessels recruited from Sri Lanka and vessels registered as Sri Lankan flag vessels.
- Proportion of spending on local suppliers
  - LAUGFS Gas Sri Lanka : 10% of total purchases
  - LAUGFS Gas Bangladesh : 25%
  - LAUGFS Maritime Services and LAUGFS Terminals : 10%

Community awareness programs in 2019/20.

1,680

Training hours at 'Gamata safety' programme

We perform safety workshops and seminars to educate local communities on product usage and safety practices through a unique programme named 'Gamata Safety'. During the year, we conducted 1,680 cumulative hours of safety awareness for 560 local community members in Mabima, Kelaniya and Heiyanthuduwa areas. This also includes a special programme on LPG operations conducted for all community leaders in the Hambantota area, covering related safety and economic impacts of the newly-commissioned terminal to ensure community members are aware of how to handle any safety incidents such as LPG leaks.

BUSINESS LINE REVIEWS

SOCIAL & RELATIONSHIP CAPITAL

During the year, we invested Rs. 4.6Mn on CSR projects including community awareness programmes.

During the year, we also ensured compliance with the following GRI standards which are voluntarily adopted by the Group.

Customer

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	None
417-2	Incidents of non-compliance concerning product and service information and labelling	None
418-1	Complaints on breaches of customer privacy and loss of data	None

Suppliers

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	None
408-1	Operations and suppliers at significant risk for incidents of child labour	None
409-1	Operations and suppliers at significant risk for incidents of forced labour	None
414-2	Negative social impacts in the supply chain and actions taken	None

Communities

202-2	Proportion of senior management hired from the local community	99%
411-1	Incidents of violations involving rights of indigenous peoples	None
413-2	Operations with significant actual and potential negative impacts on local communities	None

Other

205-1	Operations assessed for risks related to corruption	None
205-2	Communication and training about anti-corruption	None
205-3	Confirmed incidents of corruption and actions taken	None
206-1	Legal actions for anti-competitive behaviours	None
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening - All investment agreements executed with the BOI contain specific clauses ensuring human rights	Yes
415-1	Political contributions	None
410-1	Security personnel trained in human rights policies and procedures	Yes
419-1	Non-compliance with laws and regulations in the social and economic area	None

BUSINESS LINE REVIEWS

MANUFACTURED CAPITAL

LAUGFS Gas PLC, invested extensively across the LPG value chain covering sourcing, warehousing, inbound and outbound logistics and distribution to become a fully-fledged LPG operator. These investments enabled the Group to operate a reliable, economical and efficient supply chain to support the downstream operations of the Group while also driving value creation through Group synergies and supply chain efficiencies. Our assets valued at Rs. 39,716Mn are spread across four primary business segments.

Transportation and Logistics

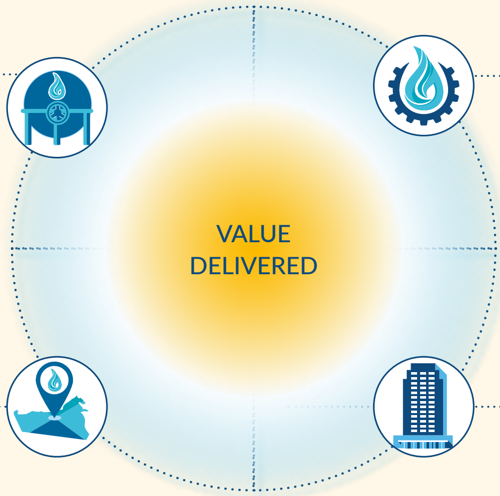
Value of PPE - Rs. 14,039Mn

CAPEX - Rs. 1,168Mn

Energy

Value of PPE - Rs. 12,995Mn

CAPEX - Rs. 1,499Mn



Trading

Value of PPE - Rs. 3Mn

Property

Value of PPE - Rs. 55Mn

CAPEX - Rs. 7Mn

Key capacity enhancements in 2019/20

Doubled storage capacity in Bangladesh with the addition of **3,000 MT**

Commissioning of LAUGFS Terminal; **30,000 MT** transhipment terminal in May 2019

Expanding Regional presence

Sri Lanka

- **8,200** Dealers
- **31** Distributors

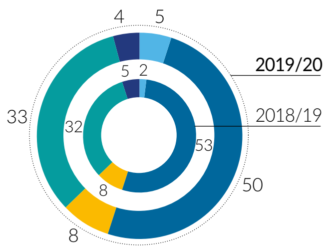
Bangladesh

- **12,000** Dealers
- **150** Distributors
- **13** regional centres
- **9** franchise outlets

Total capital expenditure of the Group in 2019/20 was **Rs. 2,674Mn**

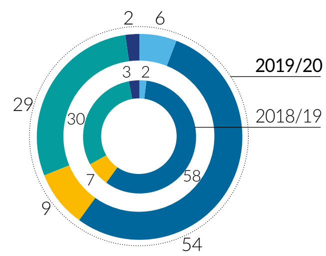
OVERVIEW

Investment
%



- Buildings
- Vessels
- Other
- Plant and machinery
- Cylinders in hand

NBV of Assets
%



- Buildings
- Vessels
- Other
- Plant and machinery
- Cylinders in hand

The net book value of property, plant and equipment (PPE) increased by 19% in 2019/20 to Rs. 26,790Mn and represented 67% of Group assets. Capital spend during the year of Rs. 1,168Mn was primarily invested on completing construction of the 30,000MT storage terminal which started commercial operations in July 2019. Our combined investments on LAUGFS Terminals over the last five years of Rs. 12Bn is set to bear fruit over the forthcoming years by increasing Group Revenue and enhancing supply chain efficiencies.
In its first year of operations, LAUGFS Terminals earned a revenue of Rs. 525Mn from the provision of logistics services to the Group. In addition, LAUGFS Gas (Bangladesh), invested Rs. 2.3Bn on doubling storage capacity and installing a new cylinder requalification plant.

We also increased our investments on downstream operations at both geographies to drive volume growth and increase product availability and convenience to consumers. Capital spend of LAUGFS Gas Sri Lanka amounted to Rs. 861Mn incurred on acquisition of new cylinders and machinery, plant expansion and upgrading of POS visibility.

In addition to the monetised value, the manufactured capital of the Group also exhibits the fully-fledged energy infrastructure of the Group covering an entire value chain from sourcing to distribution, which drives our corporate reputation. The health and safety standards of these assets are also certified by various international organisations such as the Lloyds Register for Transportation and Logistics operations.

Impact on profitability

- Depreciation charge amounted to Rs. 1,279Mn, representing 5% of the net book value of property, plant and equipment. The Group maintained the depreciation policies in line with last year.
- The value of the Group investment property, amounted to Rs. 2,760Mn compared to Rs. 2,653Mn last year. A fair value gain of Rs. 107Mn was recognised during the year.

Total PPE

Rs. 26,790Mn

Investment in Capacity enhancement - Bangladesh

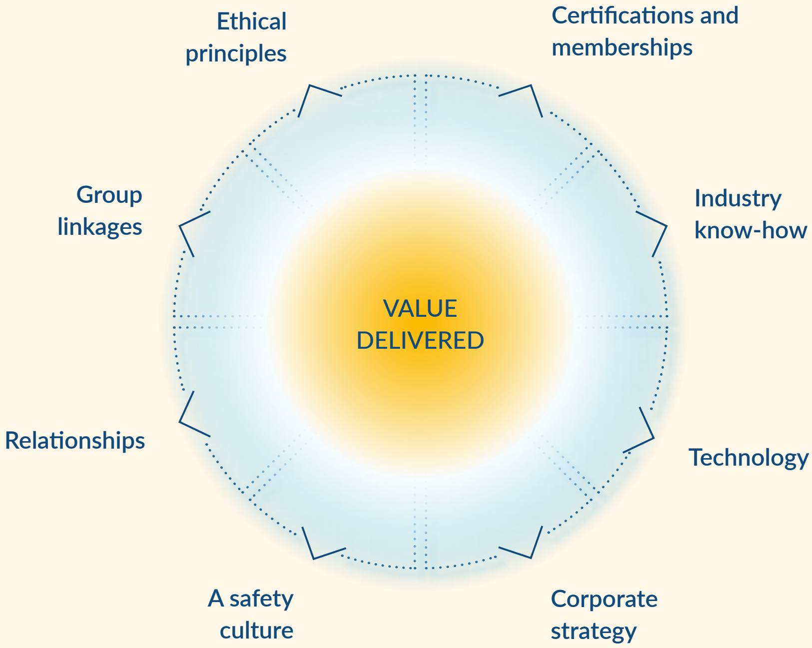
Rs. 2.3Bn

Our combined investments on LAUGFS Terminals over the last five years of Rs. 12Bn is set to bear fruit over the forthcoming years by increasing Group revenue and enhancing supply chain efficiencies.

BUSINESS LINE REVIEWS

INTELLECTUAL CAPITAL

A trusted brand is anchored to the trust and confidence of our stakeholders. The collective outcome of various non-monetised factors supports LAUGFS Gas PLC, in nurturing a trusted brand which continuously adds value to stakeholders through expert services, quality products and fair returns. The brand 'LAUGFS' is renowned as a trusted household brand in the markets we serve in, where our extensive reach has enabled us to cover all regions in Sri Lanka and Bangladesh.



Awards and Accolades

Annual Report Awards 2019 (Gold Award in Power and Energy Sector)	CNCI Achiever Awards 2019 for Industrial Excellence (Merit Award in the National Level Service Sector – Extra Large Category)

ETHICS & CONDUCT

Our corporate values

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

A strong value system backed by sound corporate governance, values, policies and procedures ensure our business operations are ethical, transparent and drives inclusive and responsible value creation.

RELATIONSHIPS

We depend on our relationships with suppliers, business partners, employees and customers and the manner we nurture these relationships are discussed in pages 20 and 21. Through these initiatives, we strive to build long term relationships to support the sustainability of our business.

GROUP LINKAGES

LAUGFS Gas PLC is a pure play energy company with five separate entities specialising in various value chain activities to support the delivery of products and services in an efficient and effective manner. Three subsidiaries were formed primarily to provide inhouse services such as procurement, transportation and logistics and the cumulative value of inhouse services offered in 2019/20 amounted to Rs. 12Bn compared to Rs. 10Bn last year. These Group interconnections add significant value to the Group by driving cost efficiencies and minimising supply chain risks. During the year, the significant changes to the supply chain include

- Capacity enhancements - commercialisation of LAUGFS Terminal and commissioned a new sphere in Bangladesh which helped the Group in maintaining buffer stocks to ensure continuous LPG supply and manage price fluctuations more effectively.
- Introducing an independent supply chain department in Sri Lanka to improve the procurement processes and minimise supply chain risks.
- Process improvements to save costs and eliminate hazards. During the year, we eliminated the manual fork lift and pallet operation by implementing an online loading operation in Sri Lanka to save yard space at the ports.

INDUSTRY KNOW-HOW

As a specialised LPG operator, we value our skills and competencies which are backed by several years of industry experience enabling us to deliver high quality products and expert services. These skills and industry know how also enhance productivity and innovativeness within the Group. During the year, we introduced new value added services and two quality improvement projects to drive revenue growth and operational excellence

Our quality improvement projects include

- Installation of a cylinder requalification plant to test the quality of cylinders in Bangladesh.
- Continuous upgrading of production facilities with new technologies to enhance product quality.

Certifications and standards

Health and safety

- OSHAS quality certifications
- ISO 45001
- Certifications from Lloyds Registry covering transportation and logistics
- Vessels comply with International Safety Management Code (IMS)

Product/Service Quality

- ISO 9001
- SLS

Memberships

LAUGFS Gas Sri Lanka

- Member of World Liquid Petroleum Gas Association (WLPGA)

LAUGFS Gas (Bangladesh)

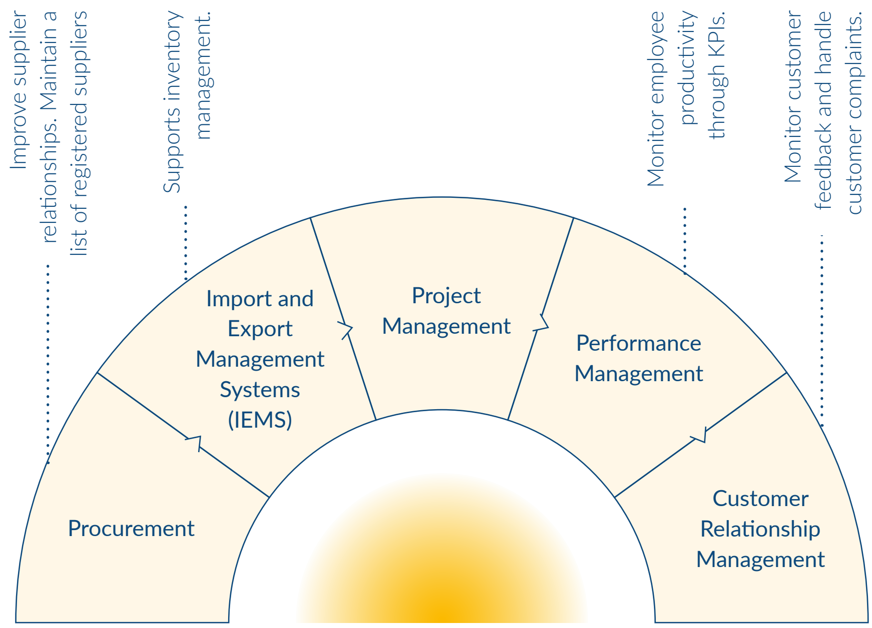
- Member of Bangladesh LPG Association
- Member of Sri Lanka Bangladesh Chamber of Commerce

BUSINESS LINE REVIEWS
INTELLECTUAL CAPITAL

TECHNOLOGY

Ongoing investments in technology enhances the performance of the Group through cost reduction, better customer relationship management, improved working capital management and lower supply chain risks. During the year, we invested Rs. 40Mn on upgrading our information technology platforms, increasing the value of our IT related assets to Rs. 173Mn at the close of the year.

We use a SAP ERP system across the Group to integrate all supply chain activities. The contributions of the various software in our ERP system are described below.



HEALTH AND SAFETY

Occupational health and safety are a priority and we are committed to maintaining high standards for health and safety. We take health and safety beyond the organisation to cover our customer touch-points such as distribution centres, retailers and other stakeholders including consumers and local communities. Reducing exposure to health and safety risks such as fire, leaks and spills and accidents is important to retain the trust and confidence in our brand. Our Health and Safety Policy describes our approach to manage these risks through awareness, conformity to best practice, strict monitoring and comprehensive health insurance schemes provided to employees. We also perform safety awareness programmes for consumers especially in rural areas to educate them on the safety protocols to be followed.

Energy

- Ensure safety of cylinders by purchasing through certified suppliers.
- Installed cylinder re-qualification plant at Bangladesh.
- Ensure all products comply with ISO 9001, and LAUGFS Gas Sri Lanka is the only certified LPG company in Sri Lanka.

Transportation and logistics

- Ensure strict compliance to the zero tolerance policy of LAUGFS Maritime Services (Pvt) Ltd.
- Vessels comply with International Safety Management Code (ISM).
- LPG vessels and storage terminals are certified by Lloyds Register.

Other safety protocols

- Develop HSE competencies of all employees through various safety trainings and awareness sessions such as fire training, daily safety briefings and safety drills.
- Evaluate the safety of all plant and machinery prior and purchase and ensure periodic maintenance.
- Emergency evaluation plans.
- Stringent safety guidelines such as restricted access to hazardous areas and installation of gas leak detecting equipments to eliminate hazard of LPG leaks from cylinder valves.

HEALTH, SAFETY AND ENVIRONMENT POLICY STATEMENT

Health, Safety and Environment Department

LAUGFS Gas PLC improves the lifestyle of customers by providing customer centric LPG energy solutions. Main operations of the business include cylinder filling, storage and transportation of bulk and packed LPG, designing and servicing of industrial and commercial customer installations and supplying LPG related accessories.

LAUGFS Gas PLC is committed to prevent injury, ill health and property damage, while serving our internal customers needs, ensuring continual improvement of Health, Safety and Environment performance complying with relevant Sri Lankan legislations and other requirements.

Accordingly, LAUGFS Gas will:

- Ensure that the Management is responsible and accountable for;
- Health and Safety of those who are directly employed and indirectly engaged in our business.
- Conducting all our activities in a manner so as to safeguard the general public.
- Ensuring Health and Safety of our customers using our products and services.
- Conducting all our activities in an environmentally sound and sustainable manner.
- Set and review Health, Safety and Environment objectives and targets based on past incidents, audit findings, identified risks, legal requirements and industrial best practices.
- Develop HSE competencies of all employees and engage them in hazard identification and committee meetings.
- Require our partners and contractors to manage Health, Safety and Environment in line with this policy.
- Communicate the policy to all interested parties and review the policy periodically.

Results	2019/20
Incidents of health and safety incidents such as accidents at workplace.	5
Incidents of oil spills, accidents and other incidents and other pollution incidents.	None
Incidents of safety risks such as fire at dealer premises.	1

Local communities

- During the year, we conducted 1,680 cumulative hours of safety awareness for 560 local community members in Mabima, Kelaniya and Heiyanthuduwa regions.

Consumers

- Ensure safety precautions are clearly disclosed in product package.
- Performed safety audits every quarter and maintained pipelines for bulk customers.

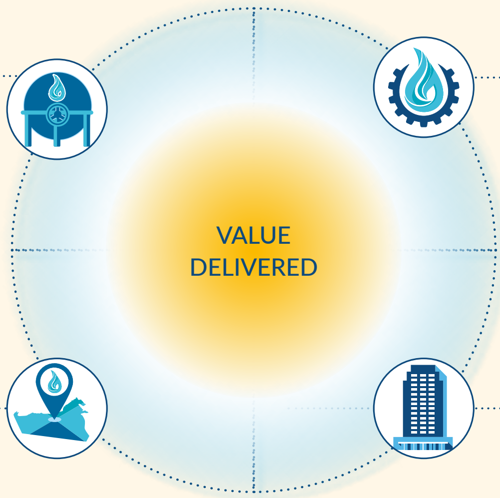
Business partners

- Performed safety audits in 295 Dealer locations.

BUSINESS LINE REVIEWS

HUMAN CAPITAL

Our team is spread across four business segments of the Group, engaging in activities from sourcing to distribution. They enable us to deliver trusted LPG solutions to consumers and support our growth and performance. In return, we seek to ensure that they have fair remuneration and an inspiring workplace that fosters learning and development with opportunities for growth. A comprehensive policy framework facilitates an attractive employee value proposition in line with our HR philosophy of "Great People Make Great Teams Who In Turn Make Great Companies".



Transportation and Logistics

Total employees **51**

Training hours **49.7**

Energy

Total employees **348**

Training hours **9,219.7**

Trading

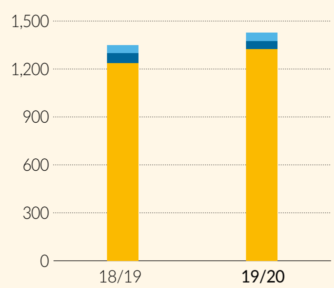
Total employees **2**

Property

Total employees **08**

Monetary Benefits

Rs.Mn.



- Salaries & Other Benefits
- Contributions for Employee Benefit Plan
- Contributions for Defined Contribution Plan

Average training hours per employee - 22.6

Occupational health and safety

Injury rate (No of injuries per 100 people) was 5

An ethical and socially responsible workplace

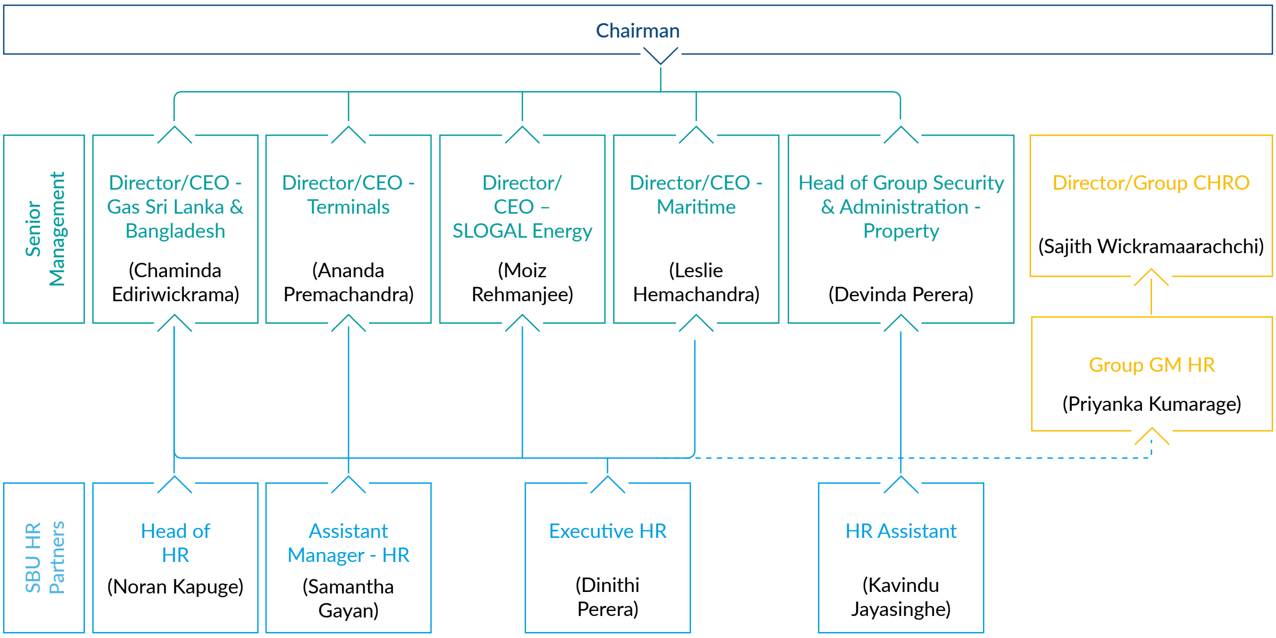
- Incidents of child labour - Zero
- Incidents of forced labour - Zero

Diversity and equal opportunity

- 39 female employees
- Three age categories including below 30, 30 to 50 and over 50 age groups

GOVERNANCE

LAUGFS Gas PLC broadly adopts the HR framework of LAUGFS Holdings. The Director/ Group Chief Human Resource Officer (DCHRO) directly reports to the Group Managing Director/ GCEO. Human Resources aspects of the GAS cluster is overseen by the DCHRO and four HR partners who will be heading HR functions of the five SBUs of the cluster. HR Review meetings are held monthly and same chaired by DCHRO and attended by HR Heads/ respective team members where all key human resource related matters are identified and concerns are addressed.



Our Policy framework

All key Human Capital related matters are addressed through a comprehensive set of HR policies. During the year, we introduced the LAUGFS Code of Conduct and twenty policies. The Employee Code of Conduct clearly communicates the ethical standards of the organisation. In addition, employees are required to disclose any outside employment, businesses or any related professional commitments which would lead to a conflict of interest.

We also recognise the human rights of employees and support their freedom of association and collective bargaining rights. The Group maintains a minimum two weeks of notice prior to any significant operational changes. There were no collective bargaining agreements during the year and none of the employees are unionised. In addition, there were no instances of child labour and forced labour reported in 2019/20. There were no grievances reported on human rights, child labour practices, forced or compulsory labour and incidents related to corruption and discrimination. We have not carried out human rights assessment reviews of our operations due to the strong policy framework, the manageable number of locations and frequent site visits by the leadership team of the Group. The above is also applicable to our Bangladesh operations which has implemented the policy framework of the Group for HR and differentiated itself as a corporate of good standing, upholding sound human resource management standards. All employees and security personnel received formal training in the organisation human right policies and procedures.

We have in place policies universally applied across the Group.

Ethics

- Disciplinary policy
- Grievance policy
- Whistle blowing policy
- LAUGFS Code of Conduct

Health and Safety

- Health and safety policy
- Medical policy

Talent development and recognition

- Learning and development policy

Remuneration and benefits

- Remuneration policy
- Retirement policy
- Policy on work station
- Leave policy
- Attendance policy

- Recruitment and selection policy
- Onboarding policy
- Salary revision policy
- Vehicle allowance policy
- Employee transfer policy
- Fuel card policy
- Internal job posting policy
- Social media policy
- Vehicle parking policy

BUSINESS LINE REVIEWS

HUMAN CAPITAL

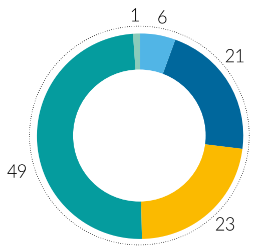
MOVEMENTS IN OUR TEAM

Our workforce consists of 409 employees primarily engaged in the downstream operations of the Group in both Sri Lanka and Bangladesh. During the year, the Group focused on enhancing productivity and operational efficiency through multiskilling and increased automation; allowing natural attrition to downsize the workforce.

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

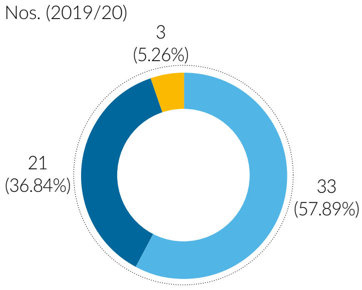
By Employee category

%

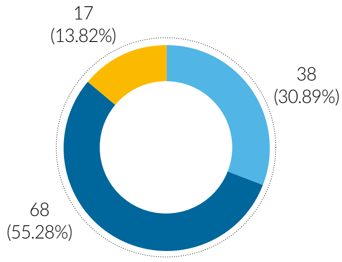


Recruitments 47 (85.5%) 8 (14.5%)

Nos. (2019/20)



Attrition 110 (89.4%) 13 (10.6%)



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

Our team

Below 30 years	30 to 50 years	Above 50 years
65 (15.9%)	**293 (71.63%)**	**51 (12.5%)**

Number of employees	Permanent - 368		Probation - 20		Contact-wise - 21	
409	339	29	19	01	18	03

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

370 (90.5%)

39 (9.5%)

REMUNERATION AND BENEFITS

Ensuring a fair compensation package is an important part of human resource management. As an equal opportunity employer, we ensure our minimum wages do not vary based on any factor such as gender and all subsidiaries of the Group met the minimum wage requirements as per the Wages Board Ordinance. We paid Rs. 864Mn as employee salaries and benefits during the year which includes the basic pay, pension contributions and other benefits as listed below. In addition, we also facilitated flexible working hours for executive staff members due to the outbreak of COVID-19. Benefits for permanent employees include the following:

- Gas coupons provided to all employees at LAUGFS Gas to purchase gas cylinders once in two months.
- All employees in the plant are given free meals.
- Parental leave consisting of three days paternity leave and 84 days of maternity leave.

Parental leave	2019/20
Employees entitled to parental leave	370 Males 39 Females
Employees on parental leave	9 on paternity leave 0 on maternity leave
Employees who returned to work during the period after parental leave	All
Return to work rate of employees on parental leave	100%

- Comprehensive health insurance schemes covering all employees and includes personal accidents, surgical and hospitalisation claims.
- Cash donations at times of unfortunate events faced by employees such as demise of a close family member.
- Cash gifts at the time of marriage.

PERFORMANCE MANAGEMENT

During the year, we introduced a comprehensive online Performance Management System (PMS) to ensure key performance indicators are aligned towards achievement of the corporate strategy. The following initiatives were implemented –

1. Introduced the LAUGFS Career Council which is a platform for the senior team of each respective SBU to present their revalidated performance ratings, bell curve, identified mission and functional critical positions of their business/s.
2. LAUGFS Promotion Moderations was introduced as the 2nd phase of the PMS Process and the Talent Management exercise to ensure promotions recommendations are justified and considers the contribution made by each nominee. Promotions of executive level and above were moderated through an independent panel.
3. Introduced the pay for performance concept to recognise high performing employees.

The performance management system covers all employees and ensures performance is measured through key performance indicators, connected to the corporate strategy of the Group. During the year, we fine-tuned several processes to improve employee productivity through multi-skilling, automation and lean workflows. With this, the Group saw a significant increase in productivity.

EMPLOYEE HEALTH AND SAFETY

We consider health and safety a priority and work on several initiatives across our value chain to ensure the health and safety of all our stakeholders both internal and external. Ensuring a healthy and safe workplace for our employees is paramount and during the year, we further strengthened the health and safety policy and ensured that policies, procedures and guidelines are well communicated to all employees in both geographic locations including Sri Lanka and Bangladesh. During the year, we significantly expanded the safety team to 185 members compared to 105 members last year.

Health and safety trainings

Toolbox trainings include daily training sessions which span for 15 minutes and 850 training workshops conducted over the last eight months covering various best practices on health and safety. Other sessions include safety week, induction trainings, first aid and other emergency training sessions. The Group invested 212 hours on safety training during the year.

EMPLOYEE HEALTH AND SAFETY

Safe workplace

- Safety audits every quarter
- Routine maintenance checks on plant and machinery.

In addition to adopting a sound health and safety framework, we continuously monitor key indicators which affirm the adequacy of our safety protocols.

Number of injuries reported.

- **12 first aid injuries**
  No workers with high incidence of risk.
- **Rate of injury**
  Injury rate was **2.9%**
- Occupational disease rate **was 0%**
- Absentee rate **6.9%**
- Lost day rate **0%**
- Work related fatalities **0%**

Governance

- Health and safety policies
- Joint management worker health and safety committees

Our safety teams	No of members
HSE Committee	28
Steering Committee	22
Joint Safety Committee	44
Emergency responsible team	34
Fire fighting	58
First aid	48

BUSINESS LINE REVIEWS

HUMAN CAPITAL

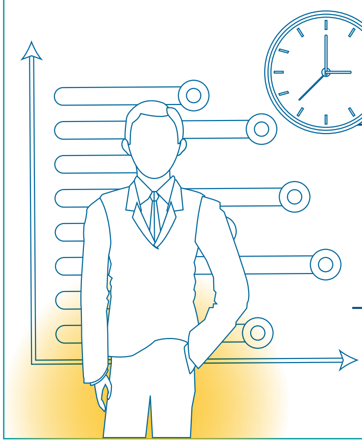
TALENT DEVELOPMENT

Nurturing our talent pool with continuous talent development programmes is important to maintain an efficient, productive and specialised team, capable of delivering high quality products and services to consumers. We value a learning culture and encourage employees to progress through learning. During the year, the Group underwent a series of changes with increasing automation and streamlined processes. As a result, our focus in 2019/20 was to coach, guide and multi skill employees to work in an automated environment. We invested Rs. 1,275,536 on training and development during the year. In addition, we educated employees on the voluntary retirement scheme (VRS) through various sessions to increase awareness on financial management, psychology and health and safety benefits of the VRS program. During the year, 40 employees joined the VRS scheme.

22.6

Average hours of training per employee

Average training hours per year



	Male	Female
Total hours	**8,585.7**	**683.7**
Average hours	**23.20**	**17.53**

Category	Executive and above	Non managerial
Total hours	**4,371.6**	**4,897.8**
Average hours	**21.43**	**23.89**

Average hours of training per employee **22.6 (9269.4/409)**

Training programmes include both internal and external programmes and covered various employee categories according to a training plan. A list of our training sessions during the year include:

- Health and safety training programmes of 5,976.7 hours covered 224 employees
- Technical training sessions of 2,304.65 hours
- Other trainings such as soft skills, leadership skills of 2,250.30 hours.

EMPLOYEE ENGAGEMENT

We engage with employees continuously to build trusted long-term relationships as employees are the key value creators of our organisation. Understanding employee needs and evaluating their feedback is important to minimise grievances and enhance employee satisfaction. During the year, our key engagement platforms were:

1

1. Wesak lantern competition
2. Women's Day celebrations
3. Christmas decoration competition
4. Free medical camp for employees
5. A free eye-testing camp for employees
6. Christmas bake sale

2

3

5

4

6

BUSINESS LINE REVIEWS

NATURAL CAPITAL

Delivering our environmental commitments are key to ensure the sustainability of our business. While we ensure strict environmental compliance to all related environment laws and regulations in both our geographical operating zones, we also endeavour to contribute positively to our environment. We measure our environmental impact comprehensively covering both within and outside our work environment. We are the only company in the LPG sector to measure carbon emissions under three scopes. We also work on mitigating any negative impacts through various means including safe disposal of waste, creating an environmentally conscious culture and ensuring a safe work-place with low likelihood of environmental risks such as oil spills and LPG leaks. In addition, our key contribution to the environment is through the delivery of sustainable and low carbon energy solutions supporting the transition of several households and industries to cleaner energy sources.

Inputs

	2019/20
Energy consumed (MJ)	199,334,300
Water consumed (m3)	74,885
Materials consumed (MT)	359,485

Impacts

	2019/20
Carbon emissions (MT) Scope 1	5,278,246
Waste water discharge (M3)	14,500
Significant spills	None

Outcomes

	2019/20
Incidents of noncompliance to environmental laws	None

MEASURING OUR INPUTS

We strive to minimise our consumption of non-renewable resources including materials, energy and water. Our goal is to increase energy efficiency and minimise withdrawal of natural resources through recycle and reuse measures. During the year, we also further extended our scope of measuring energy consumption to outside the organisation covering fuel used by distributors, dealers and franchisees for the distribution of LPG.

MATERIALS

Our primary raw material is steel, which is fully renewable and reusable. During the year, we used 359,485 MT of materials of which 45% was from renewable sources. We also recycled 159,458 MT of input materials.

Materials consumed (MT)	2019/20
Materials used by weight - Renewable	162,079
Materials used by weight - Non-renewable	197,406
Recycled input materials used by weight	159,458
% Reclaimed products and their packaging materials	None

ENERGY

Total energy consumption of the Group was 199,334,300 MJ

Non-renewable energy sources such as diesel and electricity continued to be the main energy source for the Group while a minimal part was also contributed by renewable sources such as solar energy. Volume of diesel consumed during the year amounted to 70,704,868 MJ.

The energy intensity of LAUGFS Gas PLC was 554.5 KJ/Kg. During the year, we also extended our scope and measured energy used outside the organisation where we measured the diesel consumption of hired vehicles, which amounted to 1,522,830 litres in 2019/20.

Composition Energy consumed (MJ)	2019/20
Electricity	6,636,419
Fuel	192,697,881
Non-renewable (MJ)	199,333,927

During the year, we used 359,485 MT of materials of which 45% was from renewable sources. We also recycled 159,458 MT of input materials.

Environmental Governance

We adopt the precautionary approach to environment management to minimise any environmental risks.

The Group Sustainability Committee is involved in adopting sound Health, Safety and Environmental (HSE) policies, driving awareness and monitoring key indicators which measure our impacts on the environment. We comply with all relevant environmental laws, certifications, standards and guidelines as described on page 77. There were no significant fines or monetary sanctions for non-compliance with environmental laws or regulations during the year.

BUSINESS LINE REVIEWS

NATURAL CAPITAL

WATER

Group water consumption significantly increased during the year to 60,823 M3 with the capacity enhancements which operationalised during the year. However, water withdrawn from various sources remained broadly in line with last year at 25,823 M3 as the increasing requirements were met through recycled water which accounted for 57% of the Group water consumption.

In 2019/20, water withdrawn was primarily sourced from the National Water Supply Board. There were no water sources significantly affected by the withdrawal of water.

Rs. **42,001**/m^3

Water recycled & used

Water consumed (m3)	2019/20
Water withdrawn by source	32,884
Surface water	5306
Municipal water	23,656
Other	3,922
Water recycled and reused	42,001
Water consumption	74,885

BIODIVERSITY

Our leased land includes 5 HA of surface land from the Hambantota Port Authority (HIPG) for the construction of the LAUGFS Terminal and 4.24HA from the Port Authority in Bangladesh. These sites do not fall into the zone of protected areas and are located within a safe distance of high biodiversity values. In addition, the company; LAUGFS Gas Sri Lanka owns 12.14HA hectares of land of which 50% of land area is dedicated for inland waters with biodiversity. There were no significant impacts on biodiversity reported during the year and no negative impacts on IUCN Red list species and national conservation list species in the areas we operate in.

LAUGFS Gas Sri Lanka own 30 acres of land of which 50% of land area is dedicated for inland waters with biodiversity.

OUR IMPACTS

Our emissions are primarily a result of consumption of fuel, electricity and exposure to maritime and other risks due to the hazardous nature of LPG. We minimise any negative environmental impact through strict environmental compliance and ensuring high safety standards in all our business locations. A zero-tolerance policy is adopted by LAUGFS Maritime to ensure our LPG tankers conform to all environmental standards, regulations and emission guidelines, thereby minimising the likelihood of maritime risks such as oil spills. In addition, routine assessments, periodic audits and gas leak detecting equipment ensure threat of gas leaks in storage and filling plants are minimised. We also perform regular safety assessments on our plants, distribution centers and transportation fleets. In addition, we ensure that there were no ozone-depleting substances and other significant air emissions from our activities.

Emissions

- Our goal is reduce green house (GHG) emissions both within and outside the organisation by supplying clean and low carbon burning fuel such as LPG,ensuring strict environmental compliance and safety standards to offset any negative environmental impacts due to our business operations.
- We measure GHG emissions under all three scopes including both direct and indirect.

Effluents and Waste

- Ensuring safe disposal of waste and effluents is important to reduce any unfavourable impacts on the environment. We ensure waste is treated and safely disposed or recycled and reused.

Our main forms of solid waste include paper, plastic and food which are recycled or safely disposed through registered suppliers. There was no hazardous waste generated or transported during the year. In addition, we continued to maintain our reputation for zero tolerance in the maritime sector and no oil spills were reported during the year.

Waste-water discharged reduced to 14,500 M3 in 2019/20 as LAUGFS Gas Sri Lanka installed a wastewater and treatment plant in January 2020. With the new plant; waste-water from conveyors, cylinder washing and plant deck washing was treated and discharged. In addition, the plant also eliminated the collection of sewage in ground tanks. During the year, we also ensured no water bodies were affected by the discharge of water.

	2019/20
Non-hazardous waste (Kg)	10,092
Hazardous waste	None
Waste-water (M3)	14,500

EVALUATING THE IMPACT OF CLIMATE

In line with the precautionary approach adopted by the Group, we evaluate the impact of using firewood and conventional fuel on climate and helped mitigate climate risks by providing cleaner and low carbon burning fuel to substitute conventional energy sources such as kerosene, petrol and diesel.

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

ENVIRONMENTAL COMPLIANCE

We complied with all relevant environmental laws, certifications, standards and guidelines as described below. Impact assessments and feasibility studies are carried out on all projects prior to commencement of operations to identify any potential environmental risks and proactive measures are taken to mitigate these risks. Water treatment plants were installed at the LAUGFS Terminal prior to its commencement in July 2019 to ensure used water is treated prior to being discharged.

In 2019/20, LAUGFS Gas PLC also invested in installing sewage treatment plants at storage and filling centers in Sri Lanka and worked on implementing an online supplier pre-qualification process to screen suppliers on environmental criteria.

There were no significant fines or monetary sanctions for non-compliance with environmental laws or regulations during the year. In addition, LAUGFS Maritime also ensured compliance to the latest IMO regulations by using low sulphur fuel for LPG vessels.

	Compliance status
LAUGFS Maritime Services	Fully compliant
▪ Garbage management plan ▪ Ballast water management plan ▪ Ship energy efficiency plan ▪ MARPOL compliance ▪ Environmental management system ▪ IMO regulation on sulphur cap ▪ Implementation of global emission standards	
LAUGFS Gas Sri Lanka	Fully compliant
▪ Central Environmental Authority and all environmental regulations from local bodies.	
LAUGFS Gas Bangladesh	Fully compliant
▪ Environmental Authority and Bangladeshi environmental regulatory requirements.	

GRI CONTENT INDEX

General disclosure: Core option

Organisational profile				Page Numbers
GRI 102	General Disclosures	102-1	Name of the organisation	04
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	04
GRI 102	General Disclosures	102-3	Location of headquarters	07
GRI 102	General Disclosures	102-4	Location of operations	07
GRI 102	General Disclosures	102-5	Ownership and legal form	Inner Back Cover
GRI 102	General Disclosures	102-6	Markets served	04
GRI 102	General Disclosures	102-7	Scale of the organisation	8, 9
GRI 102	General Disclosures	102-8	Information on employees and other workers	70
GRI 102	General Disclosures	102-9	Supply chain	65
GRI 102	General Disclosures	102-10	Significant changes to the organisation and its supply chain	3, 65
GRI 102	General Disclosures	102-11	Precautionary principle or approach	75
GRI 102	General Disclosures	102-12	External initiatives	03
GRI 102	General Disclosures	102-13	Membership of associations	03
Strategy				
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	10, 13
Ethics and integrity				
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behaviour	02, 69
Governance				
GRI 102	General Disclosures	102-18	Governance structure	94, 95
Stakeholder engagement				
GRI 102	General Disclosures	102-40	List of stakeholder groups	20
GRI 102	General Disclosures	102-41	Collective bargaining agreements	69
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	20
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	21
GRI 102	General Disclosures	102-44	Key topics and concerns raised	21
Reporting practice				
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	194
GRI 102	General Disclosures	102-46	Defining report content and topic boundaries	26
GRI 102	General Disclosures	102-47	List of material topics	27, 29
GRI 102	General Disclosures	102-48	Restatements of information	03
GRI 102	General Disclosures	102-49	Changes in reporting	03
GRI 102	General Disclosures	102-50	Reporting period	03
GRI 102	General Disclosures	102-51	Date of most recent report	03
GRI 102	General Disclosures	102-52	Reporting cycle	03
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	03
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	03

General disclosure: Core option

Organisational profile				Page Numbers
GRI 102	General Disclosures	102-55	GRI content index	78, 81
GRI 102	General Disclosures	102-56	External assurance	03, 82, 83
Specific Disclosures				
GRI 103	Management Approach	103-1	Explanation of the material topic and its Boundary	24, 29
		103-2	The management approach and its components	24, 29
		103-3	Evaluation of the management approach	24, 29
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	77
GRI 202	Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	70
GRI 202	Market Presence	202-2	Proportion of senior management hired from the local community	61
GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	59
GRI 205	Anti-corruption	205-1	Operations assessed for risks related to corruption	61
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption	61
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	61
GRI 206	Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour	61
Environmental Topics				
GRI 301	Materials	301-1	Materials used by weight or volume	75
GRI 301	Materials	301-2	Recycled input materials used	75
GRI 302	Energy	302-1	Energy consumption within the organisation	75
GRI 302	Energy	302-3	Energy intensity	75
GRI 303	Water	303-1	Water withdrawal by source	76
GRI 303	Water	303-2	Water sources significantly affected by withdrawal of water	76
GRI 304	Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	76
GRI 304	Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	76
GRI 304	Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	76
GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	77
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	77
GRI 306	Effluents and Waste	306-3	Significant spills	77
GRI 306	Effluents and Waste	306-4	Transport of hazardous waste	77
GRI 306	Effluents and Waste	306-5	Water bodies affected by water discharges and/or runoff	77
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	77

GRI CONTENT INDEX

General disclosure: Core option

Organisational profile				Page Numbers
GRI 103 ; Social				
GRI 401	Employment	401-1	New employee hires and employee turnover, by age, gender and region	70
GRI 401	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	70
GRI 401	Employment	401-3	Parental leave	70
GRI 403	Occupational Health and Safety	403-1	Workers representation in formal joint management worker health and safety committees	71
GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	71
GRI 403	Occupational Health and Safety	403-4	Health and safety topics covered in formal agreements with trade unions	69
GRI 404	Training and Education	404-1	Average hours of training per year per employee by gender and category	72
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programmes	72
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	71
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	69
GRI 407	Freedom of Association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	61
GRI 408	Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	61
GRI 409	Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced labour	61
GRI 410	Security practices	410-1	Security personnel trained in human rights policies and procedures	61
GRI 411	Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	61
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	61
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programmes	59
GRI 413	Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities	61

General disclosure: Core option

Organisational profile				Page Numbers
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	61
GRI 415	Public Policy	415-1	Political contributions	61
GRI 416	Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	57
GRI 416	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	61
GRI 417	Marketing and Labelling	417-1	Requirements for product and service information and labelling	57
GRI 417	Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	61
GRI 417	Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communication	57
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	61
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	61

INDEPENDENT ASSURANCE REPORT

Building a better working world

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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

Independent Assurance Report to LAUGFS Gas PLC on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2019/20

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- 2019/20 ("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 ("CASL").

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines ("GRI Guidelines") and related information in particular, the requirements to achieve GRI 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 17 February 2020. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

KEY ASSURANCE PROCEDURES

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

- Interviewing relevant the Company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- 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 2020.

- 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;

- 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.

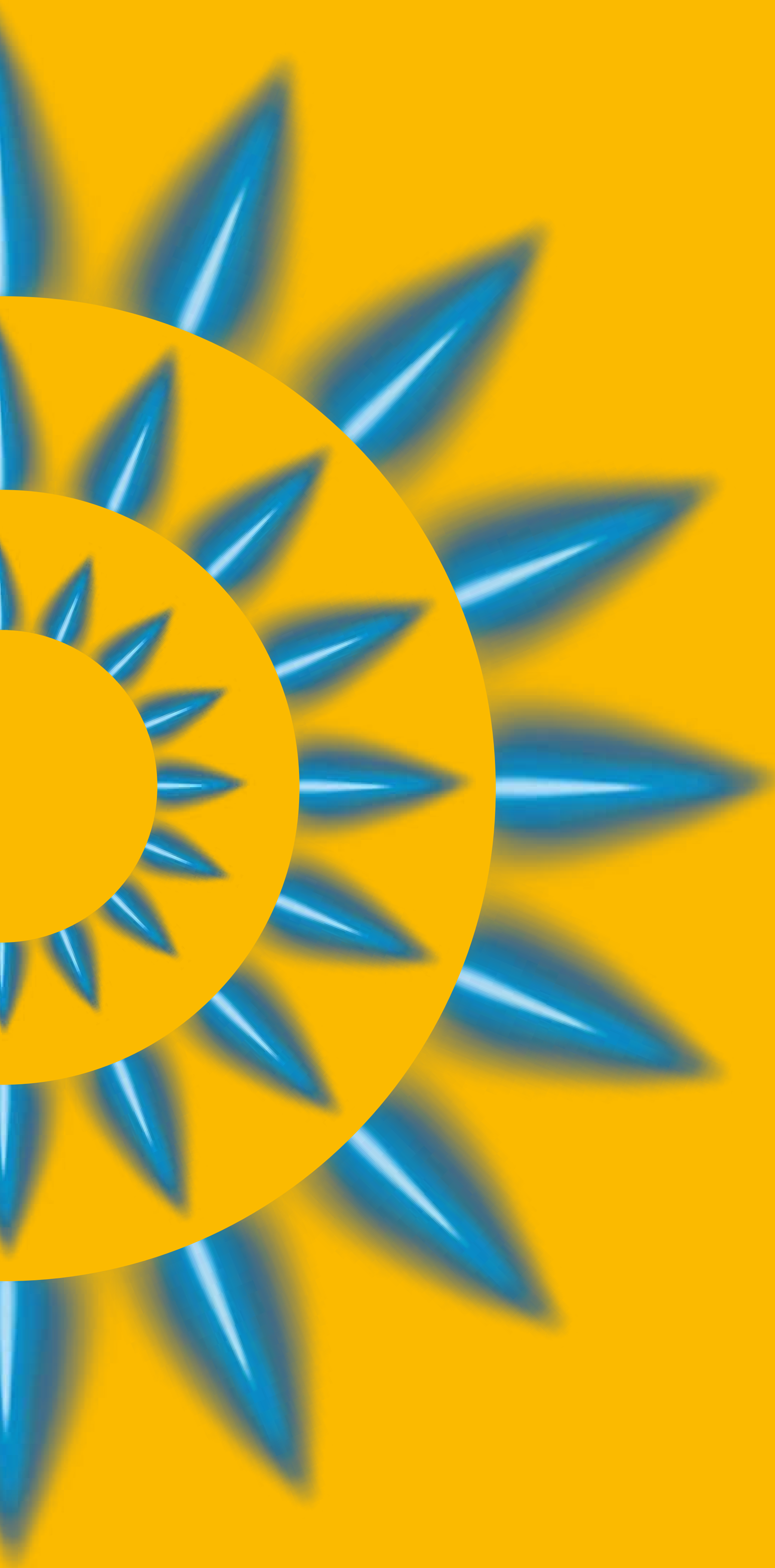
Ernst & Young

Ernst & Young
Chartered Accountants

25th September 2020
Colombo

Stewardship

IT BEGINS WITH GREAT RESPONSIBILITY



BOARD OF DIRECTORS

1

DESHABANDU W. K. H. WEGAPITIYA
Group Chairman

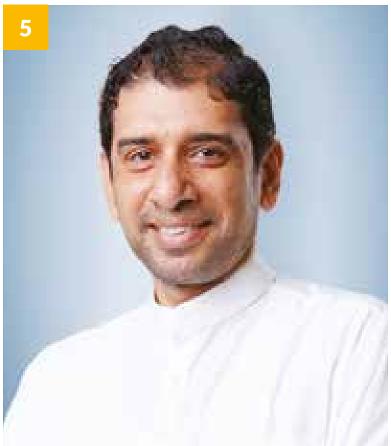
2

MR. U. K. THILAK DE SILVA
Group Deputy Chairman

4

MR. CHAMINDA EDIRIWICKRAMA
Director/CEO

5



MR. DILSHAN PERERA
Group Finance Director

7

MR. TISSA BANDARANAYAKE
Independent Non-Executive Director

8

MR. MURALI PRAKASH
Independent Non-Executive Director

3

MR. PIYADASA KUDABALAGE
Group Managing Director/GCEO

6

MR. H. A. ARIYARATNE
Non-Executive Director

9

PROF. SAMPATH AMARATUNGE
Independent Non-Executive Director

BOARD OF DIRECTORS

1 DESHABANDU W. K. H. WEGAPITIYA

Group Chairman

Mr. W. K. H. Wegapitiya is the founder Chairman of LAUGFS Holdings Limited, the parent company of LAUGFS Gas PLC, one of the highly-diversified business groups in Sri Lanka, having its presence in a wide business spectrum, such as LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacturing of salt, and manufacturing of industrial solid tyres. He functioned as the Executive Chairman and the Group CEO of LAUGFS Gas PLC at the time it was listed in the Colombo Stock Exchange in 2011, and as a part of the Group management succession plan, handed over the role of Group CEO to the newly appointed Group MD, and currently functions as Group Chairman. He holds a degree in (B.Sc) Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). Currently, he is reading for his PhD at the Post Graduate Institute of Management (PIM)

In 1995 he was instrumental in creating Gas Auto Lanka (Pvt) Limited, the initial enterprise of the 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 panellist on topics such as “Business Excellence”, “Leadership” and “Entrepreneurship” organised by a variety of organisations. He is a well-known personality in the global LP Gas and energy circles and also a regular participant and a speaker at international forums on LP Gas and Energy Management. Presently he serves as a 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.

2 MR. U. K. THILAK DE SILVA

Group Deputy Chairman

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

He was instrumental in the phenomenal growth of “LAUGFS”, one of the household brands, in Sri Lanka with over 50,000 customers across the country looking forward for its products and services on a daily basis for their varying needs. Mr. De Silva’s untiring efforts, business acumen and industry knowledge amply supplemented by his undisputed and amazing charisma had driven the business operations to greater 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. However in the year 1995 he was compelled to leave the business in the able hands of the rest of the family to join with his erstwhile colleague to commence the ground breaking initiative of “LAUGFS” to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

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

3 MR. PIYADASA KUDABALAGE

Group Managing Director/ GCEO

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

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

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

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

4 MR. CHAMINDA EDIRIWICKRAMA

Director/CEO

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).

5 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 and acquisitions, treasury management, credit, taxation and outsourced 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 Gas PLC and LAUGFS Gas (Bangladesh) Limited. 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).

6 MR. H. A. ARIYARATNE

Non-Executive Director

Mr. Ariyaratne was a well known banker with over 35 years of experience in the banking industry. He 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, and he also served as an Independent Director at 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.

BOARD OF DIRECTORS

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.

7 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, represents the Board of LAUGFS Gas PLC from September 2010 and serves as the Chairman of the Audit Committee. Mr. Bandaranayake possesses over 45 years of 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 and 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 Directorships 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.

8 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) Limited., Royal Fernwood Porcelain Limited, South Asia Textiles Limited and Taprobane Capital Plus (Private) Limited. 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 Independent Director of 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 the University of Southern Queensland and is also a Certified Professional Marketer (Asia Pacific) and a Certified Management Accountant (Aus.). He 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 a Fellow Member of the Chartered Management Institute (London) and Certified Professional Managers, Sri Lanka.

9 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 serving as the Chairman of the University Grants Commission.

He served as the Vice Chancellor, University of Sri Jayewardenepura, and was also appointed as the Chairman of the Committee of Vice Chancellors and Directors Sri Lanka (CVCD) 2019.

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

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

CORPORATE MANAGEMENT

Mr. Chaminda Ediriwickrama
Director/CEO
LAUGFS Gas PLC

Mr. Ranjith Jayawardena
Chief Executive Officer
LAUGFS Gas (Bangladesh) Ltd.

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

Mr. Ananda Premachandra
Director/CEO
LAUGFS Terminals Ltd.

Mr. Moiz Rehmanjee
Director/CEO
SLOGAL Energy DMCC

Maj Gen Devinda Perera (Rtd.)
Head of Group Security and Administration
LAUGFS Property Developers (Pvt) Ltd.

Mr. Dilshan Perera
Group Finance Director

Mr. Sajith Wickramaarachchi
Director/
Group Chief Human Resource Officer

Mr. Dhammika Cabral
Director/
Group Head of Supply Chain

CORPORATE MANAGEMENT

Mr. Buddhika Mathew
Head of Legal

Mr. Sanjeeva Wickramasinghe
Head of Group Risk & Control

Ms. Shehara Ferdinandis
Senior Manager
Corporate Communications

Mr. Buddhi Weerasekera
Senior Manager - IT
Infrastructure & SOC

Mr. Gayan Ranasinghe
Senior Manager - IT
Development, Data Centre & IT Projects

Dr. Mayura Neththikumarage
COO – LAUGFS Gas (Bangladesh) Ltd.
Country Manager – SLOGAL ENERGY DMCC

Mr. Muditha Adikari
General Manager
Sales & Marketing

Mr. Kulamithra Bandara
General Manager
Operations

Mr. Damith Roshan
General Manager
Finance

Mr. Noran Yasis
Head of Human Resources

CORPORATE GOVERNANCE

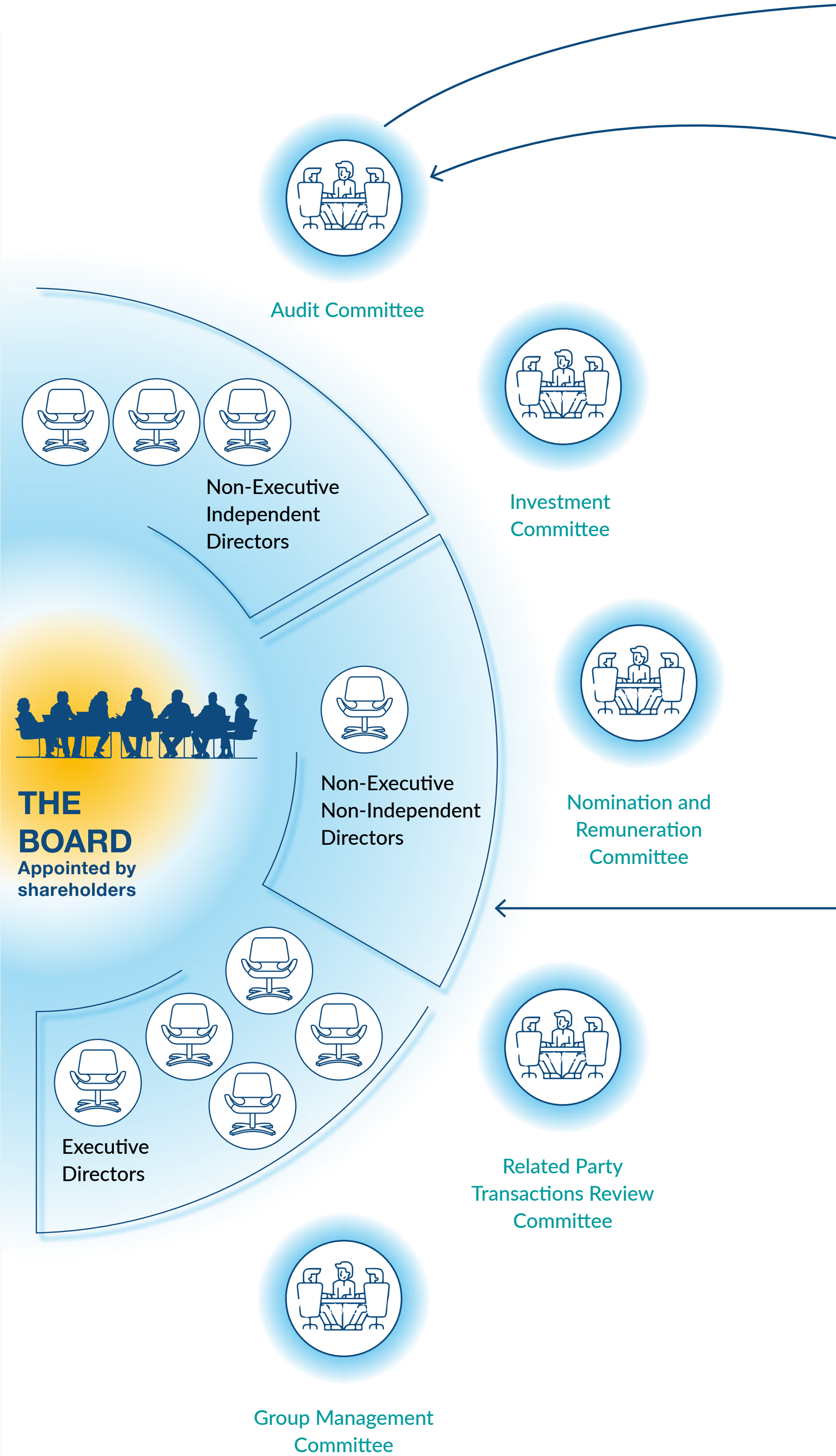
Managing a broad presence across the LPG value chain across three countries requires well institutionalised systems and processes to ensure compliance with legal and regulatory requirements and voluntary certification requirements. Sound corporate governance is necessary to manage our operations, giving the Board the information necessary for effective oversight, resource allocation and managing risks.

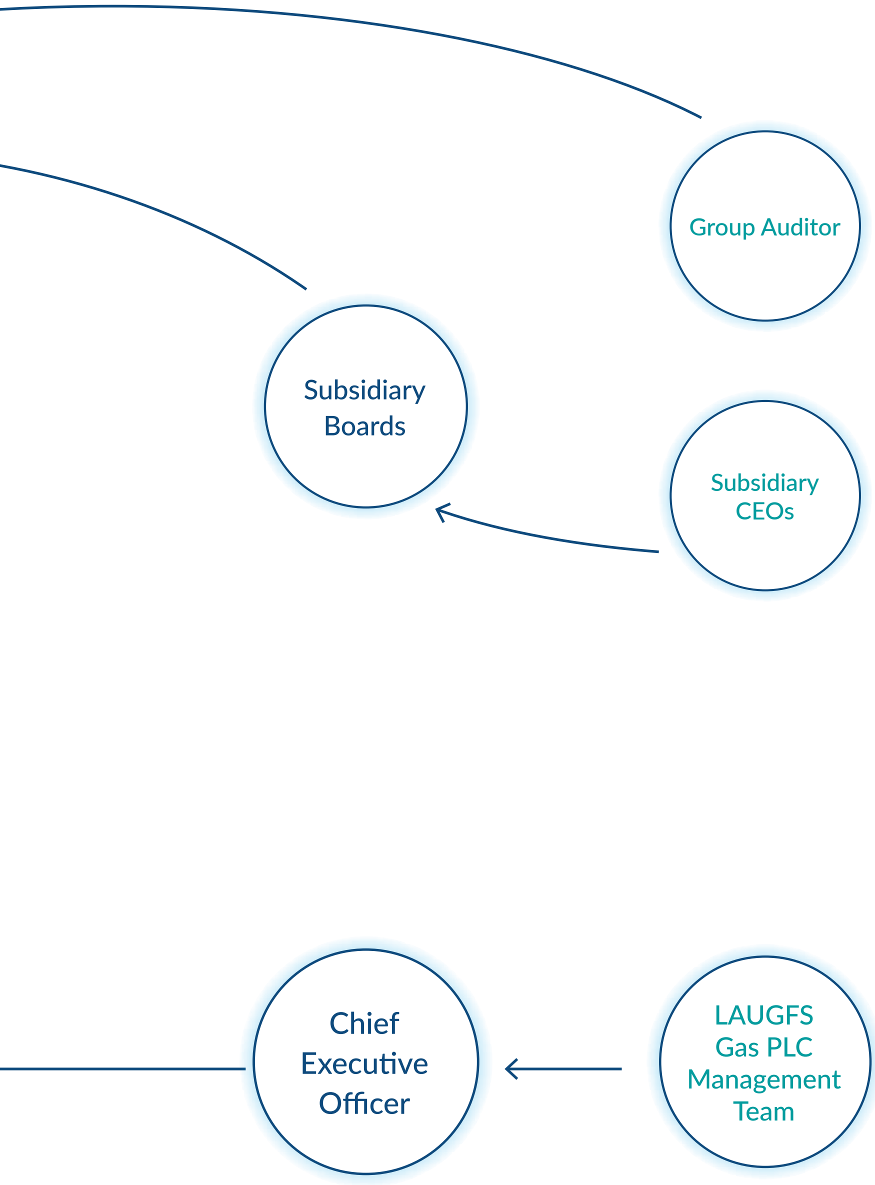
Legal Requirements

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

Voluntary Codes & Frameworks

- Code of Best Practice on Corporate Governance
- GRI Standards issued by the Global Reporting Initiative
- IR Framework issued by IIRC





Role & Responsibilities of the Board

- Providing strategic direction for the Group, develops strategic plans including resource allocation to enable accomplishment of corporate goals.
- Setting in place robust governance structures and a sound policy framework to ensure compliance with applicable regulatory requirements of the countries we operate in and industry best practices.
- Effective stewardship of the company's resources through robust systems of internal control and management of risk.
- Ensuring that the corporate management team have the required skills, experience and knowledge for implementation of strategy.
- Review and approval of major acquisitions, disposals and capital expenditure.
- Effective shareholder communication and maintaining high standards of disclosure, reporting, ethics and integrity across the Group.

Company Secretaries

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

CORPORATE GOVERNANCE

The Corporate Governance Report is structured to explain compliance with the requirements of the Code of Best Practice of Corporate Governance

The Corporate Governance Report is structured to explain compliance with the requirements of the Code of Best Practice of Corporate Governance.

THE COMPANY

- **The Board** – **11** Principles
- **Relations with Shareholders** – **3** Principles
- **Directors' Remuneration** – **3** Principles
- **Accountability & Audit** – **5** Principles

SHAREHOLDERS

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

A. THE BOARD

The Board

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

The LAUGFS Gas PLC Board comprises nine Directors whose profiles are given on pages 88 to 90. The presence of three Independent Directors and a majority of Non-Executive Directors ensures Board balance in line with the requirements of the Code. The presence of four chartered accountants and a reputed banking professional on the Board ensures a sufficiency of financial acumen on a collective basis. Corporate Advisory Services (Pvt) Ltd. have been appointed as Company Secretaries while PW Corporate Secretarial (Pvt) Ltd. serve as the Registrars which are leading firms in the field. The Company Secretaries provide Secretarial input for Board proceedings maintain Board minutes and other Board records.

Mr. W. K. H. Wegapitiya served as the Chairman and Group Chief Executive Officer (GCEO) of LAUGFS Gas PLC during the year under review. However, with the appointment of Mr. P. Kudabalage as Group Managing Director/GCEO as a part of the Group management succession plan, Mr. W. K. H. Wegapitiya ceased to function as GCEO, but continue to function as Group Chairman. As Chairman of the company Mr. Wegapitiya ensures effective functioning of the Board securing the participation of both Executive and Non-Executive Directors and taking into consideration views of Directors on matters under consideration. As the GCEO of the Group he was accountable to the Board for implementation of the strategic plans approved by the Board and reports on progress against agreed key performance indicators and compliance with regulatory requirements and Board-approved policies and procedures.

This structure enabled the sustained growth of the Group during the year under review as the Chairman/GCEO has been able to effectively balance his role as the Chairman of the Board of Directors and the GCEO of the Company/Group. Additionally, Mr. U. K. Thilak De Silva served as the Managing Director providing a sufficient balance to the Group during the year under review, whereas he has now been appointed as Group Deputy Chairman.

The Board has set in place an organisation structure and policy framework encompassing policies for accounting, risk management, management of human resources, codes of conduct and sustainability. Board committees assisting the Board in discharge of duties are as follows:

	Board Committee & Composition	Mandate
Mandatory Committees	**Audit Committee**	
	Comprises Non-Executive, Independent Directors with at least one member having current membership of a reputed professional accountancy body. Current members are: ▪ Mr. T. K. Bandaranayake (Chairman) ▪ Mr. N. M. Prakash ▪ Prof. Sampath Amaratunge	Oversight of ▪ External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007. ▪ Review and evaluate the performance of the Company's internal audit function. ▪ 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 the Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). ▪ The integrity of financial reporting, the effectiveness of the risk management and internal control system and related governance and compliance matters. 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.
	Nomination and Remuneration Committee	
	Comprises three Non-Executive Directors of whom two are independent. Current members are: ▪ Mr. H. A. Ariyaratne (Chairman) ▪ Mr. T. K. Bandaranayake ▪ Mr. N. M. Prakash	▪ Determine remuneration policy for the Group including incentives and equity options. ▪ Ensure effective implementation of performance appraisal systems and their alignment with remuneration policy. ▪ Performance appraisal of the Chief Executive Officer, Managing Director and Chief Executive Officers of subsidiary companies. ▪ Succession planning and appointment of Key Management Personnel. ▪ Determining compensation in the event of early retirement/resignation of Executive Directors.
	Related Party Transactions Review Committee	
	Comprises three Non-Executive Directors and the Chairman is a Non-Executive, Independent Director. Current members are: ▪ Mr. N. M. Prakash (Chairman) ▪ Mr. H. A. Ariyaratne ▪ Mr. T. K. Bandaranayake	▪ To monitor and regulate Related Party Transactions of the Group in line with the requirements under section 09 of the CSE Listing Rules in order to monitor and regulate Related Party Transactions in the best interests of the shareholders.
Voluntary Committees	**Investment Committee**	
	Comprises two Executive Directors and one Non-Executive Director: ▪ Mr. U. K. Thilak De Silva (Chairman) ▪ Mr. W. K. H. Wegapitiya ▪ Mr. H. A. Ariyaratne	▪ Meets weekly with effect from this year. ▪ Evaluating potential investment opportunities. ▪ Regular monitoring of return on investments of projects. ▪ Overall direction of the Group. ▪ Review of business operational results.
	Management Committees	
	Comprises three Executive Directors and one Non-Executive Director: ▪ Mr. W. K. H. Wegapitiya ▪ Mr. U. K. Thilak De Silva ▪ Mr. H. A. Ariyaratne ▪ Mr. C. Ediriwickrema	▪ Making recommendations to the Board on the overall strategic direction of the Group. ▪ Review of business operational results.

CORPORATE GOVERNANCE

Meetings of the Board are given below. The Chairman and respective committees provide inputs on the agenda to the secretaries who are responsible for convening the meetings and administrative matters relating to the efficient conduct of Board and Committee Meetings. The Chairman is also responsible for ensuring Directors have the Board papers at least one week prior to the Board meeting giving them sufficient time to prepare for the Board meetings.

Attendance

Director	Board Meetings
Mr. W. K. H. Wegapitiya	8/9
Mr. U. K. Thilak De Silva	7/9
Mr. H. A. Ariyaratne	8/9
Mr. T. K. Bandaranayake	8/9
Mr. N. M. Prakash	8/9
Mr. Dilshan Perera	8/9
Prof. S. Amaratunga	9/9
Mr. C. Ediriwickrema	7/9

A software solution developed in-house was launched to facilitate timely dissemination of information to Board members via a secure electronic platform. This improves accessibility to information relating to previous Board meetings and secure communication between Board members.

Role and Responsibilities of the Board

The Board of Directors is responsible and accountable for the stewardship functions of the Group as set out on page 117 of this report.

The Board and the Audit Committee receive statements of compliance on recurrent statutory requirements from the management on a quarterly basis which clearly identify any exceptions.

All Directors have access to the Company Secretaries advice whose appointment and removal are a matter for the Board as a whole. Directors can also seek independent professional advice when deemed necessary, for which the expenses are borne by the company, strengthening the independence of the Board and the quality of its decisions.

The Board has delegated authority to the GCEO, Managing Director and Corporate Management on clearly defined aspects of the Group's operations to facilitate effective implementation of strategies approved by the Board. A schedule of matters is reserved for the attention of the Board is given alongside.

Matters reserved for the Board

- Investments, acquisitions and disposals of a significant nature
- Changes to the scope of the Group's activities
- Capital expenditure of a significant nature
- Appointment and dismissal of KMPs
- Appointment and removal of the Company Secretary
- Significant borrowings
- Performance review
- Appraisal of performance of the CEO

Determining Independence of Directors

Independence of the Directors are determined in accordance with the Continuing Listing Rules of the CSE and all three Independent, Non-Executive Board members have submitted signed declarations of their independence.

Director	Shareholding	Management/ Director[1]	Material Business Relationship [2]	Employee of Company[3]	Family Member a Director or CEO	Nine Years of Continuous service
Executive Directors						
Mr. W. K. H. Wegapitiya	Yes	Yes	Yes	Yes	No	Yes
Mr. U. K. Thilak De Silva	Yes	Yes	Yes	Yes	No	Yes
Mr. Dilshan Perera	No	Yes	No	Yes	No	No
Mr. C. Ediriwickrema	No	Yes	No	Yes	No	No
Non-Executive Non-Independent Directors						
Mr. H. A. Ariyaratne	Yes	No	No	No	No	No
Non-Executive Independent Directors						
Mr. T. K. Bandaranayake	No	No	No	No	No	*Yes
Mr. N. M. Prakash	No	No	No	No	No	No
Prof. S. Amaratunga	No	No	No	No	No	No

- Even though Mr. T. K. Bandaranayake has completed nine years of continuous services to the Company, the Board has determined that the circumstances are such, that his independent status remains unaffected as per the applicable listing rules.

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

Appointments and Re-Election

Directors appointed by the Board hold office until the next AGM where they need to be re-elected by Shareholders at the Annual General Meeting based on nominees recommended by the Board. Casual vacancies arising during the year are filled by the Board following the same rigorous process used for selecting nominees. One-third of the Board of Directors, except the Chairman and the Managing Director, retire by rotation in terms of Article 88 of the Articles of Association. A Director retiring by rotation is eligible for re-election and may be considered for re-appointment on reaching 70 years of age with the approval of shareholders as provided for under section 210 of the Companies Act.

Proposals for the re-appointment of Directors is set out in the Directors Report as well as the Notice of Meeting on page 212 of this Report.

Appraisal of Board Performance

The Board carries out an annual self-assessment in line with the requirements of the Code. The Chairman discusses the summarised results of the self-assessment with the Board at the first meeting of each financial year. All sub committees of the Board also carry out self-assessments on an annual basis and the Chairmen of the committees discuss the same with members of the committee. Evaluations cover at a minimum:

- Clarity of roles and responsibilities
- Effectiveness of Board/Committee procedures
- Participation
- Areas for improvement

CORPORATE GOVERNANCE

DIRECTORS' REMUNERATION

Directors' Remuneration

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

The Remuneration Committee of the Group assists the Board in setting the Group's Remuneration policy and determining the Remuneration of the Directors. Remuneration of Senior Executives including the CEO and Managing Director are designed to attract and retain exceptional talent and motivate high levels of performance to drive growth of our business. An appropriate balance is maintained between fixed and variable components of total remuneration reflecting the risk appetite of the company. At present, there are no employee share ownership schemes in operation.

Compensation for Non-Executive Directors is recommended by the Remuneration Committee to attract and retain Directors requisite experience and skills, to contribute to the effective functioning of the Board and the time commitment is expected in determining the fees. Fees received by NED/IDs are approved by the Board and reviewed annually by the Remuneration Committee to ensure they are in line with comparable entities and they do not receive any performance/incentive payments. The aggregate remuneration paid to Directors is disclosed on page 195 of this report.

SHAREHOLDER RELATIONS

Relations with Shareholders

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

Every attempt is made to provide reliable and accurate information to shareholders in a timely manner reflecting the quarterly and annual performance of the company and Group. Narrative explanations provided seek to balance adequate coverage of the subject with the need for concise information on material matters. All other material and price sensitive information about the Group is promptly communicated to the CSE and also released to shareholders, press and employees as required.

The Annual General Meetings are key mechanisms for constructive engagement with shareholders. Notice of the AGM, its agenda and the Annual Report are circulated to shareholders 15 working days prior to the meeting and are also uploaded to the Company Investor Relations website http://www.laugfsgas.lk/investment-related. The Chairman ensures that Chairmen of the Board Committees including the Audit Committee are available to clarify any points that may be raised by shareholders.

In the event that the net assets of the Company fall below a half of shareholders' funds, shareholders would be notified and an extraordinary resolution would be passed on the proposed way forward, as required by the Companies Act.

ACCOUNTABILITY AND AUDIT

Accountability & Audit

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

Financial and Business Reporting

The Board is responsible for the presentation of a balanced assessment of the Group's financial position, performance and prospects in accordance with the requirements of the Companies Act No 07 of 2007 and the CSE Continuing listing requirements. Financial statements included in this report are prepared and presented in accordance with the Sri Lanka Accounting Standards and have been audited by the external auditors appointed by the Shareholders. The Annual Report also conforms to the GRI Standards on Sustainability Reporting. In Accordance – Core option published by the Global Reporting Initiative and the Integrated Reporting Framework published by the International Integrated Reporting Council.

The following specialised information requirements are also included in this Annual Report:

- The Annual Report of the Board of Directors on the Affairs of the Company given on pages 113 to 116 cover all areas of this section.
- The "Statement of Directors' Responsibilities" is given on page 117
- The Directors' Statement on Internal Controls is given on page 114
- The "Independent Auditors' Report " is given on page 121 For the Auditor's responsibility.

Risk management and Internal control

The Board is responsible for the establishment and effective operation of a sound risk management system and the effective operation of internal controls. They are assisted in this by the Audit Committee who are able to carry out an objective review as it is comprised solely of Non-Executive members. The Internal Audit function of the Group provides assurance to the Audit Committee and Board of the effective operation of systems in place and whether they function according to expectations in line with an audit programme approved by the Audit Committee.

The Board has also adopted a Group-wide risk management framework to identify, evaluate and manage significant risks in a structured manner. The Audit Committee assists in this regard as well, reviewing the risk reports in detail prior to presentation to the Board. The detailed Risk Management report on pages 24 to 31 of the Annual Report describes the process of risk management as adopted by the Group and the key risks impacting the achievement of the Group's strategic business objectives.

The Directors' Report on page 113 contains a declaration on compliance with laws and regulations, declaration of material interests in contracts involving the company and confirms refraining from voting on matters in which they were materially interested. It also confirms equitable treatment of shareholders and that the business is a growing concern, review of the internal controls covering financial, operational and compliance controls and risk management and that the Directors have obtained reasonable assurance of their effectiveness and compliance thereof. It also sets out the responsibilities of the Board for the preparation and presentation of financial statements. Related Party Transactions are disclosed on page 193.

Audit Committee

The Board has established an Audit Committee comprising of three Non-Executive Independent Directors as stated above and information regarding its activities are provided in the Audit Committee Report on page 109.

Related Party Transactions Review Committee

The Board has established a Related Party Transactions Review Committee in line with the requirements of the section of the Listing Rules comprising three Non-Executive Directors. The Committee met quarterly during the year and reviewed the Related Party Transactions during each quarter and compliance with disclosure requirements in this regard. The report of this mandatory committee is given on page 111.

Code of Business Conduct & Ethics

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

The Chairman of the Board affirms that there has not been any material violation of any of the provisions of the Code of Conduct.

All Directors provides declarations of interest prior to appointment and on an annual basis thereafter and are aware of the continuing responsibility to determine whether he has a potential or actual conflict of interest arising from external associations, interests or personal relationships which may influence judgement in material matters, which are considered by the Board from time to time.

Corporate Governance Disclosures

The Board of Directors has taken reasonable measures to ensure that financial statements are prepared in accordance with the Sri Lanka Accounting Standards (SLFRS/LKAS) issued by the ICASL and the requirements of the CSE and other applicable authorities.

The Company and its subsidiaries are compliant with all the mandatory rules and regulations stipulated by the Corporate Governance Listing Rules published by the CSE (revised in 2014) and also by the Companies Act No. 07 of 2007. The Group has also given due consideration to the Best Practice on Corporate Governance Reporting guidelines set out by the ICASL and has voluntarily adopted the relevant provisions as far as is practicable.

E & F. SHAREHOLDERS (INSTITUTIONAL INVESTORS AND OTHER INVESTORS)

E. Institutional Shareholders

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

F. Other investors

- ☑ F.1 Investing Divesting Decision
- ☑ F.2 Shareholder voting

Shareholders are provided sufficient financial information and other relevant information on the website of the company to enable them to make decisions regarding their investments. Annual Reports and Interim Financial statements are circulated to all registered shareholders within prescribed timelines. The Group's commitment to excellence in Annual Reporting is affirmed by a proved track record of Gold awards at the country's premier Annual Report Awards programme conducted by the Institute of Chartered Accountants of Sri Lanka.

All shareholders are encouraged to participate at the Annual General Meeting and vote on matters set before the shareholders which are detailed on page 212.

CORPORATE GOVERNANCE

G. INTERNET OF THINGS & CYBERSECURITY

Internet of Things & Cybersecurity

- ☑ G1. Identify exposure to cyber risks
- ☑ G2. Appointment of CISO
- ☑ G.3 Allocate time for discussion of cyber risk management
- ☑ G.4 Assess effectiveness of cyber risk management
- ☑ G.5 Disclose process to identify and manage cyber risk

G1. Identify exposure to Cyber risks

The IT Governance Framework at LAUGFS is based on the following standards providing an industry grade IT Governance Framework:

a. ISO 20000/ITIL (IT Infrastructure library). We have completed the Stage 1 Audit by Bureau Veritas for certification and expect the Stage 2 audit to be conducted in the year that has commenced.

b. ISO 27001:2013 (Information Security Management system)

c. ISO 22301:2012 (Disaster recovery and business continuity)

d. PMBOK 5.1 for IT projects management

IT services has been setup as a Centralised function to cater to the entire Group. Vulnerability and penetration testing are performed internally through a paid tool and corrective action is taken to improve the cyber resilience of the entire Group. The Board has identified the need for information security management which is the responsibility of the Group IT which reports to the Group Managing Director. Information Security is an agenda item of the weekly IT Steering committee and as well as the core topic of the weekly IT security meeting. Group's IT and cyber security is an agenda item of the Group's annual statutory audit of financial statements.

LAUGFS Gas PLC Group has a strong information security management system in compliance and certified for ISO 27001:2013, currently in its third consecutive year. The annual surveillance audit was conducted by Bureau Veritas in June 2019 and extended the validity for a further period of one year. The LAUGFS computer network is protected by a layered security architecture in the likes of Virtual LANS, Active Directory based authentication to gain access to any computer connected to the network, credential based authentication for application with critical systems requiring two factor authentication. Access to LAUGFS wired network is restricted to known/ registered MAC addresses through PORT security through the use of CISCO layer 2 switches. Access to the network has also been provided through WIFI across all floors with network segregation and I - AAA (Identification, Authentication. Authorization, Accountability). Further, separate SSIDs have been established to segregate staff and guests to restrict guest traffic from the corporate network. Guest access is facilitated via captive portal with the option of time, content and bandwidth restrictions. A Strong BYOD policy is in effect to safeguard information through endpoint security and device encryption. Only authorised devices are able to access the network. The system Admin has the capability to restrict any device identified as unauthorised through regular monitoring by blocking device MAC address.

Appointment of a CISO

Currently the Group Head of IT also plays the role of the CISO. A Security Operations Center under his purview performs the Group's security operations and Security strategy setting to manage the Group's information security risk management. The risk identification, assessment methodology and risk treatment procedure is in compliance with ISO 27001:2013 and ISO 22301:2012 where the Group IT holds active certifications. Information security policies are being reviewed every year and any changes are approved by the Group IT Steering Committee.

For ISO 27001:2013, an asset based risk assessment is performed and for ISO 22301:2012, a process based risk identification is performed. For asset based risk identification, we are assessing the financial impact, operational impact and CIA (Confidentiality, Integrity, Availability) – is assessed based on which the criticality of the asset is determined followed by an appropriate risk treatment plan. For every asset the process identifies, a vulnerability assessment is done with a list of preventive controls. Based on the likelihood of occurrence and impact, overall risk rating is calculated. If the rating is 6 and above, it is decided whether to mitigate, accept, avoid or transfer the risk.

Allocate sufficient time for discussion of cyber risk management

The Board allocates time for discussion of cyber risk management and are briefed by the Group's IT steering committee on the progress on:

- Current and potential threats to IT Security, preventive and corrective actions and their implementations and progress.
- Business plan initiatives related to information security, status of their implementations.
- Information security related incidents, if any and related corrections, root cause and corrective actions.
- Findings and recommendations from annual surveillance audits performed by Bureau Veritas and the findings from internal Audits in line compliance with ISO 27001:2013 and ISO 22301:2012.
- Software version and compatibility checklist and related patch updates.
- Change requests review and approvals.

Ensure effectiveness of cybersecurity risk management

The information security risk management is part and parcel of the Information Security Management System (ISMS) in compliance with ISO 27001:2013 – the active status of which is only guaranteed through the periodic surveillance audit done by an independent audit by an external party – Bureau Veritas and the annual statutory audit of financial statements where IT security is a core component.

Disclose process to identify and manage cybersecurity risks

Complied with as stated above.

ENVIRONMENT, SOCIETY & GOVERNANCE REPORTING

LAUFGS Gas Annual Report contains sufficient information on Environmental, Social and Governance matters to enable stakeholders to assess how ESG risks and opportunities are identified, measured, managed and reported by the Group as the report has been prepared using the Integrated Reporting Framework of the IIRC.

The following address the specific concerns identified in this section of the Code:

- Environmental factors – Natural Capital Report on page 74
- Social factors – Social & Relationship Capital Report on page 56 and Human Capital Report on page 68
- Governance – Corporate Governance Report on page 94 together with the Committee reports on pages 105 to 112 and the Risk Management Report on page 24.

COMPLIANCE WITH CSE CONTINUING LISTING REQUIREMENTS

Rule No.	Subject	Applicable requirement	Compliance Status
7.10.1 (a)	Non-Executive Directors (NED)	2 or at least 1/3 of the total number of Directors should be NEDs	Complied
7.10.2 (a)	Independent Directors (ID)	2 or 1/3 of NEDs, whichever is higher, should be Independent	Complied
7.10.2 (b)	Independent Directors (ID)	Each NED should submit a declaration of independence	Complied
7.10.3 (a)	Disclosure relating to Directors	▪ The Board shall annually determine the independence or otherwise of the NEDs	Complied
		▪ Names of IDs should be disclosed in the Annual Report (AR)	Complied
7.10.3 (b)	Disclosure relating to Directors	The basis for the Board's determination of ID, if criteria specified for independence is not met	Complied
7.10.3(c)	Disclosure relating to Directors	A brief resume of each Director should be included in the AR including the Director's areas of expertise	Complied
7.10.3 (d)	Disclosure relating to Directors	Provide a brief resume of new Directors appointed to the Board with details specified in 7.10.3 (a), (b) and (c) to the CSE	Complied
7.10.4 (a-h)	Determination of Independence	Requirements for meeting criteria	Complied
7.10.5	Remuneration Committee (RC)	The RC of the listed parent company may function as the RC	Complied
7.10.5 (a)	Composition of Remuneration Committee	Shall comprise of NEDs, a majority of whom will be Independent	Complied
7.10.5. (b)	Functions of Remuneration Committee	The RC shall recommend the remuneration of the Chief Executive Officer (CEO) and NEDs	Complied
7.10.5. (c)	Disclosure in the Annual Report relating to Remuneration Committee	▪ Names of Directors comprising the RC	Complied
		▪ Statement of Remuneration Policy	Complied
		▪ Aggregated remuneration paid to NED/NIDs and NED/IDs	Complied
7.10.6	Audit Committee (AC)	The Company shall have an AC	Complied

CORPORATE GOVERNANCE

Rule No.	Subject	Applicable requirement	Compliance Status
7.10.6(a)	Composition of Audit Committee	▪ Shall comprise of NEDs a majority of whom will be Independent	Complied
		▪ A NED shall be appointed as the Chairman of the Committee	Complied
		▪ CEO and Chief Financial Officer (CFO) should attend AC meetings	Complied
		▪ The Chairman of the AC or one member should be a member of a professional accounting body	Complied
7.10.6(b)	Audit Committee Functions	Overseeing of the – ▪ Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards	Complied
		▪ Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements	Complied
		▪ Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards	Complied
		▪ Assessment of the independence and performance of the external auditors	Complied
		▪ Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor	Complied
7.10.6(c)	Disclosure in Annual Report relating to Audit Committee	Names of Directors comprising the AC	Complied
		The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination	Complied
		The AR shall contain a Report of the AC setting out the manner of compliance with their functions	Complied
9	Related Party Transactions Review Committee	Names of Directors comprising the Committee	Complied
		Will monitor and approve recurrent and non-recurrent Related Party Transactions as set out in the Group policy guidelines and applicable listing rules	Complied

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) serving 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, divestitures transactions, acquisition and dispose of high value assets in which the Company engages as part of its business and/or investment strategy from time to time.

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

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

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

vi. Review and recommend investment policies to the Group

The Committee is well equipped with the required expertise, leadership of the members of the Committee in specially evaluating risk and investment management. Chief Executive Officers of Companies, Head of Group Risk & Control, Head of Legal and Head of Finances/Chief Financial Officers of Companies are invited to Committee meetings to consider their opinions and expertise in investment activities. The Committee very carefully considers the matters falling under Section 185 of the Companies Act No. 7 of 2007 as major transactions and other Related Party Transactions and investment in order to comply with the guidelines provided in prevailing accounting standards, Code of Best Practices on Corporate Governance and Listing Rules and to make necessary disclosures and/or market announcements as appropriate.

The Committee reviews and oversees significant treasury matters such as capital structure and allocation strategy, derivative policy, liquidity, fixed income investments, borrowings, currency exposure, dividend policy, share issuance and repurchase, and capital spending and expenditure. From time to time, the Committee reports to the Board of Directors and makes recommendations to the Board as to scope, direction, quality, investment levels and execution of 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 October 2020

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

The Committee regularly meets to review and evaluate financial performance and to carry out its duties and responsibilities mentioned above. The Committee invites Chief Executive Officers of the individual companies and the members of the Senior Management team as appropriate, such as the Chief Human Resources Officer. Having evaluated the matters the Committee makes recommendations to the Board of Directors on various management related issues.

In conclusion, I wish to thank my colleagues Mr. U. K. Thilak De Silva, Mr. H. A. Ariyaratne 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 October 2020

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;

1. Mr. H. A. Ariyaratne (Chairman)
   Non-Executive Director
2. Mr. T. K. Bandaranayake
   Independent Non-Executive Director
3. Mr. N. M. Prakash
   Independent Non-Executive Director

KEY RESPONSIBILITIES

- To make recommendations to the Board on Company's remuneration policy/structure and its specific application to the Board of Directors, Executive Directors and general application to the Key Management Personnel (KMP).
- To review and make recommendations on the remuneration and incentive framework, including any proposed equity incentive awards including terminal benefits/pension rights for the Executive Directors and KMPs.
- To evaluate the performance of the Group Chief Executive Officer and Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs.
- 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 on the appropriate service contracts that 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 are 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 2019/20

In view of the challenging business environment and related constraints the Group was confronted with, priorities took a shift from strategic level KMP deliverables to tactical and operational HR activities. Objectives were; streamlining ways of working, enabling standardisation across SBUs and effective maintenance of policies, procedures and methods. This shift was made to support the respective businesses to improve efficiency and effectiveness. During this process, more emphasis was given towards streamlining the following areas which were identified as core challenges.

Identified Key Challenges

1. Right sizing across the Group.
2. Creating a mindset to embrace the much-needed transformation and to ensure a policy and process driven culture.
3. Building of trust and confidence on the performance-based rewards and recognition system and drive the concept across the Group.
4. Mitigating the subjectivity in the Performance Management System.
5. Ensuring corporate governance and basic HR discipline.
6. Identifying and retain mission and functionally critical employees especially, with the much-needed right sizing.
7. Mitigating communication gaps.

1. Cost optimisation and right sizing

- Aggressive drive on reduction of over time cost across the Group with clear guidelines and parameters.
- As part of the right sizing initiative, the total headcount in the business was re-evaluated and reduced.
- Reviewing and streamlining the time and attendance process.

2. HR compliance & HR hygiene

- Conducting periodic audits for data validation and authentication.
- During the concluded financial year, the following policies were re-evaluated, revalidated and re-launched along with an additional set of policies which were critically relevant;
  - Attendance policy
  - Leave policy
  - Payment and reimbursement of expenses policy
  - Workstation allocation for head office staff policy
  - The recruitment & selection policy manual with relevant formats and templates
  - Internal job posting policy
  - Social media policy
  - Tele working policy/guidelines for Group IT & LBS
  - Vehicle allowance policy
  - Fuel card policy
  - Mobile hand set allocation policy for senior management

3. Talent management, development and compensation and benefits

- Revised the existing practice of bonus cycle (to be paid) after audited accounts.
- Talent Mapping of Mission and Functional Critical Positions.
- The introduction of LAUGFS Career Council – Performance Moderations, Promotion Moderations and Pay for Performance.

4. Training and development

- Special activity based training on "Transformational Thinking" through an internal resource person specially recruited to customise and conduct the same as per the business need.
- The design and development of the LAUGFS Competency Framework which will be launched and embedded into the 2020/21 PMS cycle.
- Re-validation of all JDs across the Group capturing and highlighting the KPIs of each position.

REMUNERATION COMMITTEE REPORT

5. Corporate governance

- Re-designing and re-launching “Idiriya” as the LAUGFS Code of Conduct.
- Implementation of the LAUGFS Disclosure Agreement across the Group.

6. Open Communication Channels

- Periodic communication mechanisms launched on a quarterly basis – “Leadership Address by Chairman & GMD” which was later introduced targeting each category of employees across the Group.

H. A. Ariyaratne
Chairman
Remuneration Committee

05th October 2020

AUDIT COMMITTEE REPORT

The Audit Committee is a formally constituted sub-committee of the main Board. It reports to and is accountable to the Board.

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

COMPOSITION

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

T. K. Bandaranayake

Chairman/Independent Non-Executive Director

N. M. Prakash

Member/Independent Non-Executive Director

Professor Sampath Amaratunge

Member/Independent Non-Executive Director

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, with his extensive experience in finance, audit and related areas, Mr. Bandaranayake leads the Committee.

Mr. N. M. Prakash is currently the Group Managing Director/Chief Executive Officer of Ambeon Capital PLC and Ambeon Holdings PLC.

Prof. Sampath Amaratunge, who is the Chairman of the University Grants Commission Sri Lanka (UGC), serves as a member to the Audit Committee of LAUGFS Gas PLC. He also has a reputation as a visionary and builder of organisations, academic par excellence and a renowned business consultant.

The detailed experience of the Audit Committee members is outlined on pages 88 to 90.

By Invitation

W. K. H. Wegapitiya

Group Chairman

Thilak De Silva

Group Deputy Chairman

Piyadasa Kudabalage

Executive Group Managing Director/Group CEO

Chaminda Ediriwickrama

Director/Chief Executive Officer

Dilshan Perera

Group Finance Director

Damith Roshan

General Manager - Finance

Secretary to Committee

Sanjeeva Wickramasinghe

Head of Group Risk and Control

MEETING ATTENDANCE

The Audit Committee had six meetings during the year 2019/20, which included two special meetings.

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

ATTENDANCE

Member	Attendance
Tissa Bandaranayake	6/6
N. M. Prakash	5/6
Professor Sampath Amaratunge	5/6

The External Auditors also attended meetings, on invitation, to brief the Audit Committee on specific issues.

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

SCOPE

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

- External financial reporting obligations of the Company, including its obligations under the Colombo Stock Exchange Listing Rules, Rules/ Regulations of the Securities and Exchange Commission and Companies Act No. 7 of 2007.
- Review and evaluate the performance of the Company's internal audit function.
- 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 the Code of Best Practices on Corporate Governance jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) and the Institute of Chartered Accountants of Sri Lanka.
- The integrity of financial reporting, the effectiveness of the risk management and internal control system and related governance and compliance matters.
- 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.

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 audit.

AUDIT COMMITTEE REPORT

FINANCIAL REPORTING

The Audit Committee has reviewed and discussed the Group quarterly and annual financial statements with Management and the External auditors prior to the recommendation of the same to the Board for adoption and release.

The Chief Executive Officer/Director - Group Finance/GM-Finance of the company provided information and confirmation to the Audit Committee that the said financial statements for the year were prepared in accordance with the Sri Lanka Accounting Standards and the information required by the Companies Act No. 07 of 2007 therein, presented a true and fair view of the Company's state of affairs as at that date.

The Committee obtained independent input from the External auditors on the effects of any new Sri Lanka Accounting Standards that came into effect for the year under review and satisfied themselves with the necessary foundation which was laid out, to enable the Company to comply with these new standards.

The Committee also discussed with the Company's External Auditors the outcomes of their audit and material judgemental matters. The External auditors report to the Committee on the audit for the year and matters arising from the audit were discussed by the Committee in the presence of both, External auditors and Management.

ACTIVITIES IN 2019/20

During year 2019/20, The Committee reviewed the adequacy of the internal audit coverage for the Group and the internal audit plans for the Group with the Head of the GRC Division and the Management.

The Head of Group Risk & Control, through audit reports (Operational, Financial, HSE and Certification Compliance), has briefed the Management 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 and 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 External auditors to discuss issues of a sensitive nature which may have arisen during the audit, 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 had 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 Messers Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2021, 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 October 2020

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

COMMITTEE

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

MANDATE

The Committee primarily assists 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 Related Party Transactions Review Committee comprises Non-Executive Directors, the majority of whom are Independent. The Chairman of the Committee is an Independent Non-Executive Director.

The Committee comprised of the following members as at 31st March 2020.

N. Murali Prakash

Chairman/Non-Executive Director

H. A. Ariyaratne

Member/Non-Executive Director

T. K. Bandaranayake

Member/Non-Executive Director

By Invitation,

W. K. H. Wegapitiya

Group Chairman

Thilak De Silva

Group Deputy Chairman

Piyadasa Kudabalage

Executive Group Managing Director/Group CEO

Chaminda Ediriwickrama

Director/Chief Executive Officer

Dilshan Perera

Group Finance Director

Damith Roshan

General Manager- Finance

S. A. Halangoda

DGM - Group Treasury

Secretary to Committee

Sanjeeva Wickramasinghe

Head of Group Risk and Control

MEETING ATTENDANCE

The Related Party Transaction Review Committee had four meetings during the year 2019/20.

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

Member	Attendance
N. M. Prakash	3/4
Tissa Bandaranayake	4/4
H.A. Ariyaratne	3/4

THE DUTIES OF THE COMMITTEE

- Definition and establishing threshold values for listed companies as per the code which require discussion in detail; Related Party Transactions (RPTs) which have to be pre-approved by the Board, those that require immediate market disclosure, those that require shareholder approval and RPTs which require disclosure in the Annual Report.
- To review all proposed Related Party Transactions of the Group either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- Providing guidelines which Senior Management must follow in dealing with Related Parties, including conformance with the transfer pricing regulations and the Code.
- Where necessary, to escalate matters to the Board, and for review prior to the execution of any Related Party Transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuation and related aspects as deemed required.

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 detail discussion, prior approvals, recurrent RPTs requiring annual reviews, were established and reporting templates were approved by the Committee.

On further recommendation of the Committee, the Board adopted criteria in designating Key Management Personnel (KMPs) of the company 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 and through discussions as required.

ACTIVITIES IN 2019/2020

- Group level transfer pricing policy is now being evaluated currently with professional guidance to establish the best practices.
- During the year Committee reviewed several Related Party Transactions as below, with necessary recommendations on disclosure and other actions as required, in-line with the mandate.

REPORT OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

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
SLOGAL Energy DMCC	Wholly owned subsidiary of LAUGFS Gas PLC	LKR 4,858,364,250 (USD 26.5 Mn)	As a % of Equity = 421% As a % of Assets = 13.7%	Corporate Guarantee	In order to cater to the enhanced business requirement of South Asian Region which includes 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 charges	LKR - 7,958,363,370	29%	Procuring of LPG from SLOGAL Energy DMCC at a 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.

N. Murali Prakash
Chairman
Related Party Transaction Review Committee

05th October 2020

ANNUAL REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of LAUGFS Gas PLC, has the pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2020. LAUGFS Gas PLC is a public limited company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and re-registered as required under the provisions of Companies Act No. 7 of 2007 and is listed on the Colombo Stock Exchange since December 2010.

PRINCIPAL ACTIVITIES

The principal activities of LAUGFS Gas PLC are downstream business of Liquefied Petroleum Gas (LPG) and other related products and services. The Company caters to domestic, commercial and industrial LPG markets. Its subsidiaries LAUGFS Maritime Services (Pvt) Ltd. provides maritime LPG logistic services, LAUGFS Gas (Bangladesh) Ltd. is engaged in LPG downstream business in Bangladesh, SLOGAL Energy DMCC, which is incorporated in the UAE, is engaged in energy trading business activities, LAUGFS Terminals Ltd. is operating a LPG transhipment and storage facility at the Port of Hambantota, and LAUGFS Property Developers (Pvt) Ltd. is the owning Company of the head office building.

The Company underwent a major restructuring process on 31st March 2018 where its former subsidiaries, namely; LAUGFS Leisure Ltd. engaged in the leisure sector, LAUGFS Power Ltd. engaged in the renewable energy sector, and LAUGFS Eco Sri Ltd. engaged in vehicle emission testing, were vested with the shareholders of LAUGFS Gas PLC by way of a scheme of arrangement as per section 256 of the Companies Act No. 7 of 2007, whereby the LAUGFS Gas Group transformed itself into a pure play energy company in order to enhance its business operations. Whilst initial approval to proceed with this process was granted by the Commercial High Court under case bearing number HC (Civil) 01/2018/CO on 10th January 2018, the Company managed to obtain requisite shareholder approval for the same at the Extraordinary General Meeting held on 20th March 2018, whereby the final order approving the process by the Commercial High Court was granted on 23rd March 2018. As a result of this restructuring process the stated capital of the Company was also reduced to Rs. 1Bn after following all requisite formalities. The said three companies, which were a part of the said scheme of arrangement, namely; LAUGFS Leisure Ltd., LAUGFS Power Ltd. and LAUGFS Eco Sri Ltd. have made their respective listing applications to the Colombo Stock Exchange, where LAUGFS Power Ltd. now known as LAUGFS Power PLC was listed in the Diri Savi Board of the Colombo Stock Exchange on 30th October 2019, whereas the listing applications of LAUGFS Eco Sri Ltd. and LAUGFS Leisure Ltd. are currently pending the approval of the Colombo Stock Exchange.

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

BUSINESS REVIEW

A review of the financial and operational performance and future business developments of the Group, sectors, and its business units are described in the Chairman's message, Deputy Chairman's 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 are provided in Note 04 to the Financial Statements.

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 15.9Bn, whilst Group revenue amounted to Rs. 27.2Bn 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 2020 as approved by the Board of Directors on 07th September 2020 are given on pages 122 to 204.

The Auditor's Report on the Financial Statements of the Company and the Group is given on page 121.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 132 to 201 There were no material changes in the Accounting Policies adopted by the Company and its subsidiaries during the year under review.

DONATIONS

Total donations made by the Company and its subsidiaries during the year under review amounted to Rs. 4.6Mn of these, the donations to approved charities were Rs. Nil.

INVESTMENTS

Total investments of the Company in subsidiaries, associate and other equity investments amounted to Rs. 9.2Bn. The details of the investments are given in Note 14 to the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

The net book value of property, plant and equipment as at the balance sheet date amounted to Rs. 8.2Bn and Rs. 26.8Bn 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. 861.7Mn and Rs. 2.6Bn respectively.

Details of property, plant and equipment are given in Note 8 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

STATED CAPITAL AND RESERVES

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

The total Group Equity was Rs. 788Mn as at 31st March 2020.

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 88 to 90. Accordingly, the following persons were the Directors of the Company as at 31st March 2020, whilst Mr. P. Kudabalage was appointed to the Board on 25th May 2020 as Group Managing Director/GCEO. This appointment was made as a part of the Group's continuing management succession plan.

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

(b) Mr. U. K. Thilak De Silva
Group Managing Director (re-designated as Group Deputy Chairman on 25th May 2020)

(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

(h) Mr. C. Ediriwickrama
Director/CEO

In terms of Article 81 and 82 of the Articles of Association of the Company Mr. H. A. Ariyaratne and Mr. A. R. D. Perera retire by rotation and being eligible are being recommended by the Board for re-election at the ensuing Annual General Meeting. Mr. P. Kudabalage retires in terms of Article 88 of the Articles of Association and being eligible to be re-elected as recommended by the Board at the AGM.

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 is to be retired at the end of the Annual General Meeting in terms of Section 210 of the Companies Act No. 7 of 2007.

As per Rule 7.10.3 of the Listing rules, the Board has determined that Mr. T. K. Bandaranayake will remain as an Independent Non-Executive Director, despite being a member of the Board for over nine years.

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), Mr. N. M. Prakash and Prof. S. P. P. Amaratunge. The broad purposes of this committee is to oversee the preparation, presentation and adequacy of the disclosure of information in financial statements in accordance with Sri Lanka Accounting Standards and all other statutory requirements. The Audit Committee also ensures that the Company's internal control system and Risk Management procedure are up to industrial standards. The Committee also assesses the independence and performance of the Company's Auditors. The report of the Audit Committee is given under the Board committee reports section of the Annual Report.

RELATED PARTY TRANSACTIONS COMMITTEE REVIEW

The Related Party Transactions Committee Review comprises Mr. N. M. Prakash (Chairman of the Committee), Mr. T. K. Bandaranayake and Mr. H. A. Ariyaratne. 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 Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya and Mr. H. A. Ariyaratne. 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 comprises Mr. H. A. Ariyaratne (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. Ariyaratne, Mr. A. R. D. Perera and Mr. C. Ediriwickrama. Its principle focus is on the overall strategic direction and review of business operational results. The report of the Management Committee is given under the Board committee reports section of the Annual Report.

INTEREST REGISTER

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

DIRECTORS' INTEREST IN CONTRACTS

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

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2020, 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. P. Kudabalage	Nil	-	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	-

Mr. W. K. H. Wegapitiya and Mr. U. K. Thilak De Silva are shareholders of LAUGFS Holdings Ltd., the holding company which holds a significant stake of the Company directly. Mr. H. A. Ariyaratne serves as a Director of LAUGFS Holdings Ltd., the holding company which holds a 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 205. The distribution and the composition of shareholding are given on page 206 of this Annual Report.

The Details of the 20 major shareholders of the Company including the number of shares held by them are given on page 208 of the Annual Report.

CORPORATE GOVERNANCE

The Board of Directors has ensured that the Company has complied with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued by the Securities and Exchange Commission and the Institute of Chartered Accountants of Sri Lanka. Directors are committed towards the furtherance of Corporate Governance principles of the Company. The measures taken in this regard are set out in the Corporate Governance Report. Further, the Directors declare that the Company has not engaged in any activity which contravenes laws and regulations. All material interest in contracts involving the Company have been declared by the Directors and they have refrained from voting on matters in which they were materially interested, the Company has made all endeavours to ensure the equitable treatment of shareholders, the business is a going concern and a review of internal controls covering financials, operational and compliance controls and risk management has been conducted and the Directors have obtained a reasonable assurance of their effectiveness and successful adherence.

ANNUAL REPORT OF THE BOARD OF DIRECTORS

ENVIRONMENT

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

STATUTORY PAYMENTS

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

GOING CONCERN

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

DIVIDENDS

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

DISCLOSURES ON TRANSFER PRICING

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

It is certified that the company has complied with the Transfer Pricing Regulations issued under Inland Revenue Act No. 24 of 2017. The information pursuant to these Regulations is given under certificate produced under the said Act. We believe that the record of transactions entered into with related parties during the period from 1st April 2019 to 31st March 2020 are at arm's length and not prejudicial to the interests of the company. The transactions are entered into on the basis of a transfer pricing policy adopted by the company. All transactions have been submitted to the Independent Auditors for audit. No adverse remarks have been made in their report on the audit of such transactions.

AUDITORS

Messrs. Ernst & Young, Chartered Accountants, are deemed re-appointed in terms of Section 158 of the Companies Act No. 07 of 2007 as the auditors of the Company. A resolution to authorise the Directors to determine the remuneration of the auditors will be proposed at the forthcoming Annual General Meeting.

Total audit fees paid to Messrs. Ernst & Young by the Company and the Group are disclosed in Note. 5 to the Financial Statements. The Auditors of the Company and its subsidiaries have confirmed that they do not have any relationship with the Company or its subsidiaries (other than the Auditor) that would have an impact on their independence.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 29th October 2020 at 1.00 p.m. at the Head office of LAUGFS Holdings Ltd. as a virtual meeting as a precautionary measure due to the prevailing COVID-19 protocols issued by the relevant authorities and guidelines issued by the Colombo Stock Exchange. 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

05th October 2020

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 Statement of Comprehensive Income, which presents a true and fair view of the profit or loss and/or other comprehensive income of the Company and its subsidiaries for the financial year.
- The Board of Directors accepts the responsibility for the integrity and objectivity of the financial statements prepared and presented. The Directors confirms 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.

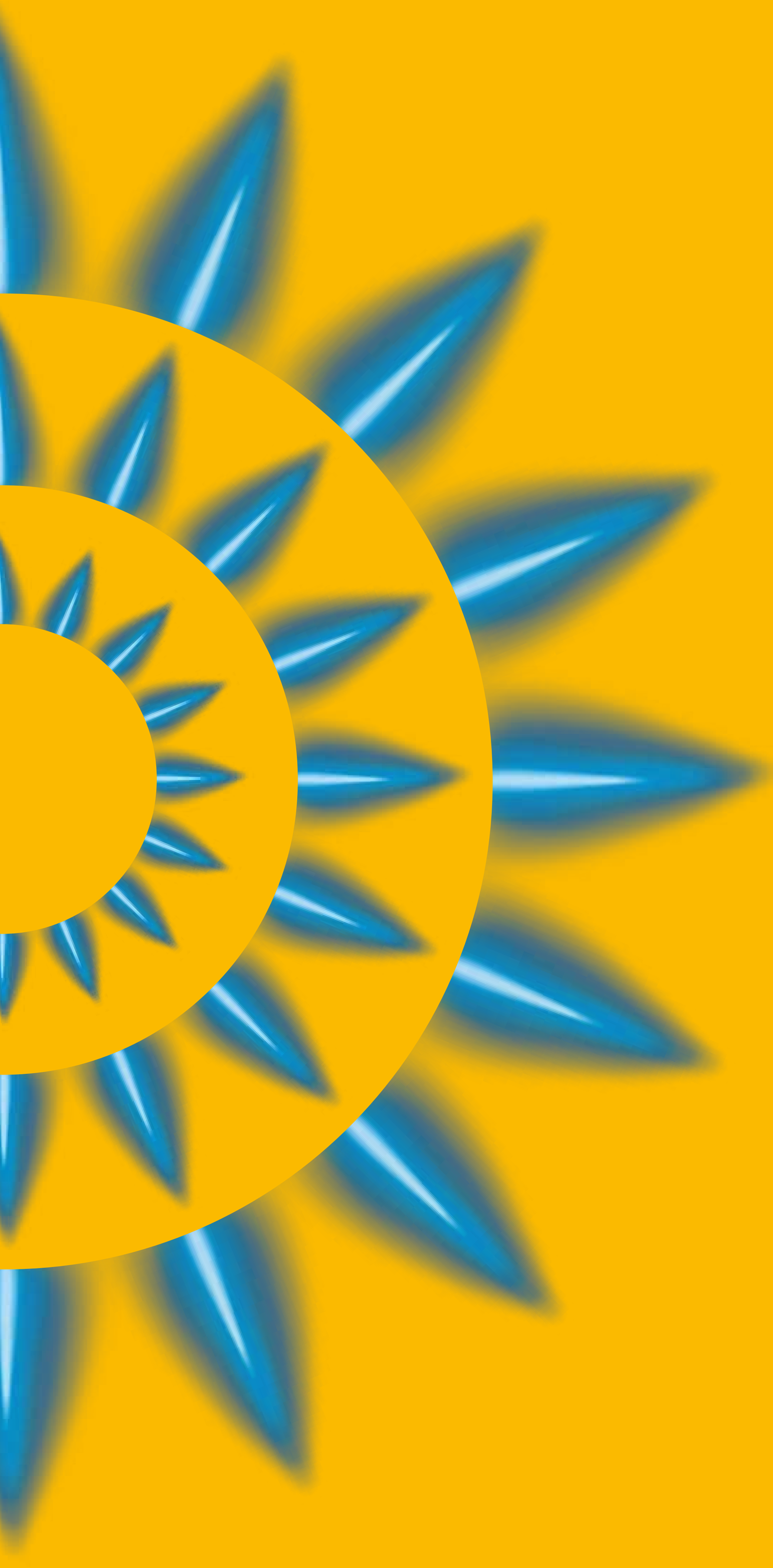
By Order of the Board

Corporate Advisory Services (Private) Limited
Secretaries

05th October 2020

Financial Statements

IT BEGINS WITH AN INITIATIVE TO GROW



FINANCIAL CALENDAR

FINANCIAL CALENDAR FOR 2019/2020

- First Quarter ended 30th June 2019 – Published on 15th August 2019
- Second Quarter ended 30th September 2019 – Published on 15th November 2019
- Third Quarter ended 31st December 2019 – Published on 7th February 2020
- Fourth Quarter ended 31st March 2020 – Published on 8th September 2020
- Annual Report for 2019/2020 – Published on 5th October 2020
- Annual General Meeting – Will be held on 29th October 2020

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

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 2020, 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 2020, 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 matters

Key audit matter	How our audit addressed the key audit matter
Valuation of Land and Buildings and Vessels	
Land and buildings classified as Investment Property and Property, Plant and Equipment amounting to Rs 2,760 Million and Rs 774 Million respectively carried at fair value. Vessels amounting Rs 2,386 Million at fair value are also classified as Property, Plant and Equipment. The fair value of these assets was determined by external valuers engaged by the Group. The valuation is subjective to the significant judgment and estimates used by the valuer, which are disclosed in Note 3.5, 8.7, 8.8 and 10.1 to the Financial Statements. Due to the magnitude of these assets relative to the total assets (15%), and the significance of estimates and judgements associated with the valuation in the wake of the COVID 19 outbreak, the valuation of land and building and vessels was considered a key audit matter.	Our audit procedures focused on the valuations performed by external valuers engaged by the Group and included the following: ▪ We assessed the competency, capability and objectivity of the external valuers engaged by the Group. ▪ Read the external valuer's report and understood the key estimates made and the approach taken by the valuers in determining the valuation of each property and vessel. ▪ We engaged our internal specialised resources to assist us in assessing the appropriateness of the valuation technique/s and reasonableness of the key assumptions used by the external valuer. ▪ We have also evaluated the overall appropriateness of the related Financial Statement disclosures in Notes 3.5, 8.7, 8.8 and 10.1.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Assessment of Impairment of Goodwill	
Intangible assets include Goodwill amounting to Rs. 2,762 Million which account for 7% of total assets of the Group as at 31 March 2020. The impairment test is based on the recoverable amount determined using Value In Use computations (VIU). Such VIU computations are based on the discounted cash-flow models of each Cash Generating Unit (CGU) to which Goodwill has been allocated as further described in Note 12. The VIU calculations are significant to our audit as it involves management's estimation of future cashflows which is highly judgemental due to considerations relating to expected gross margin and discount rates.	Our audit procedures included the following; ▪ We obtained an understanding of the management's impairment assessment process; ▪ We engaged our internal specialised resources to assist us in assessing the reasonableness of the significant assumptions and judgements used by the Group; and ▪ We have also assessed the adequacy of the disclosures made in the Notes 12 and 14.2 to the financial statements.
Interest Bearing Borrowings	
As disclosed in note 16.2 the Group's total interest- bearing borrowings amounted to Rs. 29,810 Million. The maturities of such interest-bearing borrowings are disclosed in Note 30. The management's assessment of Group's ability to continue to meet financial covenants of multiple loans and liquidity risk aspects were largely based on expectations and informed estimates. Therefore, we considered compliance with financial covenants and Group's liquidity risk aspects as a key audit matter.	Our audit procedures included amongst others, the following: ▪ We obtained an understanding of the covenants attached to external borrowings, by perusing the loan agreements. ▪ We evaluated the statement prepared by the management on the Group's compliance with applicable financial covenants as at 31 March 2020. ▪ We obtained confirmations from external lending institutions about compliance with the covenants. ▪ We assessed the maturity profile of the Company's interest bearing borrowings focusing on the management's plans to meet the debt obligations maturing within the next twelve months and working capital requirement. ▪ We assessed the adequacy of the disclosures made in Note 16.2 and Note 30 to the Financial Statements relating to the interest-bearing borrowings and liquidity risk aspects.

Other Information included in The 2020 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

07 September 2020
Colombo

STATEMENT OF PROFIT OR LOSS

Year ended 31 March 2020	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Revenue	5.1	27,202,063,580	24,919,775,401	15,903,144,153	15,192,633,407
Cost of Sales		(24,379,205,529)	(21,626,449,365)	(14,682,633,521)	(13,855,224,990)
Gross Profit		2,822,858,051	3,293,326,036	1,220,510,632	1,337,408,417
Other Operating Income	5.2	806,137,765	550,230,951	501,658,325	1,149,406,957
Selling and Distribution Expenses		(2,110,940,437)	(1,568,662,244)	(689,892,677)	(799,674,996)
Administrative Expenses		(1,169,290,518)	(1,386,727,917)	(605,880,701)	(743,224,419)
Foreign Currency Exchange Gains/(Loss)		(61,961,319)	(377,785,656)	(5,254,201)	18,218,108
Operating Profit		286,803,542	510,381,170	421,141,378	962,134,067
Finance Costs	5.3	(2,447,497,829)	(1,936,580,772)	(1,988,742,319)	(1,817,853,522)
Fair Value Gain on Investment Properties	10	106,816,527	144,540,703	29,000,000	29,200,000
Finance Income	5.4	212,028,903	31,748,728	152,477,215	6,977,262
Loss Before Tax		(1,841,848,857)	(1,249,910,171)	(1,386,123,726)	(819,542,193)
Income Tax Expense	6.1	151,479,865	(47,963,968)	422,680,210	377,563,420
Loss for the Year		(1,690,368,992)	(1,297,874,139)	(963,443,516)	(441,978,773)
Attributable to:					
Equity Holders of the Parent		(1,719,845,798)	(1,333,329,825)	(963,443,516)	(441,978,773)
Non-Controlling Interests		29,476,806	35,455,686	-	-
		(1,690,368,992)	(1,297,874,139)	(963,443,516)	(441,978,773)
Loss Per Share					
Basic/Diluted Loss Attributable to Ordinary Equity Holders of the Parent	7	(4.44)	(3.45)		

The accounting policies and notes on pages 132 to 201 form an integral part of these financial statements.

STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 March 2020	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Loss for the Year		(1,690,368,992)	(1,297,874,139)	(963,443,516)	(441,978,773)
Other Comprehensive Income					
Other Comprehensive Income that may be reclassified to Profit or Loss in subsequent period :					
Exchange Differences in Translation of Foreign Operations		500,524,939	537,555,469	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		500,524,939	537,555,469	-	-
Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods :					
Gains/(Losses) on Financial Assets at FVOCI	5.6	(15,272,824)	(34,718,964)	(617,930,047)	7,225,167,603
Actuarial Gains/(Losses) on Defined Benefit Liability	5.6	93,879,994	(23,242,401)	(5,359,618)	2,320,459
Surplus on Revaluation of Property, Plant & Equipments	22.1	918,048,826	-	48,064,051	-
Income Tax Effect	6.2	(175,323,571)	8,487,564	51,724,836	(726,452,749)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		821,332,425	(49,473,801)	(523,500,778)	6,501,035,313
Other Comprehensive Income/(Loss) for the Year, Net of Tax		1,321,857,364	488,081,668	(523,500,778)	6,501,035,313
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(368,511,628)	(809,792,471)	(1,486,944,294)	6,059,056,540
Attributable to:					
Equity Holders of the Parent		(398,317,569)	(845,261,506)	(1,486,944,294)	6,059,056,540
Non-Controlling Interests		29,805,941	35,469,035	-	-
		(368,511,628)	(809,792,471)	(1,486,944,294)	6,059,056,540

The accounting policies and notes on pages 132 to 201 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2020	Note	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	26,790,342,922	22,471,636,626	8,263,242,105	7,933,407,230
Right of Use Assets	9	587,356,833	-	53,577,127	-
Investment Properties	10	2,759,606,661	2,652,606,661	862,700,000	833,700,000
Intangible Assets	11	2,844,473,224	2,663,866,340	144,347	1,235,726
Prepayments	13	2,760,718	4,022,976	-	-
Investments in Subsidiaries	14	-	-	31,580,884,705	32,183,541,928
Other Non-Current Financial Assets	16.1	88,329,690	103,264,532	88,329,690	103,264,532
Deferred Tax Assets	6.4	-	825,467	-	-
		33,072,870,048	27,896,222,602	40,848,877,974	41,055,149,416
Current Assets					
Inventories	17	1,578,108,058	1,928,211,010	272,966,718	814,326,307
Trade and Other Receivables	18	4,085,581,843	3,627,388,396	2,651,627,251	3,165,546,480
Prepayments	13	100,408,058	72,800,116	28,638,729	14,875,359
Income Tax Recoverable		197,266,539	191,704,584	168,334,426	166,374,244
Other Current Financial Assets	16.1	1,670,330	3,307,670	1,670,330	3,307,670
Cash and Short-Term Deposits	19.1	680,184,807	1,676,986,748	117,078,668	386,914,540
		6,643,219,635	7,500,398,524	3,240,316,122	4,551,344,600
Total Assets		39,716,089,683	35,396,621,126	44,089,194,096	45,606,494,016
Equity and Liabilities					
Equity					
Stated Capital	20	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVOCI	21	(353,244,862)	(337,972,038)	21,093,480,057	21,651,144,382
Revaluation Reserve	22	863,475,501	86,841,931	38,451,241	-
Foreign Currency Translation Reserve	22	1,162,067,867	661,542,928	-	-
Retained Earnings/(Losses)		(2,335,605,506)	(678,041,388)	(985,712,932)	(20,620,858)
Equity attributable to Equity Holders of the Parent		336,693,000	732,371,433	21,146,218,366	22,630,523,524
Non-Controlling Interests		451,458,703	421,652,762	-	-
Total Equity		788,151,703	1,154,024,195	21,146,218,366	22,630,523,524

As at 31 March 2020	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	16.2	14,098,980,497	15,137,416,981	5,318,550,764	6,808,001,961
Employee Benefit Liability	23	141,378,610	234,656,118	66,592,939	62,959,534
Refundable Deposits	24	2,497,819,563	2,315,376,561	2,359,658,892	2,185,444,197
Deferred Tax Liabilities	6.4	557,742,672	504,302,196	680,438,512	1,155,568,621
		17,295,921,342	18,191,751,856	8,425,241,107	10,211,974,313
Current Liabilities					
Trade and Other Payables	25	5,155,772,148	4,575,340,487	3,718,315,021	3,556,105,282
Interest Bearing Loans and Borrowings	16.2	15,711,330,569	10,459,178,853	10,537,235,281	8,870,154,559
Refundable Deposits	24	262,184,321	337,736,338	262,184,321	337,736,338
Income Tax Payable		502,729,600	678,589,397	-	-
		21,632,016,638	16,050,845,075	14,517,734,623	12,763,996,179
Total Equity and Liabilities		39,716,089,683	35,396,621,126	44,089,194,096	45,606,494,016

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 132 to 201 form an integral part of these financial statements.

07 September 2020
Colombo

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2020	Attributable to Equity Holders of the Parent			
	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Revaluation Reserve	Foreign Currency Translation Reserve
Group	Rs.	Rs.	Rs.	Rs.
As at 01 April 2018	1,000,000,000	(303,253,074)	86,841,931	123,987,459
Loss For the Year	-	-	-	-
Other Comprehensive Income/(loss)	-	(34,718,964)	-	537,555,469
Total Comprehensive Income/(loss)	-	(34,718,964)	-	537,555,469
As at 31 March 2019	1,000,000,000	(337,972,038)	86,841,931	661,542,928
Effect of Adopting New Accounting Standards	-	-	-	-
As at 01 April 2019 (Restated)	1,000,000,000	(337,972,038)	86,841,931	661,542,928
Loss for the Year	-	-	-	-
Other Comprehensive Income/(Loss)	-	(15,272,824)	776,633,570	500,524,939
Total Comprehensive Income/(Loss)	-	(15,272,824)	776,633,570	500,524,939
As at 31 March 2020	1,000,000,000	(353,244,862)	863,475,501	1,162,067,867

Year ended 31 March 2020	Stated Capital	Fair Value Reserve of Financial Assets at FVOCI	Revaluation Reserve	Retained Earnings	Total Equity
Company	Rs.	Rs.	Rs.	Rs.	Rs.
As at 01 April 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	6,501,035,312
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
Effect of Adopting New Accounting Standards	-	-	-	2,639,136	2,639,136
As at 01 April 2019 (Restated)	1,000,000,000	21,651,144,382	-	(17,981,722)	22,633,162,660
Loss for the Year	-	-	-	(963,443,516)	(963,443,516)
Other Comprehensive Income	-	(557,664,325)	38,451,241	(4,287,694)	(523,500,778)
Total Comprehensive Income/(Loss)	-	(557,664,325)	38,451,241	(967,731,210)	(1,486,944,294)
As at 31 March 2020	1,000,000,000	21,093,480,057	38,451,241	(985,712,932)	21,146,218,366

The accounting policies and notes on pages 132 to 201 form an integral part of these financial statements.

Retained Earnings	Total	Non-Controlling Interests	Total Equity
Rs.	Rs.	Rs.	Rs.
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)
(14,768,186)	488,068,319	13,349	488,081,668
(1,348,098,011)	(845,261,506)	35,469,035	(809,792,471)
(678,041,388)	732,371,433	421,652,762	1,154,024,195
2,639,136	2,639,136	-	2,639,136
(675,402,252)	735,010,569	421,652,762	1,156,663,332
(1,719,845,798)	(1,719,845,798)	29,476,806	(1,690,368,992)
59,642,544	1,321,528,229	329,135	1,321,857,364
(1,660,203,254)	(398,317,569)	29,805,941	(368,511,628)
(2,335,605,506)	336,693,000	451,458,703	788,151,703

STATEMENT OF CASH FLOWS

Year ended 31 March 2020	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Loss Before Tax		(1,841,848,856)	(1,249,910,171)	(1,386,123,726)	(819,542,193)
Non-Cash Adjustment to Reconcile Profit/ (Loss) Before Tax to Net Cash Flows:					
Amortisation of Intangible Assets	11	21,474,817	20,200,756	1,091,379	11,128,657
Decrease/(Increase) in Fair Value of Quoted Equity Securities		1,637,340	(629,330)	1,637,340	(629,330)
Depreciation of Property, Plant and Equipment	8	1,279,231,818	944,260,315	555,183,793	496,585,910
Amortisation of Right of use assets	9	69,257,063	-	12,910,456	-
Fair Value Gain on Investment Properties	10	(106,816,527)	(144,540,703)	(29,000,000)	(29,200,000)
Finance Costs	5.3	2,447,497,829	1,936,580,772	1,988,742,319	1,817,853,522
Finance Income	5.4	(212,028,903)	(31,748,728)	(152,477,215)	(6,977,262)
Dividend Income	5.2	(4,451,652)	(3,202,949)	(4,451,652)	(586,926,229)
Provision for Contribution to Workers' Profit Participation Fund		28,415,250	40,923,990	-	-
Provision for Employee Benefit Liability	23.1	51,380,508	62,196,113	14,639,740	13,189,503
Transfer of Employee Benefit Liability	23	(155,051)	5,704,847	-	5,006,656
(Profit)/Loss on Disposal of Property, Plant and Equipment		8,645,754	34,550,666	8,289,621	37,649,231
Exchange Differences		234,511,137	1,113,581,261	1,914,299	1,925,130
Property, Plant & Equipments transferred to/(from) inventories		(916,528,502)	317,759,461	-	-
Operating Profit before Working Capital Changes		1,060,222,025	3,045,726,300	1,012,356,353	940,063,595
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		350,102,952	(364,427,139)	541,359,589	(43,050,347)
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(484,539,131)	737,001,276	500,155,859	130,351,915
Increase/(Decrease) in Trade and Other Payables		580,431,661	391,679,412	162,209,739	1,126,426,138
Cash Flows Generated from/(Used in) Operating Activities		1,506,217,507	3,809,979,849	2,216,081,540	2,153,791,301

Year ended 31 March 2020	Note	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Employee Benefit Liability Costs Paid		(26,484,504)	(7,190,423)	(16,365,953)	(7,190,423)
Finance Costs Paid		(2,447,497,829)	(1,936,580,772)	(1,988,742,319)	(1,817,853,522)
Income Tax Paid		(290,686,538)	(200,830,708)	(1,960,186)	98,862,815
Refund/Transfers of Refundable Deposits	24	(424,146,575)	(530,037,525)	(424,146,575)	(528,727,556)
Refundable Deposits Received	24	523,116,845	484,738,261	522,809,254	458,755,166
Net Cash Flows Generated from/(Used in) Operating Activities		(1,159,481,094)	1,620,078,682	307,675,761	357,637,781
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	11	(40,346,027)	(43,144,853)	-	-
Acquisition of Property, Plant and Equipment	8.3	(2,674,210,020)	(6,477,361,685)	(861,745,725)	(920,713,230)
Acquisition of Investment Properties	10	(183,473)	(759,297)	-	-
Dividend Income		4,451,652	3,202,949	4,451,652	586,926,229
Investments in Subsidiaries	14	-	-	-	(2,369,999,990)
Proceeds from Disposal of Property, Plant and Equipment		13,699,603	44,322,710	13,062,270	39,272,980
Net Cash Flows Used in Investing Activities		(2,696,588,264)	(6,473,740,176)	(844,231,803)	(2,664,514,011)
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	16.2	12,825,029,681	14,117,746,482	2,029,811,070	12,886,426,748
Finance Income	5.4	212,028,903	31,748,728	152,477,215	6,977,262
Repayment of Interest Bearing Loans and Borrowings	16.2	(10,888,281,369)	(10,648,627,413)	(1,977,472,303)	(10,211,154,640)
Net Cash Flows from Financing Activities		2,148,777,215	3,500,867,797	204,815,983	2,682,249,370
Net Increase/(Decrease) in Cash and Cash Equivalent		(1,707,292,143)	(1,352,793,697)	(331,740,060)	375,373,140
Cash and Cash Equivalent at the Beginning of the Year	19	918,642,921	2,271,436,618	(1,786,501)	(377,159,641)
Cash and Cash Equivalent at the End of the Year	19	(788,649,222)	918,642,921	(333,526,561)	(1,786,501)

The accounting policies and notes on pages 132 to 201 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 Reporting Entity

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

1.2 Consolidated Financial Statements

The consolidated financial statements of LAUGFS Gas PLC, as at and for the year ended 31 March 2020 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 and other related products
SLOGAL Energy DMCC	Trading and export of liquefied petroleum gas and other related products
LAUGFS Terminals Ltd.	Operation of LPG storage terminal.

1.4 Parent Entity and Ultimate Parent Entity

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

1.5 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.6 Date of Authorisation for Issue

The financial statements of LAUGFS Gas PLC and its Subsidiaries (collectively, the Group) for the year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Board of Directors on 07 September 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of Compliance

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

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

2.2 Basis of Preparation and Measurement

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

The financial statements are presented in Sri Lankan Rupees.

2.3 Functional and Presentation Currency

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

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

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

2.4 Materiality and Aggregation

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

2.5 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at 31 March 2020.

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

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

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

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

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

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

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

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

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

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

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

2.6 Business Combinations and Goodwill

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

2.7 Non-Controlling Interests

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

2.8 FOREIGN CURRENCY

2.8.1 Transactions and Balances

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

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

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

2.8.2 Foreign Operations

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

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

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

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

2.9 CURRENT VERSUS NON-CURRENT CLASSIFICATION

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

- Expected to be realised or intended to sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.

- Expected to be realised within twelve months after the reporting period.

  Or

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

All other assets are classified as non-current assets.

A liability is current when:

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

  Or

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

The Group classifies all other liabilities as non-current.

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

2.10 Fair Value Measurement

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

- In the principal market for the asset or liability

  Or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Disclosures for valuation methods, significant estimates and assumptions (Notes 3, 10, 14 and 16)
- Quantitative disclosures of fair value measurement hierarchy (Note 16)

NOTES TO THE FINANCIAL STATEMENTS

- Investment properties (Note 10)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 16)

2.11 Revenue

2.11.1 Revenue from Contracts with Customers

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

- Sale of Goods

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

- Rendering of Services

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

- Freight Income

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

Contract balances

Contract assets

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

Contract liabilities

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

2.11.2 Income from Refundable Deposits

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

2.11.3 Rental Income

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

2.11.4 Dividend

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

2.11.5 Gains and Losses

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

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

2.11.6 Finance Income and Finance Costs

Finance income

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

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

Finance costs

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

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

2.11.7 Others

Other Income is recognised on an accrual basis.

2.12 Refundable Deposits

The Liquefied Petroleum Gas cylinders remain as a property of LAUGFS Gas PLC and 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 recognised in profit or loss.

2.13 Expenses

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

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

2.14 Taxes

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

2.14.1 Current Income Tax

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

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

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

2.14.2 Deferred Tax

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

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

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax assets and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.14.3 Sales Tax

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

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

2.15 Property, Plant and Equipment

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

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

Items of property, plant & equipment including construction in progress are measured at cost net of cost of day to day servicing, and accumulated impairment, if any except for land and vessels that are subsequently measured at fair value.

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

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

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

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

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

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

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 derecognised.

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

2.16 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold Land	3 to 15 years
Leasehold Building	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.16.1 Group as a Lessee

Prior to 01 April 2019

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

After 01 April2019

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building - Lease Period	4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies on Impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Right -to-use- Lease Liability (see Note 9.2).

2.16.2 Group as a Lessor

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

2.17 Investment Properties

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.18 Intangible Assets

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

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

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

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

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

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

2.19 Research and Development Costs

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

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

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

2.20 Investment in Subsidiaries

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.

2.21 Financial Instruments

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

2.21.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

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

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

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

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

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

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

  And

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

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

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

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

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

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

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

Financial Assets at Fair Value Through Profit or Loss

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

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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

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

Derecognition

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

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

  Or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

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

2.21.1.1 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent Measurement

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

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

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.21.2 Offsetting of Financial Instruments

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

2.21.3 Fair Value of Financial Instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 16.3 and Note 16.4.

2.22 Inventories

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

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

Raw Materials	At purchase cost on weighted average cost basis
Finished Goods	At the cost of direct materials, direct labour and an appropriate proportion of overheads based on normal operating capacity, but excluding borrowing costs
Goods in Transit	At purchase cost
Other Inventories	At actual cost on weighted average cost basis

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

2.23 Impairment of Non-Financial Assets

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2.24 Cash and Short-Term Deposits

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

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

2.25 Borrowing Costs

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

2.26 Provisions

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

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

2.27 Employee Benefits

2.27.1 Defined Benefit Plan – Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. Group measure the cost of defined benefit plan-gratuity; every financial year using the Projected Unit Credit Method, as recommended by LKAS 19 – Employee Benefits, with the advice of an actuary.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note 23.3. Any changes in these assumptions will impact the carrying amount of defined benefit obligations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

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

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

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

This is not an externally funded defined benefit plan.

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

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

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

2.27.3 Short-term Benefits

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

2.28 Dividend Distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

2.29 Statement of Cash Flows

The Statement of Cash Flows has been prepared using the "indirect method". Interest paid is classified as an operating cash flow. Dividend income are classified as cash flows from investing activities. Dividends paid and interest income are classified as financing cash flows.

2.30 New and Amended Standards and Interpretations

2.30.1 SLFRS 16 – Leases

The Group adopted SLFRS 16 for the first time. The nature and effect of the changes as a result of the adoption of this new accounting standard is described below.

Several other amendments and interpretations apply for the first time in 2019/20, 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.

SLFRS 16 supersedes LKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the Statement of Financial Position.

Lessor accounting under SLFRS 16 is substantially unchanged from under LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SLFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at 1 April 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying LKAS 17 and IFRIC 4 at the date of initial application.

The Group has lease contracts for Land & Building before the adoption of SLFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

The effect of adoption SLFRS 16 as at 1 April 2019 is as follows:

Assets	Rs.
Right of Use Assets	610,321,764
Lease Rental paid in advance	(7,999,571)
Trade & other Receivable	5,539,396
Total Assets	607,861,589
Equity & Liabilities	
Retained earnings	2,639,136
Interest-bearing loans and borrowings	605,947,517
Differed tax liabilities	(725,064)
Total Equity & Liabilities	607,861,589

a) Nature of the effect of adoption of SLFRS 16

Upon adoption of SLFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term Leases and Leases of low-value assets. The Group recognised lease liabilities to make lease payments and Right-of-Use Assets representing the right to use the underlying assets.

Company as a lessee

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The requirements of SLFRS 16 was applied to these leases from 1 April 2019.

Leases previously accounted for as operating leases

The Group recognised right of use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right of use assets and lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	Rs.
Operating lease commitments as at 31 March 2019	1,310,166,288
Discounted operating lease commitments at 1 April 2019	611,248,365
Less:	
Commitments relating to short-term leases	(5,300,848)
Add:	
Commitments relating to leases previously classified as finance leases	-
Payments in optional extension periods not recognised as at 31 March 2019	-
Lease liabilities as at 1 April 2019	605,947,517

Estimating the incremental borrowing rate (IBR)

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). Group's IBR span within the range of 6%-11.5%.

NOTES TO THE FINANCIAL STATEMENTS

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of LKAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

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

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

The Group applies judgement in identifying uncertainties over income tax treatments. Since the Group operates more than one tax jurisdiction, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions where the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Group.

2.31 Operating Segment Information

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.

For further details refer to Note 4.

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

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the group's financial statements are disclosed below. The group intends to adopt these standards, if applicable, when they become effective.

Amendments to LKAS 1 and LKAS 8: Definition of Material

Amendments to LKAS 1 Presentation of Financial Statements and IAS 8 Accounting policies, Changes in accounting Estimates and Errors are made to align the definition of "material" across the standard and to clarify certain aspects of the definition. The new definition states that, "information is material if omitting or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The amendments are applied prospectively for the annual periods beginning on or after 1 January 2020 with early application permitted.

Amendments to SLFRS 3: Definition of a Business

Amendments to the definition of a business in SLFRS 3 Business Combinations are made to help the entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definition of a business and of outputs, and introduce an optional fair value concentration test.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to references to the conceptual framework in SLFRS standards

Revisions to the Conceptual Framework were made because some important issues were not covered, and some guidance was unclear or out of date. The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions of an asset and a liability, and guidance supporting these definitions; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting

The amendments are effective for annual periods beginning on or after 1 January 2020, with early application is permitted.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Use of Judgements, Estimates and Assumptions

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

3.1 Going Concern

The Directors have made an assessment of the Group's 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.

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, being in an essential service, the Company's business is less impacted operationally. However, in order to maintain operations as usual during the lockdown situation where movements were restricted, extra efforts had to be incurred.

Accordingly, as at the date of the financial statements, there is no significant variance of Revenue for the financial year ended 31 March 2020 and had not an adverse effect on the financial statements as well.

3.2 Classification of Property

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

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

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

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

3.3 Operating Lease Commitments - Group as Lessor

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

3.4 Impairment of Non-Financial Assets

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

3.5 Fair-Valuation of Investment Properties and Property Plant & Equipment

The Group carries its investment properties, land and building and vessels at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income respectively. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2020.

For further details refer to Note 8 & 10.

3.6 Taxes

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

3.7 Fair Value Measurement of Financial Instruments

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

3.8 Useful Lives of Property, Plant and Equipment

The Group reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgment by management is exercised in the estimation of these values, rates and methods.

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable segments as follows:

Energy

Selling of Liquefied Petroleum Gas and other related products.

Property

Operation of a commercial property given on rent at Kirulapone.

Transportation & Logistics

Operation of vessels and providing marine cargo services.

Operation of LPG Storage Terminal.

Trading

Trading and Export of Liquefied Petroleum gas and other related products.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Operating Segments	Energy		Property		Transportation & Logistics	
	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue						
External Customers	25,654,287,202	24,455,979,476	107,063,845	112,375,331	391,015,430	351,420,594
Inter-Segment	(14,669,398)	20,894,897	20,089,228	24,566,032	1,442,526,664	880,260,037
Total Revenue	25,639,617,804	24,476,874,373	127,153,073	136,941,363	1,833,542,094	1,231,680,631
Results						
Operating Profit	1,010,045,667	1,727,326,415	88,533,200	99,793,203	127,074,286	(397,110,796)
Finance Costs	(2,074,472,649)	(1,829,696,629)	(35,763,894)	(26,584,451)	(289,615,823)	(70,398,324)
Fair Value Gain on Investment Properties	29,000,000	29,200,000	83,616,527	123,740,703	-	-
Finance Income	189,193,011	31,183,925	28,539,032	180,014	5,034,750	384,789
Profit/(Loss) Before Tax	(846,233,971)	(41,986,289)	164,924,866	197,129,469	(157,506,786)	(467,124,331)
Income Tax Expense	197,317,860	88,762,413	(47,017,641)	(55,306,725)	895,807	470,085
Profit/(Loss) for the Year	(648,916,110)	46,776,124	117,907,225	141,822,744	(156,610,979)	(466,654,246)
Gains/(Losses) on Financial Assets at FVOCI	(15,272,824)	(34,718,964)	-	-	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	96,958,139	(22,893,788)	(279,474)	74,159	(2,798,671)	(422,772)
Exchange Difference in translation of foreign operations	154,426,801	244,729,459	-	-	297,559,135	-
Surplus on Revaluation of Property, Plant and Equipment	48,064,051	-	2,108,000	-	858,916,775	-
Income Tax Effect	15,913,621	8,360,895	(511,987)	(20,765)	(127,950,683)	147,434
Total Comprehensive Income/(Loss) for the Year Net of Tax	(348,826,322)	242,253,726	119,223,764	141,876,139	869,115,577	(466,929,584)

Trading		Eliminations/Adjustments		Group	
2020	2019	2020	2019	2020	2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,049,697,103	-	-	-	27,202,063,580	24,919,775,401
10,622,102,678	9,075,387,848	(12,070,049,172)	(10,001,108,813)	-	-
11,671,799,781	9,075,387,848	(12,070,049,172)	(10,001,108,813)	27,202,063,580	24,919,775,401
(892,781,399)	(99,749,233)	(46,068,209)	(819,878,419)	286,803,542	510,381,170
(93,337,629)	(29,109,097)	45,692,165	19,207,729	(2,447,497,829)	(1,936,580,772)
-	-	(5,800,000)	(8,400,000)	106,816,527	144,540,703
6,717	-	(10,744,607)	-	212,028,903	31,748,728
(986,112,311)	(128,858,330)	(16,920,652)	(809,070,690)	(1,841,848,857)	(1,249,910,171)
-	-	283,838	(81,889,740)	151,479,865	(47,963,968)
(986,112,311)	(128,858,330)	(16,636,814)	(890,960,430)	(1,690,368,992)	(1,297,874,139)
-	-	-	-	(15,272,824)	(34,718,964)
-	-	-	-	93,879,994	(23,242,401)
(108,782,556)	(1,581,238)	157,321,559	294,407,248	500,524,939	537,555,469
-	-	8,960,000	-	918,048,826	-
-	-	(62,774,522)	-	(175,323,571)	8,487,564
(1,094,894,868)	(130,439,569)	86,870,223	(596,553,183)	(368,511,628)	(809,792,471)

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTD.)

Operating Segments	Energy		Property		Transportation & Logistics	
	2020	2019	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Assets & Liabilities						
Total Non-Current Assets	14,129,439,188	12,050,759,344	2,087,878,004	2,002,558,336	14,590,058,212	11,675,610,853
Total Current Assets	4,994,745,512	7,337,924,969	365,843,121	278,384,486	1,584,635,718	1,715,711,961
Total Assets	19,124,184,700	19,388,684,313	2,453,721,125	2,280,942,822	16,174,693,930	13,391,322,814
Total Non-Current Liabilities	9,869,353,708	11,479,891,478	431,657,290	421,492,532	7,952,554,436	7,244,446,455
Total Current Liabilities	16,925,045,148	15,232,819,812	195,830,461	152,440,679	3,411,868,436	2,205,720,881
Total Liabilities	26,794,398,857	26,712,711,290	627,487,751	573,933,210	11,364,422,871	9,450,167,335
Other Disclosures						
Depreciation for the Year	783,267,785	645,694,608	7,376,413	7,356,985	495,313,967	289,222,137
Purchase of Property, Plant and Equipment, and Investment Properties	1,498,887,043	2,286,319,082	7,095,339	816,046	1,168,411,110	4,308,009,182
Provision for Employee Benefit Liability	44,150,864	53,221,947	375,546	391,833	2,971,589	1,648,887
Deferred Tax Assets	-	-	-	-	-	825,467
Deferred Tax Liabilities	1,058,960,119	1,241,769,366	271,370,518	223,840,890	126,229,410	-

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

Trading		Eliminations/Adjustments		Group	
2020	2019	2020	2019	2020	2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,322,269,278	1,323,189,042	943,225,363	844,105,028	33,072,870,048	27,896,222,602
2,474,952,546	1,034,571,655	(2,776,957,262)	(2,866,194,546)	6,643,219,635	7,500,398,524
3,797,221,824	2,357,760,697	(1,833,731,898)	(2,022,089,518)	39,716,089,683	35,396,621,126
3,299,799	7,229,447	(960,943,894)	(961,308,056)	17,295,921,342	18,191,751,856
3,846,133,840	1,307,848,224	(2,746,861,251)	(2,847,984,523)	21,632,016,637	16,050,845,075
3,849,433,639	1,315,077,672	(3,707,805,145)	(3,809,292,579)	38,927,937,979	34,242,596,931
587,269	549,504	(7,313,616)	1,437,081	1,279,231,818	944,260,315
-	-	-	(117,023,328)	2,674,393,493	6,478,120,982
3,882,510	6,933,445	-	-	51,380,508	62,196,113
-	-	-	-	-	825,467
-	-	(898,817,375)	(961,308,059)	557,742,672	504,302,196

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTD.)

Geographic Information	Sri Lanka		Bangladesh	
	2020	2019	2020	2019
	Rs.	Rs.	Rs.	Rs.
Revenue				
Inter-Segment	1,447,946,494	925,720,966	-	-
External Customers	16,415,892,827	15,635,534,435	9,736,473,651	9,284,240,966
Total Revenue	17,863,839,320	16,561,255,401	9,736,473,651	9,284,240,966
Results				
Operating Profit	636,748,864	664,816,472	588,904,288	765,192,350
Finance Costs	(2,268,429,870)	(1,895,628,568)	(85,730,330)	(11,843,106)
Fair Value Gain on Investment Properties	112,616,527	152,940,703	-	-
Finance Income	186,050,998	7,542,065	36,715,796	24,206,663
Profit/(Loss) Before Tax	(1,333,013,481)	(1,070,329,328)	539,889,754	777,555,907
Income Tax Expense	376,558,376	322,726,779	(225,362,349)	(288,801,007)
Profit/(Loss) for the Year	(956,455,105)	(747,602,549)	314,527,405	488,754,900
Gains/(Losses) on Financial Assets at FVOCI	(15,272,824)	(34,718,964)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(8,437,763)	1,971,846	102,317,757	(25,214,247)
Exchange difference in translation of foreign operations	297,559,135	-	311,748,361	539,136,707
Surplus on Revaluation of Property, Plant and Equipment	918,048,826	-	-	-
Income Tax Effect	(139,512,357)	(337,422)	(35,811,215)	8,824,987
Total Comprehensive Income for the Year Net of Tax	95,929,914	(780,687,089)	692,782,307	1,011,502,347
Assets & Liabilities				
Total Non-Current Assets	25,945,929,485	22,571,174,527	4,851,445,919	3,157,754,006
Total Current Assets	5,190,794,963	6,545,441,044	1,754,429,387	2,786,580,371
Total Assets	31,136,724,448	29,116,615,571	6,615,875,307	5,944,334,377
Total Non-Current Liabilities	16,809,452,832	17,877,913,299	1,444,112,601	1,267,917,166
Total Current Liabilities	18,125,433,522	15,122,157,741	2,407,310,526	2,468,823,633
Total Liabilities	34,934,886,354	33,000,071,040	3,851,423,127	3,736,740,799
Other Disclosures				
Depreciation for the Year	1,057,874,173	793,165,033	228,083,992	149,108,697
Purchase of Property, Plant and Equipment, and Investment Properties	2,037,252,175	5,229,538,458	637,141,318	1,365,605,852
Provision for Employee Benefit Liability	17,986,874	15,230,223	29,511,124	40,032,444
Deferred Tax Assets	-	825,467	-	-
Deferred Tax Liabilities	1,078,038,439	1,379,409,510	378,521,607	86,200,746

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	
2020	2019	2020	2019	2020	2019
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10,622,102,678	9,075,387,848	(12,070,049,172)	(10,001,108,813)	-	-
1,049,697,103	-	-	-	27,202,063,580	24,919,775,401
11,671,799,781	9,075,387,848	(12,070,049,172)	(10,001,108,813)	27,202,063,580	24,919,775,401
(892,781,399)	(99,749,233)	(46,068,209)	(819,878,419)	286,803,542	510,381,170
(93,337,629)	(29,109,097)	-	-	(2,447,497,829)	(1,936,580,772)
-	-	(5,800,000)	(8,400,000)	106,816,527	144,540,703
6,717	-	(10,744,607)	-	212,028,903	31,748,728
(986,112,311)	(128,858,331)	(62,612,817)	(828,278,419)	(1,841,848,857)	(1,249,910,171)
-	-	283,838	(81,889,740)	151,479,865	(47,963,968)
(986,112,311)	(128,858,331)	(62,328,979)	(910,168,159)	(1,690,368,992)	(1,297,874,139)
-	-	-	-	(15,272,824)	(34,718,964)
-	-	-	-	93,879,994	(23,242,401)
(108,782,556)	(1,581,238)	-	-	500,524,939	537,555,469
-	-	-	-	918,048,826	-
-	-	-	-	(175,323,571)	8,487,564
(1,094,894,868)	(130,439,569)	(62,328,979)	(910,168,159)	(368,511,628)	(809,792,471)
1,322,269,278	1,323,189,042	943,225,363	844,105,028	33,072,870,048	27,896,222,602
2,474,952,546	1,034,571,655	(2,776,957,262)	(2,866,194,546)	6,643,219,635	7,500,398,525
3,797,221,824	2,357,760,697	(1,833,731,898)	(2,022,089,518)	39,716,089,683	35,396,621,126
3,299,799	7,229,447	(960,943,894)	(961,308,056)	17,295,921,342	18,191,751,856
3,846,133,840	1,307,848,224	(2,746,861,251)	(2,847,984,523)	21,632,016,637	16,050,845,075
3,849,433,639	1,315,077,672	(3,707,805,145)	(3,809,292,579)	38,927,937,979	34,242,596,931
587,269	549,504	(7,313,616)	1,437,081	1,279,231,818	944,260,319
-	-	-	(117,023,328)	2,674,393,493	6,478,120,982
3,882,510	6,933,445	-	-	51,380,508	62,196,112
-	-	-	-	-	825,467
-	-	(898,817,375)	(961,308,059)	557,742,672	504,302,196

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE/OTHER INCOME AND EXPENSES

5.1 Revenue

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Sale of Goods	26,703,984,305	24,462,204,975	15,903,144,153	15,192,633,407
Freight Income	391,015,430	345,195,096	-	-
Revenue from Contracts with Customers	27,094,999,735	24,807,400,071	15,903,144,153	15,192,633,407
Rent Income	107,063,845	112,375,331	-	-
Total Revenue	27,202,063,580	24,919,775,401	15,903,144,153	15,192,633,407

5.2 Other Operating Income

Rent Income	19,134,344	8,035,652	19,134,344	8,035,652
Expiration of Refundable Deposits Liability	424,146,575	510,846,356	424,146,575	510,846,356
Sundry Income	328,994,142	28,145,994	18,741,112	23,349,298
Write back of balances	29,411,052	-	29,411,052	-
Dividend Income	4,451,652	3,202,949	4,451,652	586,926,229
Commission on Corporate Guarantees	-	-	5,773,590	20,249,422
	806,137,765	550,230,951	501,658,325	1,149,406,957

5.3 Finance Costs

Interest Expense on Overdrafts	76,955,395	61,428,887	48,111,364	48,202,873
Interest Expense on Loans and Borrowings	1,881,134,352	1,606,597,862	1,566,306,994	1,513,000,684
Finance Charges on Lease Liabilities	51,712,242	-	7,016,659	-
Interest on Dealer Refundable Deposits	1,600,494	1,475,424	1,600,494	1,475,424
Interest on Import Loans	429,025,547	267,078,599	360,706,808	255,174,541
Corporate Guarantee Commission Expenses	5,000,000	-	5,000,000	-
Interest Expense on Intercompany Advances	2,069,799	-	-	-
	2,447,497,829	1,936,580,772	1,988,742,319	1,817,853,522

5.4 Finance Income

Interest Income	212,028,903	31,748,728	152,477,215	6,977,262
	212,028,903	31,748,728	152,477,215	6,977,262

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
5.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	1,207,499,248	868,379,004	519,831,558	458,563,600
Amortisation of Intangible Assets	7,758,223	6,284,898	-	-
Employees Benefits including the following;	816,370,085	685,475,313	151,940,372	130,778,780
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	5,615,755	6,315,937	-	-
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	10,823,392	7,186,988	5,850,210	6,652,970
Included in Administration Expenses				
Employees Benefits including the following;	375,505,004	409,855,249	176,760,911	161,142,024
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	33,945,252	39,573,495	14,639,740	13,189,503
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	30,521,858	28,305,672	18,475,166	16,129,260
Depreciation of Property, Plant and Equipment	43,953,088	48,263,554	22,442,825	24,905,252
Amortisation of Intangible Assets	13,716,594	13,915,858	1,091,379	11,128,657
Auditors' Remuneration	3,673,164	3,331,961	1,960,114	1,365,000
Donations	4,605,176	3,577,110	4,450,571	3,452,110
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	235,616,169	253,559,683	128,558,527	122,840,857
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	12,021,373	16,306,680	9,743,819	10,778,875
Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	11,847,228	13,235,495	-	-
Depreciation of Property, Plant and Equipment	27,779,487	27,617,757	12,909,409	13,117,058
Advertising and Promotion	129,237,508	228,692,786	102,239,968	152,156,971
5.6 Components of Other Comprehensive Income				
Fair Value Through OCI Financial Assets				
Gains/(Losses) arising during the Year	(15,272,824)	(34,718,964)	(617,930,047)	7,225,167,603
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	93,879,994	(23,242,401)	(5,359,618)	2,320,459

NOTES TO THE FINANCIAL STATEMENTS

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are as follows:

6.1 Statement of Profit or Loss

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Current Income Tax:				
Current Income Tax Expense (Note 6.3)	(18,935,148)	234,713,285	-	-
Dividend Tax of Subsidiaries	-	84,816,215	-	-
Under/(Over) Provision of Current Taxes in respect of Prior Year	5,760,979	3,281,905	-	-
	(13,174,169)	322,811,405	-	-
Deferred Income Tax:				
Deferred Taxation Charge/(Reversal) (Note 6.4)	(138,305,696)	(274,847,437)	(422,680,210)	(377,563,420)
Income Tax Expense Reported in the Statement of Profit or Loss	(151,479,865)	47,963,968	(422,680,210)	(377,563,420)
6.2 Statement of Other Comprehensive Income				
Deferred Tax related to Items Charged or Credited Directly to Equity during the Year :				
Gain/(Loss) on Fair Value Through OCI Financial Assets	-	-	60,265,722	(725,988,656)
Surplus on Revaluation of Property, Plant and Equipment	(141,415,256)	-	(9,612,810)	-
Actuarial Gain/(Loss) on Defined Benefit Liability	(33,908,315)	8,487,564	1,071,924	(464,093)
Income Tax Charged Directly to Other Comprehensive Income	(175,323,571)	8,487,564	51,724,836	(726,452,749)

6.3 A Reconciliation between Tax Expense and the Product of Accounting Profit Multiplied by the Statutory Tax Rate for the Years Ended 31 March 2020 and 31 March 2019 are as follows:

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Accounting Loss before Tax	(1,841,848,856)	(1,249,910,171)	(1,386,123,726)	(819,542,193)
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	1,203,594,035	4,174,237,674	760,123,060	2,909,256,296
Aggregate Allowable Expenses	(1,742,363,488)	(2,166,866,676)	(858,087,200)	(1,830,934,217)
Tax Exempt Income/ Tax Losses	2,235,787,280	3,038,789,366	253,087,088	297,682,507
Taxable Business Income	(132,392,701)	670,609,385	-	-
Other Sources of Income	30,337,642	15,577,717	29,964,131	15,012,914
Allowable Deductions	(30,360,198)	(15,577,717)	(29,964,131)	(15,012,914)
Total Taxable Income	(132,415,257)	670,609,385	-	-
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	(18,935,148)	234,713,285	-	-
Other Income	-	-	-	-
Income Tax Expense reported in the Statement of Profit or Loss	(18,935,148)	234,713,285	-	-

NOTES TO THE FINANCIAL STATEMENTS

6. INCOME TAX (CONTD.)

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

Group	Consolidated Statement of Financial Position		Consolidated Statement of Profit or Loss		Consolidated Statement of Other Comprehensive Income	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	2,194,497,853	1,762,845,354	272,264,114	91,989,046	141,415,256	-
	2,194,497,853	1,762,845,354	272,264,114	91,989,046	141,415,256	-
Deferred Tax Assets						
Employee Benefit Liability	(64,249,713)	(59,729,803)	(38,428,225)	5,977,125	33,908,315	(8,487,564)
Provision for Impairments	(8,949,899)	(44,566,086)	35,616,187	78,406	-	-
Provision for Inventories	-	(78,341,647)	78,341,647	630,219	-	-
Right of Use Assets	(757,635)	-	(32,570)	-	-	-
Losses Available for Offsetting Against Future Taxable Income	(1,562,797,935)	(1,076,731,090)	(486,066,849)	(373,522,233)	-	-
	(1,636,755,181)	(1,259,368,625)	(410,569,810)	(366,836,483)	33,908,315	(8,487,564)
Deferred Income Tax Expense			(138,305,696)	(274,847,437)	175,323,571	(8,487,564)
Net Deferred Tax Asset/ Liability	557,742,672	503,476,729				
Deferred Tax Liabilities	557,742,672	504,302,196				
Deferred Tax Assets	-	(825,467)				
	557,742,672	503,476,729				

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	1,308,146,194	1,280,105,021	18,428,363	(17,588,055)	9,612,810	-
Investment in Subsidiaries	890,124,794	950,390,516	-	-	(60,265,722)	725,988,656
	2,198,270,988	2,230,495,537	18,428,363	(17,588,055)	(50,652,912)	725,988,656
Deferred Tax Assets						
Employee Benefit Liability	(13,318,588)	(12,591,907)	345,243	(2,201,147)	(1,071,924)	464,093
Provision for Impairments	(6,887,404)	(42,200,983)	35,313,579	498,989	-	-
Provision for Inventories	-	-	-	630,219	-	-
Right of Use Assets	(1,961,664)	-	(1,236,599)	-	-	-
Losses Available for Offsetting Against Future Taxable Income	(1,495,664,821)	(1,020,134,026)	(475,530,795)	(358,903,426)	-	-
	(1,517,832,476)	(1,074,926,916)	(441,108,572)	(359,975,365)	(1,071,924)	464,093
Deferred Income Tax Expense			(422,680,210)	(377,563,420)	(51,724,836)	726,452,749
Net Deferred Tax Liability	680,438,512	1,155,568,621				

6.5 Reconciliation of Net Deferred Tax Liability

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 1 April	503,476,729	780,270,471	1,155,568,621	806,679,292
Effect of Adopting new Accounting Standards	(725,064)	-	(725,064)	-
Exchange Difference on Translation of Foreign Operation	17,973,132	6,541,259	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss	(138,305,696)	(274,847,437)	(422,680,210)	(377,563,420)
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	175,323,571	(8,487,564)	(51,724,836)	726,452,749
As at 31 March	557,742,672	503,476,729	680,438,512	1,155,568,621

NOTES TO THE FINANCIAL STATEMENTS

6. INCOME TAX (CONTD.)

6.6 Current Taxes

6.6.1 Corporate incomes taxes of Companies resident in Sri Lanka have been computed in accordance with the Inland Revenue Act No. 24 of 2017 during the year (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 2019/20 (Y/A 2018/19 - 28 %).

6.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Applicable Period
LAUGFS Gas PLC	Profit of the Company is exempt from Income Tax for a period of 3 years, at 10% for next 2 years and 20% thereafter	20%	Open-ended
LAUGFS Maritime Services (Pvt) Ltd.	Profit of the Company is exempt from Income Tax for a period of 8 years, as per Sec. 17A of Inland Revenue Act.	Exempt	8 Years ending 2021/2022

6.6.3 Corporate Income Tax of LAUGFS Gas (Bangladesh) Ltd. is computed at the higher of 0.3% of gross receipts and tax applied on taxable profits at 35% under Sec. 16CCC of Income Tax Ordinance (ITO) 1984 imposed by the Government of Bangladesh through Finance Act 2015.

6.6.4 Slogal Energy DMCC is a Company operating within the Dubai Multi Commodities Centre (DMCC) which is a free zone in the United Arab Emirates. Hence, no tax is applicable for the profits earned.

7. EARNINGS/(LOSS) PER SHARE

Basic/Diluted Earnings/(Loss) Per Share is calculated by dividing the net profit/(loss) for the year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events that have changed the number of ordinary shares outstanding, without a corresponding change in the resources such as a bonus issue or a share split.

The following reflects the income and share data used in the Basic/Diluted Earnings/(Loss) Per Share computations.

	Group	
	2020 Rs.	2019 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) attributable to ordinary equity holders of the parent for Basic/Diluted Earnings/(Loss) Per Share	(1,719,845,797)	(1,333,329,825)

	2020 Number	2019 Number
Number of Ordinary Shares Used as the Denominator:		
Weighted Average Number of Ordinary Shares for Basic/Diluted Earnings/(Loss) Per Share	387,000,086	387,000,086

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

8. PROPERTY, PLANT AND EQUIPMENT

8.1 Group

8.1.1 Gross Carrying Amounts

	Balance As at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out)* Rs.	Revaluation Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2020 Rs.
At Cost							
Freehold Land	400,459,500	-	(400,459,500)	-	-	-	-
Land Development	398,577,176	366,000	(314,608,449)	-	-	5,131,808	89,466,535
Buildings on Freehold Land	209,440,631	24,599,557	273,330	-	-	-	234,313,518
Buildings on Leasehold Land	161,044,500	642,938,580	433,362,777	-	-	73,508,133	1,310,853,990
Plant, Machinery and Equipment	2,334,894,057	657,565,757	11,549,176,346	-	-	786,048,539	15,327,684,700
Office Equipment	145,924,082	9,943,522	-	-	(1,138,211)	4,611,319	159,340,711
Furniture and Fittings	209,219,931	8,529,979	-	-	(972,824)	4,972,174	221,749,260
Jetty	62,067,487	-	-	-	-	3,776,836	65,844,323
Gas Point Dealer Huts	81,941,317	52,796,214	(630,182)	-	-	1,319,259	135,426,607
Motor Vehicles	360,539,010	14,230,717	19,539	-	(291,000)	6,076,940	380,575,207
Vessels	2,126,070,744	-	(2,126,070,744)	-	-	-	-
Dry Docking Cost of Vessels	416,818,820	-	(416,818,820)	-	-	-	-
Gas Stock in Tank	8,230,310	-	-	-	-	-	8,230,310
Cylinders in Hand and in Circulation	8,391,469,880	668,202,744	916,528,502	-	(45,501,145)	63,028,018	9,993,727,999
	15,306,697,444	2,079,173,069	9,640,772,800	-	(47,903,180)	948,473,026	27,927,213,160
At Valuation							
Freehold Land	-	-	715,067,949	59,132,051	-	-	774,200,000
Vessels	-	-	1,527,500,425	858,916,775	-	-	2,386,417,200
	-	-	2,242,568,374	918,048,826	-	-	3,160,617,200
Total Value of Depreciable Assets	15,306,697,444	2,079,173,069	11,883,341,173	918,048,826	(47,903,180)	948,473,026	31,087,830,360

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.2 In the Course of Construction

	Balance As at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out)* Rs.	Revaluation Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2020 Rs.
Buildings	2,803,711	-	(2,803,711)	-	-	-	-
Fire Water Storage Project	372,862	144,869,549	(372,862)	-	-	6,720,910	151,590,459
Fire Pump Installation	297,062	-	(297,062)	-	-	-	-
Galle Bottling Plant	1,572,917	-	-	-	-	(1,572,917)	-
Plant & Machinery	452,673	75,790	(452,673)	-	-	-	75,790
River Water Project	86,703	-	(86,703)	-	-	-	-
Motor Vehicles	70,044	-	(70,044)	-	-	-	-
Tank Installation Project	17,597,623	-	(10,495,755)	-	-	-	7,101,868
Cylinder filling ramp	34,791,874	7,979,796	(43,252,377)	-	-	480,707	-
LPG Terminal Project	9,791,869,867	-	(9,992,061,300)	-	3,266,443	196,924,990	-
Storage Tank	1,455,426,965	442,111,815	(1,922,830,735)	-	-	25,291,954	-
LPG Pipe Lines	9,399,110	-	(9,399,110)	-	-	-	-
12.5kg Carousel	79,477	-	(79,477)	-	-	-	-
	11,314,820,889	595,036,950	(11,982,201,808)	-	3,266,443	227,845,644	158,768,117
Total Gross Carrying Amount	26,621,518,333	2,674,210,019	(98,860,634)	918,048,826	(44,636,737)	1,176,318,670	31,246,598,477

8.1.3 Depreciation

	Balance As at 01.04.2019 Rs.	Charged for the Year Rs.	Transfers In/(Out)* Rs.	Revaluation Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2020 Rs.
At Cost							
Land Development	33,956,475	6,161,697	-	-	-	2,352,126	42,470,298
Buildings on Freehold Land	25,173,145	6,624,869	-	-	-	-	31,798,014
Buildings on Leasehold Land	15,464,133	28,678,668	101,742	-	-	2,255,964	46,500,507
Plant, Machinery and Equipment	820,390,113	424,215,705	-	-	-	44,208,809	1,288,814,628
Office Equipment	118,680,055	14,016,155	-	-	(800,530)	3,492,037	135,387,717
Furniture and Fittings	109,371,464	22,804,070	-	-	(317,039)	1,513,129	133,371,623
Jetty	41,390,785	7,762,063	-	-	-	2,878,753	52,031,600
Gas Point Dealer Huts	35,643,851	17,041,080	(101,742)	-	-	815,674	53,398,864
Motor Vehicles	213,611,487	32,002,485	-	-	(291,000)	4,962,416	250,285,387
Vessels	535,933,102	160,627,074	(696,560,177)	-	-	-	-
Dry Docking cost of Vessels	211,839,453	106,989,510	(318,828,963)	-	-	-	-
Gas Stock in Tank	3,309,670	2,822,612	-	-	-	-	6,132,282
Cylinders in Hand and in Circulation	1,985,117,974	449,485,830	-	-	(22,282,952)	3,743,783	2,416,064,635
Total Depreciation	4,149,881,707	1,279,231,818	(1,015,389,140)	-	(23,691,521)	66,222,691	4,456,255,556

* The transfer amounting to Rs. 1,015,389,140/- relates to the accumulated depreciation as at revaluation date which was eliminated against the gross carrying amount of the revalued asset.

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.4 Net Book Values

	Group	
	2020 Rs.	2019 Rs.
At Cost		
Freehold Land	-	400,459,500
Land Development	46,996,237	364,620,701
Buildings on Freehold Land	202,515,504	184,267,486
Buildings on Leasehold Land	1,264,353,483	145,580,367
Plant, Machinery and Equipment	14,038,870,072	1,514,503,944
Office Equipment	23,952,994	27,244,027
Furniture and Fittings	88,377,637	99,848,467
Jetty	13,812,723	20,676,703
Gas Point Dealer Huts	82,027,744	46,297,466
Motor Vehicles	130,289,819	146,927,523
Vessels	-	1,590,137,642
Dry Docking Cost of Vessels	-	204,979,367
Gas Stock in Tank	2,098,028	4,920,640
Cylinders in Hand and in Circulation	7,577,663,364	6,406,351,905
	23,470,957,604	11,156,815,737
At Valuation		
Freehold Land	774,200,000	-
Vessels	2,386,417,200	-
	3,160,617,200	-
In the Course of Construction		
Buildings	-	2,803,711
Fire Water Storage Project	151,590,459	372,862
Fire Pump Installation	-	297,062
Galle Bottling Plant	-	1,572,917
Plant & Machinery	75,790	452,673
River Water Project	-	86,703
Motor Vehicles	-	70,044
Tank Installation Project	7,101,868	17,597,623
Cylinder Pallets	-	34,791,874
LPG Terminal Project	-	9,791,869,867
Storage Tank	-	1,455,426,965
LPG Pipe Lines	-	9,399,110
12.5kg Carousel	-	79,477
	158,768,117	11,314,820,889
Total Carrying Amount of Property, Plant and Equipment	26,790,342,921	22,471,636,626

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2019 Rs.	Additions/ Incurred during the Year Rs.	Transfers In/(Out)* Rs.	Revaluation Rs.	Disposals during the Year Rs.	Balance As at 31.03.2020 Rs.
At Cost						
Freehold Land	373,327,500	-	(373,327,500)	-	-	-
Land Development	314,242,449	366,000	(314,608,449)	-	-	-
Buildings on Freehold Land	106,880,480	24,085,622	273,330	-	-	131,239,432
Building on Leasehold Land	6,121,851	-	-	-	-	6,121,851
Plant, Machinery and Equipment	1,178,167,499	122,704,118	32,149,726	-	-	1,333,021,343
Office Equipment	68,476,960	1,409,280	-	-	-	69,886,240
Furniture and Fittings	128,179,446	807,422	-	-	-	128,986,868
Gas Point Dealer Huts	59,630,802	52,796,214	-	-	-	112,427,016
Motor Vehicles	273,767,474	2,960,000	19,539	-	(291,000)	276,456,013
Cylinders in Hand and in Circulation	8,063,343,515	656,541,279	-	-	(45,501,145)	8,674,383,649
Total Value of Depreciable Assets	10,572,137,977	861,669,935	(655,493,354)	-	(45,792,145)	10,732,522,413
At Valuation						
Freehold Land	-	-	687,935,949	48,064,051	-	736,000,000
	-	-	687,935,949	48,064,051	-	736,000,000
In the Course of Construction						
Buildings	2,803,712	-	(2,803,712)	-	-	-
Fire Water Storage Project	372,862	-	(372,862)	-	-	-
Fire Pump Installation	297,062	-	(297,062)	-	-	-
Galle Bottling Plant	1,572,917	-	-	-	(1,572,917)	-
Plant & Machinery	452,673	75,790	(452,673)	-	-	75,790
River Water Project	86,703	-	(86,703)	-	-	-
Motor Vehicles	70,044	-	(70,044)	-	-	-
Tank Installation Project	17,597,623	-	(10,495,755)	-	-	7,101,868
Storage Tanks	8,385,196	-	(8,385,196)	-	-	-
LPG Pipe Lines	9,399,110	-	(9,399,110)	-	-	-
12.5kg Carousel	79,477	-	(79,477)	-	-	-
	41,117,379	75,790	(32,442,595)	-	(1,572,917)	7,177,658
Total Gross Carrying Amount	10,613,255,356	861,745,725	-	48,064,050	(47,365,062)	11,475,700,071

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.2 Company (Contd.)

8.2.2 Depreciation

	Balance As at 01.04.2019 Rs.	Charged for the Year Rs.	Transfers In/(Out)* Rs.	Revaluation Rs.	Disposals during the Year Rs.	Balance As at 31.03.2020 Rs.
At Cost						
Buildings on Freehold Land	18,877,990	4,050,158	-	-	-	22,928,149
Buildings on Leasehold Land	2,659,205	437,100	-	-	-	3,096,305
Plant, Machinery and Equipment	396,691,508	76,953,461	-	-	-	473,644,968
Office Equipment	65,580,409	1,487,923	-	-	-	67,068,332
Furniture and Fittings	87,458,839	13,220,638	-	-	-	100,679,478
Gas Point Dealer Huts	27,723,417	9,714,454	-	-	-	37,437,871
Motor Vehicles	140,716,657	21,537,097	-	-	(291,000)	161,962,754
Cylinders in Hand and in Circulation	1,940,140,099	427,782,961	-	-	(22,282,952)	2,345,640,108
Total Depreciation	2,679,848,125	555,183,793	-	-	(22,573,952)	3,212,457,966

8.2.3 Net Book Values

	Group	
	2020 Rs.	2019 Rs.
At Cost		
Freehold Land	-	373,327,500
Land Development	-	314,242,449
Buildings on Freehold Land	108,311,284	88,002,490
Building on Leasehold Land	3,025,546	3,462,646
Plant, Machinery and Equipment	859,376,374	781,475,991
Office Equipment	2,817,908	2,896,550
Furniture and Fittings	28,307,390	40,720,607
Gas Point Dealer Huts	74,989,145	31,907,385
Motor Vehicles	114,493,259	133,050,817
Cylinders in Hand and in Circulation	6,328,743,541	6,123,203,416
	7,520,064,447	7,892,289,852
At Valuation		
Freehold Land	736,000,000	-
	736,000,000	-
In the Course of Construction		
Buildings	-	2,803,712
Fire Water Storage Project	-	372,862
Fire Pump Installation	-	297,062
Galle Bottling Plant	-	1,572,917
Plant & Machinery	75,790	452,673
River Water Project	-	86,703
Motor Vehicles	-	70,044
Tank Installation Project	7,101,868	17,597,623
Storage Tanks	-	8,385,196
LPG Pipe Lines	-	9,399,110
12.5kg Carousel	-	79,477
	7,177,658	41,117,379
Total Carrying Amount of Property, Plant and Equipment	8,263,242,105	7,933,407,230

8.3 During the financial year, the Group and Company acquired property, plant & equipment to the aggregate value of Rs. 2,674,210,020/- and Rs. 861,745,725/- respectively (2019 - Rs. 6,477,361,685/- and Rs. 920,713,230/-) of which Rs. Nil (2019- Nil) was acquired by means of finance leases. Cash payment amounting Rs. 2,674,210,020/- and Rs. 861,745,725/- respectively. (2019 - Rs. 6,477,361,685/- and Rs. 920,713,230/-).

8.4 The amount of borrowing costs capitalised with property, plant and equipment during the year ended 31 March 2020 was Rs.151,732,003/- (2019-Rs.993,469,830/-). The rate used to determine the amount of borrowing costs eligible for capitalisation was 12% which is the EIR of the specific borrowing.

NOTES TO THE FINANCIAL STATEMENTS

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	2020	2019
Group		
Land Development*	13-28 Years	13-28 Years
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	9 - 27 Years	9 - 27 Years
Plant, Machinery and Equipment	3 - 40 Years	3 - 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
Cylinders in Hand and in Circulation	20 Years	20 Years
Vessels	10 Years	10 Years
Dry Docking Cost of Gas 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.

8.6 The carrying amount of revalued assets of the Group that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

Class of assets	Cost Rs.	Cumulative Depreciation if Assets were carried at Cost Rs.	Net Carrying Amount (Rs.) 2020 Rs.	2019 Rs.
Vessels	2,542,889,564	(1,015,389,139)	1,527,500,425	1,795,117,009

8.7 Fair value related disclosures of the Vessels

Fair Value hierarchy

The fair value of the Vessels are categorised into Level 3 of the fair value hierarchy.

Vessels are stated at fair value, which have been determined based on valuations performed by S.R. Lal De Silva, an accredited independent valuer, as at 31 March 2020. Description of valuation techniques used and key inputs to valuation as follows;

In assessing the value in use of the vessels, the Group has made assumptions about future charter hire rates, ship operating expenses, and the estimated remaining useful lives and the residual values of the vessels. These assumptions are based on historical and cyclical trends as well as future expectations. The management believes that the assumptions used to evaluate potential impairment are reasonable and appropriate, however such assumption are highly subjective.

	Valuation Technique	2020 Rs.	2019 Rs.
LAUGFS Maritime Services (Pvt) Ltd			
Gas Challenger	Market Approach	866,038,500	-
Gas Success	Market Approach	943,019,700	-
Gas Courage	Market Approach	577,359,000	-

8.8 Fair value related disclosures of the Lands

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 2020. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable inputs	2020 Rs.	2019 Rs.
LAUGFS Gas PLC				
Land - Mabima	Direct Capital Comparison Method	Price per perch for land	Rs. 30,000 - 875,000	-

9. RIGHT-OF-USE-ASSETS

9.1 Cost

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 1 April	-	-	-	-
Effect of Adoption of SLFRS 16 as at 01 April 2019	610,321,764	-	66,487,583	-
Addition and Improvement	-	-	-	-
Exchange rate Difference	49,992,718	-	-	-
As at 31 March	660,314,481	-	66,487,583	-

	Group		Company	
Accumulated Amortisation	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 1 April	-			
Charge for the year	69,257,063	-	12,910,456	-
Exchange rate Difference	3,700,586	-	-	-
As at 31 March	72,957,649	-	12,910,456	-
Net Book Value As at 31 March	587,356,833	-	53,577,127	-

9.2 Right of Use -Lease Liability

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 1 April	-	-	-	-
Effect of Adoption of SLFRS 16 as at 1 April 2019	605,947,517	-	70,112,907	-
Additions	-	-	-	-
Accretion of Interest	51,712,242	-	7,016,659	-
Payments	(100,888,693)	-	(13,742,993)	-
Exchange rate Difference	47,054,484	-	-	-
As at 31 March 2020	603,825,550	-	63,386,573	-

NOTES TO THE FINANCIAL STATEMENTS

9. RIGHT-OF-USE-ASSETS (CONTD.)

9.3

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Expense relating to leases of low-value assets	-	-	-	-
Expense relating to short-term leases	5,522,400	-	-	-

9.4 Maturity Analysis of Lease Liability

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Less Than 1 year	101,901,361	-	17,156,377	-
1- 5 year	306,096,184	-	54,868,132	-
More than 5 years	912,870,030	-	2,524,950	-

10. INVESTMENT PROPERTIES

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
As at 1 April	2,652,606,661	2,507,306,661	833,700,000	804,500,000
Addition during the Year	183,473	759,297	-	-
Fair Value Gain	106,816,527	144,540,703	29,000,000	29,200,000
As at 31 March	2,759,606,661	2,652,606,661	862,700,000	833,700,000
Rental Income derived from Investment Properties	125,134,989	119,290,783	18,071,144	6,915,452

10.1 Fair value related disclosures of the Investment Properties

Fair Value hierarchy

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

Investment properties are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2020 and 31 March 2019. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable inputs	2020 Rs.	2019 Rs.
LAUGFS Gas PLC				
Land & Building - Galle	Direct Capital Comparison Method	Price per perch for land	Rs. 2,000,000	Rs.1,750,000
		Price per square foot for building	Rs. 1,750-3,000	Rs.1,750 - 2,750
		Depreciation rate	15%-30%	10% - 30%
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs. 9,750,000	Rs.9,500,000
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs. 9,500,000	Rs.9,250,000
		Price per square foot for building	Rs. 2,250-4,500	Rs.2,000 - 4,250
		Depreciation rate	20%	15%
Land - Biyagama	Direct Capital Comparison Method	Price per perch for land	Rs.350,000	Rs.340,000
LAUGFS Property Developers (Pvt) Ltd				
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.9,000,000	Rs.8,500,000
		Price per square foot for building	Rs.19,450	Rs.18,750
		Depreciation rate	10%	10%
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.4,750,000	Rs.4,500,000

11. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2019	128,771,387	2,612,267,113	2,741,038,500	55,040,942	55,040,942
Additions	40,346,027	-	40,346,027	-	-
Exchange Differences on Translations of foreign operations	3,591,610	158,425,720	162,017,330	-	-
As at 31 March 2020	172,709,024	2,770,692,833	2,943,401,856	55,040,942	55,040,942
Amortisation and Impairment					
As at 1 April 2019	77,172,159	-	77,172,159	53,805,217	53,805,217
Amortisation	21,474,817	-	21,474,817	1,091,379	1,091,379
Exchange Differences on Translations of foreign operations	281,657	-	281,657	-	-
As at 31 March 2020	98,928,634	-	98,928,634	54,896,596	54,896,595
Net Book Values					
As at 1 April 2019	51,599,227	2,612,267,113	2,663,866,340	1,235,726	1,235,726
As at 31 March 2020	73,780,389	2,770,692,833	2,844,473,222	144,347	144,347

12. IMPAIRMENT TESTING OF GOODWILL

For impairment testing Goodwill acquired through business combinations with indefinite useful lives are allocated to the Energy and Property cash generating units, which are also operating and reportable segments.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2020 Rs.	2019 Rs.
Property	8,742,326	8,742,326
Energy	2,761,950,507	2,603,524,787
	2,770,692,833	2,612,267,113

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 2020, no impairment is recognised against the carrying value of the goodwill allocated to each cash generating unit.

Recoverable amount of the cash generating units is the higher of the cash generating units fair value less cost of disposal and its value in use. The key assumptions used to determine the recoverable amount are disclosed in Note 14.2.

NOTES TO THE FINANCIAL STATEMENTS

13. PREPAYMENTS

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Prepayments	103,168,776	76,823,092	28,638,729	14,875,359
	103,168,776	76,823,092	28,638,729	14,875,359
Prepayments within One Year (Current)	100,408,058	72,800,116	28,638,729	14,875,359
Prepayments after One Year (Non-Current)	2,760,718	4,022,976	-	-
	103,168,776	76,823,092	28,638,729	14,875,359

14. INVESTMENTS IN SUBSIDIARIES

14.1 Company

Non-Quoted	Country of Incorporation	% of Holding 2020	% of Holding 2019	Fair Value 2020 Rs.	Fair Value 2019 Rs.	Cost 2020 Rs.	Cost 2019 Rs.
Financial Assets at FVOCI							
LAUGFS Property Developers (Pvt) Ltd.	Sri Lanka	75%	75%	1,387,498,935	1,280,257,500	870,000,020	870,000,020
LAUGFS Maritime Services (Pvt) Ltd.	Sri Lanka	100%	100%	2,001,186,000	1,926,412,000	800,000,010	800,000,010
LAUGFS Gas (Bangladesh) Ltd.	Bangladesh	69%	69%	10,022,514,205	9,909,615,793	2,597,931,346	2,597,931,346
SLOGAL Energy DMCC	United Arab Emirates	100%	100%	2,885,864,321	2,851,987,000	1,356,103,616	1,356,103,616
LAUGFS Terminals Ltd.	Sri Lanka	100%	100%	15,283,821,244	16,215,269,635	3,620,000,000	3,620,000,000
Total Non-Quoted Investments in Subsidiaries				31,580,884,705	32,183,541,928	9,244,034,992	9,244,034,992

14.2 Fair value related disclosures of the Investments in Subsidiaries

Fair Value hierarchy

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

	Valuation Technique	Significant inputs	2020	2019
LAUGFS Maritime Services (Pvt) Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	14.8%	15.8%
		Terminal growth rate	3%	3%
LAUGFS Gas (Bangladesh) Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	11.8%	10.7%
		Terminal growth rate	3%	1%
SLOGAL Energy DMCC	Discounted Cash Flow Methodology	Weighted average cost of capital	12.3%	14.1%
		Terminal growth rate	3%	1.5%
LAUGFS Terminals Ltd.	Discounted Cash Flow Methodology	Weighted average cost of capital	10.6%	11.0%
		Terminal growth rate	2.5%	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 10.1.

Sensitivity of assumptions employed in fair valuation

	Increase/ (Decrease)		2020			2019		
	Weighted average cost of capital	Terminal growth rate	Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVOCI	Effect on Other Comprehensive Income	Effect on Statement of Financial Position	Fair Value of Financial Assets at FVOCI
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAUGFS Maritime Services (Pvt) Ltd.	+1		95,744,000	(95,744,000)	1,905,442,000	160,004,000	(160,004,000)	1,766,408,000
	-1		(113,554,000)	113,554,000	2,114,740,000	(191,807,000)	191,807,000	2,118,219,000
		+1	(126,509,000)	126,509,000	2,127,695,000	(137,789,000)	137,789,000	2,064,201,000
		-1	106,667,000	(106,667,000)	1,894,519,000	116,813,000	(116,813,000)	1,809,599,000
LAUGFS Gas (Bangladesh) Ltd	+1		1,274,106,877	(1,274,106,877)	8,748,407,328	(1,478,964,617)	1,478,964,617	11,388,580,410
	-1		(1,610,843,015)	1,610,843,015	11,633,357,220	1,206,382,213	(1,206,382,213)	8,703,233,580
		+1	(1,173,729,395)	1,173,729,395	11,196,243,600	(1,035,010,337)	1,035,010,337	10,944,626,130
		-1	929,017,177	(929,017,177)	9,093,497,028	848,912,533	(848,912,533)	9,060,703,260
SLOGAL Energy DMCC	+1		292,109,874	(292,109,874)	2,593,754,447	139,721,928	(139,721,928)	2,712,265,072
	-1		(362,222,445)	362,222,445	3,248,086,766	(166,051,469)	166,051,469	3,018,038,469
		+1	(395,042,586)	395,042,586	3,280,906,907	(113,386,684)	113,386,684	2,965,373,684
		-1	318,577,260	(318,577,260)	2,567,287,061	96,760,062	(96,760,062)	2,755,226,938
LAUGFS Terminals Ltd.	+0.1		434,239,710	(434,239,710)	14,849,581,534	422,925,445	(422,925,445)	15,792,344,190
	-0.1		(448,330,114)	448,330,114	15,732,151,358	(436,941,215)	436,941,215	16,652,210,850
		+0.1	(342,323,651)	342,323,651	15,626,144,895	(335,138,075)	335,138,075	16,550,407,710
		-0.1	332,005,719	(332,005,719)	14,951,815,525	324,644,905	(324,644,905)	15,890,624,730

15. MATERIAL PARTLY-OWNED SUBSIDIARIES

15.1 LAUGFS Eco Sri Limited owned 25% of interests of LAUGFS Property Developers (Pvt) Ltd.

15.2 Financial information of subsidiaries that have material non-controlling interests for the year ended 31 March 2020 is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2020	2019
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	25%	25%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised Statement of Profit or Loss	2020 Rs.	2019 Rs.
Revenue	127,153,073	136,941,363
Direct Operating Expenses	(10,039,130)	(9,828,788)
Other Income	1,600,247	-
Administrative Expenses	(30,180,991)	(27,319,371)
Fair Value Gain on Investment Properties	83,616,527	123,740,703
Finance Costs	(35,763,894)	(26,584,451)
Finance Income	28,539,032	180,014
Profit before Tax	164,924,865	197,129,469
Income Tax	(47,017,641)	(55,306,725)
Profit for the Year	117,907,224	141,822,744
Other Comprehensive Income	1,316,539	53,394
Total Comprehensive Income	119,223,763	141,876,139
Attributable to Non-Controlling Interests	29,805,941	35,469,035
Dividends Paid to Non-Controlling Interests	-	-

NOTES TO THE FINANCIAL STATEMENTS

15. MATERIAL PARTLY-OWNED SUBSIDIARIES (CONTD.)

Summarised Statement of Financial Position	2020 Rs.	2019 Rs.
Trade and Other Receivables, Prepayments and Cash and Short-Term Deposits Balances (Current)	365,843,121	278,384,486
Property, Plant and Equipment, Investment Properties and Other Non-Current Assets (Non-Current)	2,087,878,004	2,002,558,336
Trade and Other Payables and Interest Bearing Loans and Borrowings (Current)	(195,830,461)	(172,839,242)
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(431,657,290)	(421,492,532)
Total Equity	1,826,233,374	1,686,611,048
Attributable to Equity Holders of Parent	1,369,675,030	1,264,958,286
Attributable to Non-Controlling Interest	456,558,343	421,652,762

Summarised Cash Flow Information	2020 Rs.	2019 Rs.
Operating	8,467,399	37,429,681
Investing	(7,095,339)	(1,311,183)
Financing	(7,578,738)	(43,161,310)
Net Increase/(Decrease) in Cash and Cash Equivalents	(6,206,678)	(7,042,812)

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

16.1 Other Financial Assets

Group/Company	2020 Rs.	2019 Rs.
16.1.1 Financial Assets at Fair Value through OCI (Equity Instruments)		
Quoted Equity Shares		
Ceylon Guardian Investment Trust PLC	1,328,013	1,143,053
Citrus Leisure PLC	8,700,000	6,300,000
Colombo City Holdings PLC	9,626,400	8,494,800
Commercial Bank of Ceylon PLC	12,000,047	19,394,649
Ceylon Grain Elevators PLC	40,200,000	52,100,000
LOLC Holdings PLC	3,178,000	3,111,500
Three Acre Farms PLC	2,464,000	3,027,640
Browns Investments PLC	10,833,230	9,692,890
Total Financial Assets at Fair Value through OCI (Equity Instruments)	88,329,690	103,264,532

Group/Company	2020 Rs.	2019 Rs.
16.1.2 Financial Assets at Fair Value through Profit or Loss		
Quoted Equity Shares		
Union Bank of Colombo PLC	80,190	108,900
Multi Finance PLC	1,590,140	3,198,770
Total Financial Assets at Fair Value through Profit or Loss	1,670,330	3,307,670
Total Other Financial Assets	90,000,020	106,572,202
Total Current	1,670,330	3,307,670
Total Non-Current	88,329,690	103,264,532
	90,000,020	106,572,202

16.2 Other financial liabilities

16.2.1 Group

Interest Bearing Loans and Borrowings	2020			2019		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Leases Obligations (Note 9.2)	75,834,187	527,991,363	603,825,550	-	-	-
Term Loans (Note 16.2.1.1)	2,710,160,497	13,570,989,131	16,281,149,629	2,354,262,460	15,137,416,981	17,491,679,441
Short Term Loans (Note 16.2.1.2)	11,456,501,854	-	11,456,501,854	7,346,572,565	-	7,346,572,565
Bank Overdrafts (Note 19.2)	1,468,834,029	-	1,468,834,029	758,343,827	-	758,343,827
	15,711,330,567	14,098,980,494	29,810,311,061	10,459,178,853	15,137,416,981	25,596,595,833

16.2.1.1 Term Loans

	As at 01.04.2019 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2020 Rs.
Sampath Bank PLC	1,196,435,857	-	-	(196,235,856)	1,000,200,000
Commercial Bank of Ceylon PLC - Loan 1	109,999,880	-	-	(109,999,880)	-
Commercial Bank of Ceylon PLC - Loan 2	180,555,589	-	-	(27,777,770)	152,777,819
Commercial Bank of Ceylon PLC - Loan 3	851,431,972	356,145,709	55,298,080	(280,960,831)	981,914,930
Hong Kong & Shanghai Banking Corporation	556,416,925	-	28,040,084	(270,610,588)	313,846,421
Hatton National Bank PLC - Loan 1	1,095,229,333	-	-	(285,711,999)	809,517,334
Hatton National Bank PLC - Loan 2	58,316,000	-	-	(8,340,000)	49,976,000
DFCC Bank PLC	1,238,094,725	-	-	(285,713,825)	952,380,900
NDB Bank PLC	2,700,000,000	-	-	(450,000,000)	2,250,000,000
Peoples' Bank	3,683,006,776	-	418,342,941	-	4,101,349,717
Standard Chartered Bank - Loan 1	3,560,338,000	-	275,075,719	(226,919,969)	3,608,493,750
Standard Chartered Bank - Loan 2	281,854,385	20,255,947	13,777,433	(92,972,766)	222,914,998
Bank of Ceylon - Loan 1	1,200,000,000	-	-	(20,000,000)	1,180,000,000
Bank of Ceylon - Loan 2	780,000,000	-	-	(122,222,240)	657,777,760
	17,491,679,441	376,401,656	790,534,257	(2,377,465,725)	16,281,149,629

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

16.2.1.2 Short Term Loans

	As at 01.04.2019 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2020 Rs.
Hatton National Bank PLC	3,000,675,502	81,692,210	-	-	3,082,367,712
MCB Bank Ltd	300,000,000	353,000,000	-	-	653,000,000
Nation Trust Bank PLC	455,500,000	-	-	(155,500,000)	300,000,000
Standard Chartered Bank	351,587,932	979,107,257	21,423,930.76	(868,901,328)	483,217,791
Sampath Bank PLC	500,000,000	-	-	-	500,000,000
Union Bank of Colombo PLC	150,000,000	-	-	-	150,000,000
People's Bank	1,984,355,992	5,307,469,535	114,526,332	(3,955,578,893)	3,450,772,966
Bank of Ceylon	-	4,026,027,663	36,166,645	(3,424,622,922)	637,571,385
Commercial Bank of Ceylon PLC	104,453,140	1,701,331,360	-	(106,212,500)	1,699,572,000
Pan Asia Banking Corporation PLC	500,000,000	-	-	-	500,000,000
	7,346,572,565	12,448,628,025	172,116,908	(8,510,815,644)	11,456,501,854

16.2.2 Company

Interest Bearing Loans and Borrowings	2020			2019		
	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.	Amount Repayable Within 1 Year Rs.	Amount Repayable After 1 Year Rs.	Total Rs.
Lease Obligations (Note 9.2)	11,305,394	52,081,179	63,386,573	-	-	-
Term Loans (Note 16.2.2.1)	1,583,406,409	5,266,469,585	6,849,875,994	1,401,757,954	6,808,001,961	8,209,759,915
Short Term Loans (Note 16.2.2.2)	8,491,918,251	-	8,491,918,251	7,079,695,564	-	7,079,695,564
Bank Overdrafts (Note 19.2)	450,605,228	-	450,605,228	388,701,041	-	388,701,041
	10,537,235,281	5,318,550,764	15,855,786,046	8,870,154,559	6,808,001,961	15,678,156,521

16.2.2.1 Term Loans

	As at 01.04.2019 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2020 Rs.
Hatton National Bank PLC - Loan 1	1,095,229,333	-	-	(285,711,999)	809,517,334
DFCC Bank PLC	1,238,094,725	-	-	(285,713,825)	952,380,900
Sampath Bank PLC	1,196,435,857	-	-	(196,235,856)	1,000,200,000
NDB Bank PLC	2,700,000,000	-	-	(450,000,000)	2,250,000,000
Bank of Ceylon - Loan 1	1,200,000,000	-	-	(20,000,000)	1,180,000,000
Bank of Ceylon - Loan 2	780,000,000	-	-	(122,222,240)	657,777,760
	8,209,759,915	-	-	(1,359,883,920)	6,849,875,994

16.2.2.2 Short Term Loans

	As at 01.04.2019 Rs.	Loans Obtained Rs.	Exchange (Gain)/Loss Rs.	Repayments Rs.	As at 31.03.2020 Rs.
Hatton National Bank PLC	3,000,675,502	81,692,210	-	-	3,082,367,712
MCB Bank Ltd	300,000,000	353,000,000	-	-	653,000,000
Nation Trust Bank PLC	455,500,000	-	-	(155,500,000)	300,000,000
Standard Chartered Bank	351,587,932	-	-	(351,587,932)	-
Sampath Bank PLC	500,000,000	-	-	-	500,000,000
Union Bank of Colombo PLC	150,000,000	-	-	-	150,000,000
People's Bank	1,717,478,990	-	-	(110,500,451)	1,606,978,539
Commercial Bank of Ceylon PLC	104,453,140	1,595,118,860	-	-	1,699,572,000
Pan Asia Banking Corporation PLC	500,000,000	-	-	-	500,000,000
	7,079,695,564	2,029,811,070	-	(617,588,383)	8,491,918,251

	Interest Rate	Repayment Terms
Sampath Bank PLC		
Loan 5	AWPLR + 2% per annum	Repayable by 55 monthly instalments of Rs.17,857,142.86/-
Commercial Bank of Ceylon PLC		
Loan 1	8% per annum	Repayment Completed on 31st March 2020
Loan 2	9% per annum for first 5 years. thereafter AWPLR+1% for balance 3 years	Repayable by 55 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 + 2% per annum	Repayable by 12 equal monthly instalments amounting to USD 135,897.44/-.
Hatton National Bank PLC		
Loan 1	AWPLR + 1% for first five years thereafter AWPLR 0.5% for balance 2 years	Repayable by 33 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 59 monthly instalments of Rs. 834,000/- and the final instalment of Rs.770,000/-.
DFCC Bank PLC	AWPLR + 4.5% per annum	Repayable by 39 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 5 separate instalments amounting Rs. 450,000,000 upto October 2024.
Peoples' Bank	3 Months LIBOR + 3.75% per annum	Repayable by 89 instalment of USD 244,000 and final instalment of USD 284,000
Standard Chartered Bank		
Loan 1	3 Months LIBOR + 2.3% per annum	Repayable by 30 Quarterly instalment of USD 625,000
Loan 2	6-months T-Bill + 3.5%	Repayable within 4 years quarterly basis with 15 months grace period.
Bank of Ceylon		
Loan 1	AWPLR+ 2% per annum	Repayable within 68 Months (upto 32nd Month - Rs.5,000,000/- and 33rd to 68th Month - Rs.28,333,340/-).
Loan 2	AWPLR+ 2% per annum	Repayable by 32 Monthly instalments of Rs.20,555,560/-.

NOTES TO THE FINANCIAL STATEMENTS

16. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

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	Note	Carrying Amount		Fair Value	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Financial Assets					
Trade and Other Receivables	A	2,866,535,177	2,562,758,115	2,866,535,177	2,562,758,115
Cash and Short Term Deposits	A	680,184,807	1,676,986,748	680,184,807	1,676,986,748
Total		3,546,719,984	4,239,744,864	3,546,719,984	4,239,744,864
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	14,098,980,494	15,137,416,981	14,098,980,494	15,137,416,981
Interest Bearing Loans and Borrowings (Current)	A	14,242,496,538	9,700,835,025	14,242,496,538	9,700,835,025
Trade and Other Payables	A	2,255,516,924	1,559,854,768	2,255,516,924	1,559,854,768
Bank Overdrafts	A	1,468,834,029	758,343,827	1,468,834,029	758,343,827
Total		32,065,827,985	27,156,450,602	32,065,827,985	27,156,450,602
Company					
Financial Assets					
Trade and Other Receivables	A	2,413,709,031	2,872,472,587	2,413,709,031	2,872,472,587
Cash and Short Term Deposits	A	117,078,668	386,914,540	117,078,668	386,914,540
Total		2,530,787,699	3,259,387,127	2,530,787,699	3,259,387,127
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	5,318,550,764	6,808,001,961	5,318,550,764	6,808,001,961
Interest Bearing Loans and Borrowings (Current)	A	10,075,324,660	8,481,453,518	10,075,324,660	8,481,453,518
Trade and Other Payables	A	2,131,665,325	2,216,521,167	2,131,665,325	2,216,521,167
Bank Overdrafts	A	450,605,228	388,701,041	450,605,228	388,701,041
Total		17,976,145,977	17,894,677,687	17,976,145,977	17,894,677,687

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 2020, the carrying amounts of such borrowings are not materially different from their calculated fair values.

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 2020, the Group held the following financial instruments carried at fair value on the statement of financial position.

Group Assets Measured at Fair Value	2020 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	88,329,690	88,329,690	-	-
Financial Assets at Fair Value through Profit or Loss	1,670,330	1,670,330	-	-
	90,000,020	90,000,020	-	-

Company Assets Measured at Fair Value	2020 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	31,669,214,395	88,329,690	-	31,580,884,705
Financial Assets at Fair Value through Profit or Loss	1,670,330	1,670,330	-	-
	31,670,884,725	90,000,020	-	31,580,884,705

During the reporting period ending 31 March 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

17. INVENTORIES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Gas in Cylinders and Accessories	336,498,710	362,480,609	103,853,817	178,983,535
Gas in Bulk	415,552,149	358,322,032	54,314,431	196,396,575
Cylinders	959,048,867	900,158,777	-	-
Non-Trade Inventories	824,977,248	136,226,902	113,718,519	44,090,231
Goods in Transit	1,079,951	394,855,967	1,079,951	394,855,967
	2,537,156,925	2,152,044,287	272,966,718	814,326,307
Provision for Inventories	-	(223,833,277)	-	-
Transferred to Property, Plant & Equipments	(959,048,867)	-	-	-
Total Inventories at the lower of Cost and Net Realisable Value	1,578,108,058	1,928,211,010	272,966,718	814,326,307

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Receivables				
- Related Parties (Note 18.1)	141,512,412	100,323,104	1,953,386	25,872,033
- Others	1,093,093,244	1,083,731,433	881,941,512	1,007,508,336
Less: Provision for Impairments	(40,329,862)	(217,762,351)	(34,437,019)	(211,004,914)
	1,194,275,793	966,292,186	849,457,879	822,375,455
Other Receivables				
- Related Parties (Note 18.2)	1,349,983,120	1,300,788,102	1,253,165,529	1,279,502,777
- Others	322,276,264	295,677,828	311,085,623	770,594,355
Less: Provision for Impairments	-	-	-	-
	2,866,535,177	2,562,758,115	2,413,709,031	2,872,472,587
Advances				
- Related Parties (Note 18.3)	15,761,457	31,654,835	15,761,457	31,654,835
- Others	1,203,073,061	1,032,284,975	221,944,615	260,728,588
Loans to Company Officers	212,148	690,470	212,148	690,470
	4,085,581,843	3,627,388,396	2,651,627,251	3,165,546,480

18.1 Trade Dues from Related Parties

	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
LAUGFS Holdings Ltd.	Parent	53,341,565	21,123,491	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	2,713,602	2,255,196	760,825	1,336,900
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	-	1,013,892	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	1,140,241	7,241,165	1,140,241	7,241,165
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	-	3,163,620	-	2,587,960
LAUGFS Lubricants Ltd.	Fellow Subsidiary	-	7,932,866	-	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	1,258,888	1,405,354	52,320	36,610
LAUGFS Salt & Chemicals Ltd.	Fellow Subsidiary	3,924,562	1,328,018	-	-
LAUGFS Solutions Ltd.	Fellow Subsidiary	1,240,131	952,911	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	66,956,500	47,089,582	-	-
LAUGFS Power PLC	Fellow Subsidiary	1,390,253	541,935	-	-
LAUGFS Terminals Ltd.	Subsidiary	-	-	-	14,669,398
LAUGFS Leisure Ltd.	Fellow Subsidiary	8,178,794	5,354,292	-	-
LAUGFS Life Sciences (Pvt) Ltd.	Fellow Subsidiary	1,367,875	920,782	-	-
		141,512,412	100,323,104	1,953,386	25,872,033

18.2 Other Dues from Related Parties

	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	-	594,683	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	-	40,388	-	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	-	91,313	-	-
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	111,573	263,278	-	-
LAUGFS Holdings Ltd.	Parent	176,360,525	152,945,648	-	2,749,850
LAUGFS Power PLC.	Fellow Subsidiary	419,167	111,220,575	-	111,129,000
LAUGFS Maritime Services (Pvt) Ltd.	Subsidiary	-	-	2,002,690	2,002,690
Anantaya Wadduwa (Pvt) Ltd.	Fellow Subsidiary	339,690,000	300,000,000	339,690,000	300,000,000
LAUGFS Gas (Bangladesh) Ltd.	Subsidiary	-	-	38,890	19,685,800
LAUGFS Leisure Ltd.	Fellow Subsidiary	813,646,384	719,143,519	813,435,204	718,589,280
SLOGAL Energy DMCC	Subsidiary	-	-	5,867,908	44,324,234
LAUGFS Property Developers (Pvt) Ltd.	Subsidiary	-	-	92,130,836	81,021,923
LAUGFS Solutions Ltd.	Fellow Subsidiary	327,424	278,398	-	-
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	54,426	54,426	-	-
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	10,314	-	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	16,831,712	13,967,662	-	-
LAUGFS Salt & Chemicals Ltd.	Fellow Subsidiary	830,894	224,188	-	-
Lfinity (Pvt) Ltd.	Fellow Subsidiary	1,013,698	1,492,165	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	384,114	183,819	-	-
LAUGFS Lubricants Ltd.	Fellow Subsidiary	302,889	288,040	-	-
		1,349,983,120	1,300,788,102	1,253,165,529	1,279,502,777

NOTES TO THE FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES (CONTD.)

18.3 Advances given to Related Parties

	Relationship	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	15,761,457	31,654,835	15,761,457	31,654,835
		15,761,457	31,654,835	15,761,457	31,654,835

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.
2020	1,234,605,656	774,402,119	185,792,072	17,341,214	16,320,742	240,749,509
2019	1,184,054,537	600,055,985	164,723,291	19,798,021	15,170,085	384,307,155

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.
2020	883,894,898	567,188,602	183,647,516	15,464,105	10,416,800	107,177,874
2019	1,033,380,369	614,725,383	85,084,898	11,428,685	7,930,098	314,211,304

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 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Fixed Deposits	23,963,431	783,276,352	-	-
Savings Accounts	265,228,669	380,550,943	87,140,159	286,045,907
Cash in Hand and at Bank	390,992,707	513,159,453	29,938,508	100,868,633
	680,184,807	1,676,986,748	117,078,668	386,914,540
19.2 Unfavourable Cash & Cash Equivalent Balances				
Bank Overdrafts (Note 16.2)	(1,468,834,029)	(758,343,827)	(450,605,228)	(388,701,041)
Cash and Cash Equivalent for the Purpose of Statement of Cash Flows	(788,649,222)	918,642,921	(333,526,561)	(1,786,501)

19.3 Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

20. STATED CAPITAL

Group/Company	2020		2019	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 20.1)	335,000,086	762,557,096	335,000,086	762,557,096
Ordinary Non-Voting Shares (Note 20.2)	52,000,000	237,442,904	52,000,000	237,442,904
	387,000,086	1,000,000,000	387,000,086	1,000,000,000
20.1 Ordinary Voting Shares				
As at 1 April	335,000,086	762,557,096	335,000,086	762,557,096
As at 31 March	335,000,086	762,557,096	335,000,086	762,557,096
20.2 Ordinary Non-Voting Shares				
As at 1 April	52,000,000	237,442,904	52,000,000	237,442,904
As at 31 March	52,000,000	237,442,904	52,000,000	237,442,904

20.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

21. FAIR VALUE THROUGH OCI RESERVE

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Fair Value Through OCI Reserve (Note 21.1)	(353,244,862)	(337,972,038)	21,093,480,057	21,651,144,382
	(353,244,862)	(337,972,038)	21,093,480,057	21,651,144,382
21.1 Fair Value Through OCI Reserve				
As at 1 April	(337,972,038)	(303,253,074)	21,651,144,382	15,151,965,435
Gains/(Losses) arising during the Year	(15,272,824)	(34,718,964)	(557,664,325)	6,499,178,947
As at 31 March	(353,244,862)	(337,972,038)	21,093,480,057	21,651,144,382

NOTES TO THE FINANCIAL STATEMENTS

22. OTHER RESERVES

Group	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
Revaluation Reserve (Note 22.1)	863,475,501	86,841,931	38,451,241	-
Foreign Currency Translation Reserve (Note 22.2)	1,162,067,867	661,542,928	-	-
	2,025,543,368	748,384,858	38,451,241	-
22.1 Revaluation Reserve				
As at 1 April	86,841,931	86,841,931	-	-
Surplus on Revaluation of Property, Plant and Equipment	918,048,826	-	48,064,051	-
Tax Impact of Revaluation Gain	(141,415,256)	-	(9,612,810)	-
As at 31 March	863,475,501	86,841,931	38,451,241	-
22.2 Foreign Currency Translation Reserve				
As at 1 April	661,542,928	123,987,459	-	-
Foreign Exchange Translation Differences	500,524,939	537,555,469	-	-
As at 31 March	1,162,067,867	661,542,928	-	-

23. EMPLOYEE BENEFIT LIABILITY

	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
23.1 Net Benefit Expense				
Current Service Cost	32,471,146	47,858,840	7,714,191	7,762,077
Interest Cost on Benefit Obligation	18,909,362	14,337,272	6,925,549	5,427,426
Total Expenses	51,380,508	62,196,113	14,639,740	13,189,503
23.2 Employee Benefit Liability				
Employee Benefit Liability	246,120,019	376,506,964	66,592,939	62,959,534
Fair Value of Plan Assets	(104,741,409)	(141,850,846)	-	-
Net Employee Benefit Liability	141,378,610	234,656,118	66,592,939	62,959,534

23.3 Messrs. Smiles Global (Pvt) Ltd, Actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2020. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2020 and 31.03.2019 are as follows:

Method of Actuarial Valuation:	2020 Projected Unit Credit method	2019 Projected Unit Credit method
Discount Rate:	8%-10%	6%-11%
Salary Increment Rate:	7%-12%	7%-12%
Retirement Age:	55-60 years	55-60 years
Staff Turnover Ratio:	4%-30%	5%-17%
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 2020.

Increase/(Decrease)		Group			Company		
		2020			2020		
in Discount Rate	in Rate of Salary Increment	Effect on Statement of Profit or Loss (Reduction) / Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction) / Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.	Effect on Statement of Profit or Loss (Reduction) / Increase in Results for the Year Rs.	Effect on Statement of Financial Position (Reduction)/ Increase in the Liability as at the Year End Rs.	Present Value of Employee Benefit Obligation Rs.
+1%	-	11,587,939	(11,587,939)	234,532,080	(1,814,246)	1,814,246	64,778,693
-1%	-	(12,843,199)	12,843,199	258,963,218	1,930,401	(1,930,401)	68,523,340
-	+1%	(13,875,735)	13,875,735	259,995,754	(2,262,992)	2,262,992	68,855,931
-	-1%	12,597,313	(12,597,313)	233,522,706	2,162,682	(2,162,682)	64,430,257

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.

2020		Amounts Charged to Profit or Loss					
	01 April 2019 Rs.	Service Cost Rs.	Interest Cost Rs.	Administration Expenses Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.	Adjustment due to transfer of employees into/(out of) Company Rs.
Defined Benefit Obligation	376,506,964	32,471,146	25,825,665	-	58,296,811	(100,094,782)	(155,051)
Fair value of Plan Assets	(141,850,846)	-	(6,916,303)	201,877	(6,714,426)	73,610,278	-
Net Benefit Liability	234,656,118	32,471,146	18,909,362	201,877	51,582,385	(26,484,504)	(155,051)

2019		Amounts Charged to Profit or Loss					
	01 April 2018 Rs.	Service Cost Rs.	Interest Cost Rs.	Administration Expenses Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.	Adjustment due to transfer of employees into/(out of) Company Rs.
Defined Benefit Obligation	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

23.5.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2020 Rs.	2019 Rs.
Within the next 2 Years	12,300,497	9,990,482
Between 2 and 5 Years	107,511,213	22,915,205
Between 5 and 10 Years	122,124,491	341,174,647
Over 10 Years	4,183,818	2,426,630
Total Expected Payments	246,120,019	376,506,964

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.1 - 12.98 years. (2019: 4.46 - 12.24 years)

		Remeasurement Gains/(Losses) in Other Comprehensive Income						
	Exchange Difference	Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	11,925,016	-	1,414,631	(53,174,525)	(48,599,047)	(100,358,940)	-	246,120,019
	(6,603,714)	6,478,946	-	-	-	6,478,946	(29,661,646)	(104,741,409)
	5,321,302	6,478,946	1,414,631	(53,174,525)	(48,599,047)	(93,879,995)	(29,661,646)	141,378,610

		Remeasurement Gains/(Losses) in Other Comprehensive Income						
	Exchange Difference	Return on Plan Asset (excluding amounts included in net interest expense)	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2019
	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

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.

2020		Amounts Charged to Profit or Loss			
	01 April 2019 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	62,959,534	7,714,191	6,925,549	14,639,740	(16,365,953)
Benefit Liability	62,959,534	7,714,191	6,925,549	14,639,740	(16,365,953)

2019		Amounts Charged to Profit or Loss			
	01 April 2018 Rs.	Service Cost Rs.	Interest Cost Rs.	Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	54,274,256	7,762,077	5,427,426	13,189,503	(7,190,423)
Benefit Liability	54,274,256	7,762,077	5,427,426	13,189,503	(7,190,423)

23.6.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2020 Rs.	2019 Rs.
Within the next 2 Years	3,228,538	4,709,972
Between 2 and 5 Years	63,364,400	13,489,486
Between 5 and 10 Years	-	44,760,076
Over 10 Years	-	-
Total Expected Payments	66,592,939	62,959,534

The average duration of the defined benefit plan obligating at the end of the reporting period is 3.10 years. (2019: 5.12 years)

		Remeasurement Gains/(Losses) in Other Comprehensive Income					
	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2020
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	-	1,281,383	5,389,784	(1,311,549)	5,359,618	-	66,592,939
	-	1,281,383	5,389,784	(1,311,549)	5,359,618	-	66,592,939

		Remeasurement Gains/(Losses) in Other Comprehensive Income					
	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2019
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	5,006,656	(1,586,093)	(2,411,062)	1,676,697	(2,320,458)	-	62,959,534
	5,006,656	(1,586,093)	(2,411,062)	1,676,697	(2,320,458)	-	62,959,534

NOTES TO THE FINANCIAL STATEMENTS

24. REFUNDABLE DEPOSITS

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
As at 1 April	2,653,112,898	2,685,540,908	2,523,180,535	2,593,152,925
Additions	523,116,845	484,738,261	522,809,254	458,755,166
Refunds/Transfers	(424,146,575)	(530,037,525)	(424,146,575)	(528,727,556)
Exchange Differences	7,920,716	12,871,254	-	-
As at 31 March	2,760,003,885	2,653,112,899	2,621,843,214	2,523,180,535
Refundable Deposits within One Year (Current)	262,184,321	337,736,338	262,184,321	337,736,338
Refundable Deposits after One Year (Non-Current)	2,497,819,563	2,315,376,561	2,359,658,892	2,185,444,197
	2,760,003,885	2,653,112,899	2,621,843,214	2,523,180,535

25. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Payables				
- Related Parties (Note 25.1)	32,421	-	988,001,564	841,312,694
- Others	846,292,827	1,435,817,103	299,816,467	436,644,004
Other Payables				
- Related Parties (Note 25.2)	89,448,121	71,192,381	843,847,294	938,564,469
- Others	1,319,743,555	52,845,284	-	-
	2,255,516,924	1,559,854,768	2,131,665,325	2,216,521,167
Provision for Workers' Profit Participation Fund	114,197,945	193,487,232	-	-
Sundry Creditors including Accrued Expenses	2,786,057,279	2,821,998,487	1,586,649,696	1,339,584,115
	5,155,772,148	4,575,340,487	3,718,315,021	3,556,105,282

25.1 Trade Payable to Related Parties

	Relationship	Group		Company	
		2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	32,421	-	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	988,001,564	841,312,694
		32,421	-	988,001,564	841,312,694

25.2 Other Payable to Related Parties

	Relationship	Group 2020 Rs.	Group 2019 Rs.	Company 2020 Rs.	Company 2019 Rs.
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	8,208,394	8,373,944	7,411,931	8,373,944
LAUGFS Engineering (Pvt) Ltd.	Fellow Subsidiary	-	16,600,902	-	-
LAUGFS Corporation (Rubber) Ltd.	Fellow Subsidiary	9,339,049	-	-	-
LAUGFS Holdings Ltd.	Parent	11,115,159	8,438,221	344,964	-
LAUGFS Terminals Ltd.	Subsidiary	-	-	827,722,802	914,654,737
LAUGFS Lubricants Ltd.	Fellow Subsidiary	675,736	455,139	442,889	416,499
LAUGFS Eco Sri Ltd.	Fellow Subsidiary	38,144,787	19,610,636	-	-
LAUGFS Petroleum (Pvt) Ltd.	Fellow Subsidiary	12,023,031	13,228,336	6,701,891	12,309,899
Southern Petroleum (Pvt) Ltd.	Fellow Subsidiary	187,857	-	187,857	-
LAUGFS International (Pvt) Ltd.	Fellow Subsidiary	572,915	-	-	-
LAUGFS Business Solutions (Pvt) Ltd.	Fellow Subsidiary	3,462,969	4,282,185	1,034,960	2,656,290
LAUGFS Wellness (Pvt) Ltd.	Fellow Subsidiary	53,977	49,918	-	-
LAUGFS Power PLC	Fellow Subsidiary	5,664,246	-	-	-
Anantaya Passekudah (Pvt) Ltd.	Fellow Subsidiary	-	153,100	-	153,100
		89,448,121	71,192,381	843,847,294	938,564,469

Trade payables are non-interest bearing and are normally settled on 30 - 90 days terms.

For explanations on the Group's credit risk management processes, refer to Note 30.

As at 31 March, the ageing analysis of trade payables, is as follows:

Group	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2020	846,325,248	618,401,440	142,797,197	5,957,942	79,168,669
2019	1,435,817,103	1,232,516,923	110,611,605	31,663,827	61,024,748

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2020	1,287,818,031	1,014,871,570	188,101,380	5,676,412	79,168,669
2019	1,277,956,698	1,074,656,518	110,611,605	31,663,827	61,024,748

NOTES TO THE FINANCIAL STATEMENTS

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 2020 as follows:

Group/ Company Contracted but not Provided for	2020 Rs.
Plant and Machinery	7,152,385
Dealer Boards & Gas Storage Hut at Dealer Points	4,298,711
	11,451,096

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		Included Under
		2020	2019	
Mabima Refilling and Distribution Plant	Negative Pledge	-	-	Property, Plant and Equipment
Assets Located in Mabima	Negative Pledge	952,384,725	1,238,094,725	Property, Plant and Equipment
Vessel	Negative Pledge	272,172,102	264,138,843	Property, Plant and Equipment
Land and Building	Primary Mortgage	202,753,819	238,871,589	Investment Property
Project Assets- Terminals	Primary Mortgage over Project assets	7,709,843,467	7,243,344,776	Property, Plant and Equipment
Land and building- Mongla	Pricing mortgage over land and building	222,914,998	281,854,385	Property, Plant and Equipment
Plant and machinery	Registered hypothecation (fixed charge) covering plant and machinery	981,914,930	851,431,972	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,180,000,000	1,200,000,000	Investment Property
Free Hold Land in Mabima	Negative Pledge	657,777,760	780,000,000	Property, Plant and Equipment
Company				
Assets Located in Mabima	Negative Pledge	952,384,725	1,238,094,725	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,180,000,000	1,200,000,000	Investment Property
Free Hold Land in Mabima	Negative Pledge	657,777,760	780,000,000	Property, Plant and Equipment

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 2020 and 31 March 2019, refer to Notes 18 and 25).

28.1 Transactions with the Related Parties

Group	Parent		Other Group Companies		Total	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Nature of Transactions						
Sale of Goods/Services	32,485,521	48,169,591	113,621,948	129,300,063	146,107,469	177,469,654
Settlement of Trade & Other Receivable	(3,929,131)	(27,098,796)	(227,467,458)	(139,112,246)	(231,396,590)	(166,211,042)
Purchase of Goods/Services	(887,183)	(84,648,238)	(164,487,695)	(224,294,804)	(165,374,878)	(308,943,042)
Settlement of Trade & Other Payable	790,950	89,294,173	141,594,583	193,586,722	142,385,533	282,880,895
Inter Company Rent	-	-	21,043,874	6,641,535	21,043,874	6,641,535
Fund Transfers Received	-	-	(20,827,642)	-	(20,827,642)	-
Fund Transfers Given	5,000,000	-	-	-	5,000,000	-
Intercompany Expenses To	-	1,132,897	-	476,512	-	1,609,409
Intercompany Expenses From	-	(252,308)	-	(141,971)	-	(394,279)
Adjustment due to transfer of employee in/Out company	-	5,006,656	(155,050)	-	(155,050)	5,006,656
Interest Income	19,782,620	-	134,749,924	-	154,532,544	-
Purchase of fixed assets/ construction work	-	-	(6,337,931)	930,500	(6,337,931)	930,500
Allocation of Expense	8,076,137	(1,934,568)	19,996,017	-	28,072,155	(1,934,568)
Others	(476,573)	(200,888)	2,204,995	28,400,428	1,728,422	28,199,540
Commission on Corporate Guarantee	(5,000,000)	-	-	-	(5,000,000)	-

28.1.1 Other Group Companies include following Companies;

Ananthaya Pasikudah (Pvt) Ltd.
Ananthaya Wadduwa (Pvt) Ltd.
LAUGFS Business Solutions (Pvt) Ltd.
LAUGFS Corporation (Rubber) Ltd.
LAUGFS Eco Sri Ltd.
LAUGFS Engineering (Pvt) Ltd.
LAUGFS International (Pvt) Ltd.
LAUGFS Leisure Ltd.
LAUGFS Life Sciences (Pvt) Ltd.
LAUGFS Lubricants Ltd.
LAUGFS Petroleum (Pvt) Ltd.
LAUGFS Power PLC
LAUGFS Restaurant (Pvt) Ltd.
LAUGFS Salt & Chemicals (Pvt) Ltd.
LAUGFS Solutions Ltd.
LAUGFS Supermarkets (Pvt) Ltd.
Lfinity (Pvt) Ltd.
Southern Petroleum (Pvt) Ltd.

NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTY DISCLOSURES (CONTD.)

28.2 Transactions with the Related Parties

Company	Parent		Subsidiaries	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Nature of Transactions				
As at 1 April	2,749,849	(5,998,004)	(1,594,263,387)	(276,018,774)
Sale of Goods/Services	-	-	3,609,574	20,894,897
Settlement of Trade & Other Receivables	(817,450)	-	(83,270,812)	(7,056,563)
Purchase of Goods/Services	-	(84,456,000)	(8,036,222,385)	(9,123,494,059)
Settlement of Trade & Other Payables	428,706	87,633,800	8,031,886,088	9,149,946,353
Investments Made by the Company	-	-	-	(2,369,999,990)
Other Settlements	-	(317,192)	-	-
Fund Transfers Received	-	-	(4,000,000)	(5,000,000)
Fund Transfers Given	5,000,000	-	-	1,009,615,800
Intercompany Expenses To	-	1,132,897	7,372,736	10,987,699
Intercompany Expenses From	(2,706,069)	(252,308)	(3,242,913)	(3,947,806)
Adjustment due to transfer of employee in/out company	-	5,006,656	-	-
Inter Company Rent	-	-	-	-
Balance Written Off	-	-	-	(20,440,365)
Commission On Corporate Guarantee	(5,000,000)	-	5,773,590	20,249,422
Purchase/Sales of Property & Other Assets	-	-	-	-
Interest Income on Intercompany Receivables	-	-	10,744,607	-
Others	-	-	(54,071,142)	-
As at 31 March	(344,964)	2,749,849	(1,715,684,042)	(1,594,263,387)

28.2.1 Subsidiaries include the following Companies;

LAUGFS Gas (Bangladesh) Ltd.

LAUGFS Maritime Services (Pvt) Ltd.

LAUGFS Property Developers (Pvt) Ltd.

LAUGFS Terminals Ltd.

SLOGAL Energy DMCC

28.2.2 Other Related Companies include the following Companies;

Anantaya Wadduwa (Pvt) Ltd.

Ananthaya Pasikudah (Pvt) Ltd

LAUGFS Business Solutions (Pvt) Ltd.

LAUGFS Corporation (Rubber) Ltd.

LAUGFS Eco Sri Ltd.

LAUGFS Engineering (Pvt) Ltd.

LAUGFS Leisure Ltd.

LAUGFS Life Sciences (Pvt) Ltd.

LAUGFS Petroleum (Pvt) Ltd.

LAUGFS Power PLC

LAUGFS Supermarket (Pvt) Ltd.

Lfinity (Pvt) Ltd.

Southern Petroleum (Pvt) Ltd

Other Related Companies		Total	
2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
1,148,666,018	1,154,184,172	(442,847,520)	872,167,394
26,409,100	40,182,101	30,018,675	61,076,998
(159,684,438)	(40,383,943)	(243,772,700)	(47,440,506)
(164,443,989)	(203,088,620)	(8,200,666,374)	(9,411,038,679)
144,755,924	189,790,461	8,177,070,718	9,427,370,614
-	-	-	(2,369,999,990)
-	-	-	(317,192)
-	-	(4,000,000)	(5,000,000)
-	-	5,000,000	1,009,615,800
1,421,291	476,512	8,794,027	12,597,107
(61,056)	(141,971)	(6,010,038)	(4,342,086)
-	-	-	5,006,656
21,043,874	6,641,535	21,043,874	6,641,535
-	75,271	-	(20,365,094)
-	-	773,590	20,249,422
-	930,500	-	930,500
134,749,924	-	145,494,532	-
2,203,871	-	(51,867,270)	-
1,155,060,520	1,148,666,018	(560,968,486)	(442,847,520)

28.3 The Company has provided corporate guarantees for its subsidiaries in the value of Rs.1,154,718,000/- for term loans and has gained a commission of Rs.5,773,590/- 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.

Compensation of Key Management Personnel Group	2020 Rs.	2019 Rs.
Short-term Employee Benefits (Cash Benefits)	221,031,239	176,846,837
Short-term Employee Benefits (Non-cash Benefits)	11,548,527	8,965,592
Total Compensation paid to Key Management Personnel	232,579,766	185,812,429

Compensation of Key Management Personnel Group	2020 Rs.	2019 Rs.
Short-term Employee Benefits (Cash Benefits)	107,498,666	96,496,051
Short-term Employee Benefits (Non-cash Benefits)	7,258,500	5,681,100
Total Compensation paid to Key Management Personnel	114,757,166	102,177,151

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

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.

Subsequent to the outbreak of the Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, being in an essential service, the Company's business is less impacted operationally. However, in order to maintain operations as usual during the lockdown situation where movements were restricted, extra efforts had to be incurred.

Accordingly, as at the date of the financial statements, there is no significant variance of Revenue for the financial year ended 31 March 2020 and had not an adverse effect on the financial statements as well.

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

30.1 Introduction

LAUGFS Gas PLC & its subsidiaries is exposed in particular to credit and liquidity risk, as well as to risks from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities, and forecasted transactions. 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.

LAUGFS overall risk management policy aims to limit these risks through operational and finance activities. The Board of Directors has overall responsibility for the establishment and oversight of LAUGFS risk management framework. Financial risk management is carried out by the Group Treasury Division. Group Treasury is responsible for implementing the strategies and actions, evaluates and hedges financial risks in close cooperation with LAUGFS Business 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. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and LAUGFS activities.

The Audit Committee is assisted in its oversight role by Internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

a) Credit Risk

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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 minimise credit risk toward its customers by having high level scrutiny prior to converting a cash customer to a credit customer by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including geographic location, industry, and existence of previous financial difficulties. Also the Group adheres to the policy of obtaining Bank Guarantees from distributors.

Trade Receivables Risk Exposure	Group		Company	
	2020 Rs.	2019 Rs.	2020 Rs.	2019 Rs.
Trade Receivables (LKR) other than Related Party Receivables	1,093,093,244	1,083,731,433	881,941,512	1,007,508,336
Guarantees Provided by Customers	(245,050,000)	(174,000,000)	(245,050,000)	(174,000,000)
Total maximum exposure to credit risk on trade receivables (LKR)	848,043,244	909,731,433	636,891,512	833,508,336

The maximum risk positions of financial assets which are generally subject to credit risk are equal to their carrying amounts. During the year Group was able to reduce its exposure by 7%, while the Company manages to reduce it by 24%, compared to 2019. The company revenue for the period increased by 5%, while the Group revenue increased by 9%.

Maximum Risk Position

Group As at 31 March In Rs.	2020						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,578,112,707	-	-	2,578,112,706	54%
Amount due from Related Parties	-	-	1,507,256,988	-	-	1,507,256,988	32%
Loan to Company Officers	-	-	212,148	-	-	212,148	0%
Deposits with Bank	-	-	-	-	289,192,100	289,192,100	6%
Cash In Hand and at Bank	-	-	-	-	390,992,707	390,992,707	8%
Total Credit Risk Exposure	-	-	4,085,581,843	-	680,184,807	4,765,766,650	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	88,329,690	-	-	-	88,329,690	98%
Financial Assets at Fair Value through Profit or Loss	-	-	-	1,670,330	-	1,670,330	2%
Total Equity Risk Exposure	-	88,329,690	-	1,670,330	-	90,000,020	100%
Total	-	88,329,690	4,085,581,843	1,670,330	680,184,807	4,855,766,670	

Company As at 31 March In Rs.	2020						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	1,380,534,731	-	-	1,380,534,731	50%
Amount due from Related Parties	-	-	1,270,880,372	-	-	1,270,880,372	46%
Loan to Company Officers	-	-	212,148	-	-	212,148	0%
Deposits with Bank	-	-	-	-	87,140,159	87,140,159	3%
Cash In Hand and at Bank	-	-	-	-	29,938,509	29,938,508	1%
Total Credit Risk Exposure	-	-	2,651,627,251	-	117,078,668	2,768,705,919	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	31,580,884,705	88,329,690	-	-	-	31,669,214,395	99%
Financial Assets at Fair Value through Profit or Loss	-	-	-	1,670,330	-	1,670,330	1%
Total Equity Risk Exposure	31,580,884,705	88,329,690	-	1,670,330	-	31,670,884,725	100%
Total	31,580,884,705	88,329,690	2,651,627,251	1,670,330	117,078,668	34,439,590,644	

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Group As at 31 March In LKR	2019						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	2,193,931,885	-	-	2,193,931,885	41%
Amount due from Related Parties	-	-	1,432,766,041	-	-	1,432,766,041	27%
Loan to Company Officers	-	-	690,470	-	-	690,470	1%
Deposits with Bank	-	-	-	-	1,163,827,295	1,163,827,295	21%
Cash In Hand and at Bank	-	-	-	-	513,159,453	513,159,453	10%
Total Credit Risk Exposure	-	-	3,627,388,396	-	1,676,986,748	5,304,375,144	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	103,264,532	-	-	-	103,264,532	97%
Financial Assets at Fair Value through Profit or Loss	-	-	-	3,307,670	-	3,307,670	3%
Total Equity Risk Exposure	-	103,264,532	-	3,307,670	-	106,572,202	100%
Total	-	103,264,532	3,627,388,396	3,307,670	1,676,986,748	5,410,947,346	

Company As at 31 March In LKR	2019						
	Investments in Subsidiaries	Other Non-Current Financial Assets	Trade and Other Receivables	Other Current Financial Assets	Cash and Short-Term Deposits	Total	% of Allocation
Trade and Other Receivables	-	-	1,827,826,365	-	-	1,827,826,365	51%
Amount due from Related Parties	-	-	1,337,029,645	-	-	1,337,029,645	38%
Loan to Company Officers	-	-	690,470	-	-	690,470	0%
Deposits with Bank	-	-	-	-	286,045,907	286,045,907	8%
Cash In Hand and at Bank	-	-	-	-	100,868,633	100,868,633	3%
Total Credit Risk Exposure	-	-	3,165,546,480	-	386,914,540	3,552,461,020	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	32,183,541,928	103,264,532	-	-	-	32,286,806,460	99%
Financial Assets at Fair Value through Profit or Loss	-	-	-	3,307,670	-	3,307,670	1%
Total Equity Risk Exposure	32,183,541,928	103,264,532	-	3,307,670	-	32,290,114,130	100%
Total	32,183,541,928	103,264,532	3,165,546,480	3,307,670	386,914,540	35,842,575,150	

Deposits with Bank

As at 31 March 2020, deposits were made with Banks respectively which were rated "A" or better.

As at 31 March Fitch Ratings	Group				Company			
	2020 Rs.	%	2019 Rs.	%	2020 Rs.	%	2019 Rs.	%
AAA	159,003,750	55%	111,301,098	10%	14,596,846	17%	68,147,976	24%
AA	82,664,391	29%	785,803,405	68%	46,751,503	54%	12,833,634	4%
AA-	14,640,616	5%	201,715,651	17%	14,640,616	17%	201,715,651	71%
A-	2,168	0%	2,126	0%	2,168	0%	2,126	0%
BBB	-	0%	3,346,519	0%	-	0%	811,173	0%
BBB-	11,149,027	4%	-	0%	11,149,027	13%	789,816	0%
B	21,732,148	8%	61,658,496	5%	-		1,745,531	1%
Total	289,192,100	100%	1,163,827,297	100%	87,140,159	100%	286,045,907	100%

b) Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity and the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due. Group's approach is to handling liquidity in 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 gathers information from the Group regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business.

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 related to Group level in order to facilities the funding requirements. Funding is not focused on single financial institution, thereby minimising the expose to liquidity risk through diversification of funding source.

The table below analyses the Group financial liabilities and derivative financial liabilities in relevant maturity Groupings, based on the remaining period at the balance sheet date to the contractual maturity date.

Maturity Analysis

The table below summarises the maturity profile of the Group long-term non-current financial liabilities and lease obligations as at 31 March 2020 based on contractual undiscounted payments. The major increase is long term borrowings were from LAUGFS Gas PLC mainly for investing in LAUGFS Terminal Project which commenced 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 As at 31 March 2020 In Rs.	Not later than 1 month	later than 1 month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	157,218,533	420,446,016	2,227,249,277	11,244,032,537	2,232,203,267	16,281,149,629
Leases Obligations	6,397,292	12,794,496	56,642,401	166,406,574	361,584,788	603,825,550
Total	163,615,825	433,240,512	2,283,891,678	11,410,439,111	2,593,788,055	16,884,975,179

As at 31 March 2019 In Rs.	Not later than 1 month	later than 1 month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	118,463,816	238,854,700	1,726,446,411	12,747,116,712	2,660,797,801	17,491,679,441
Total	118,463,816	238,854,700	1,726,446,411	12,747,116,712	2,660,797,801	17,491,679,441

NOTES TO THE FINANCIAL STATEMENTS

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Company As at 31 March 2020 In Rs.	Not later than 1 month	later than 1 month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	91,032,703	182,065,406	1,310,308,301	5,039,802,864	226,666,720	6,849,875,993
Leases Obligations	942,116	1,884,232	8,479,045	45,233,903	6,847,276	63,386,573
Total	91,974,819	183,949,638	1,318,787,346	5,085,036,767	233,513,996	6,913,262,566

As at 31 March 2019 In Rs.	Not later than 1 month	later than 1 month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Non-Current Financial Liabilities	70,477,143	140,954,286	1,190,326,526	6,581,335,240	226,666,721	8,209,759,915
Total	70,477,143	140,954,286	1,190,326,526	6,581,335,240	226,666,721	8,209,759,915

c) Market Risk

Market risk is the risk that changes in market prices will affect LAUGFS income or the value of its holdings of financial instruments. We are exposed to market risk from changes in currency exchange and interest rates and commodities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, we have has established a Group Treasury Policy of which the objective is to reduce the volatility relating to these exposures.

Market prices comprise four types of risk:

- Interest Rate Risk,
- Currency Risk,
- Commodity Price Risk
- Other Price Risk

Interest rate risk

Risk arises from movements in interest rates which could affect the Group financial result or the value of Group equity. The Group exposure to the risk of changes in market interest rates relating primarily to the Group long term debt obligations with floating interest rates. In addition, they may affect the market value of certain financial assets, liabilities and hedging instruments. The primary objective of the Group interest rate management is to protect the net interest result.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group profit before tax.

Increase/(Decrease) in Interest Rate Effect on Income Statement	2020 Rs .	2019 Rs .
Group		
+1%	297,681,358	255,965,958
-1%	(297,681,358)	(255,965,958)
+1%	158,555,160	156,781,565
-1%	(158,555,160)	(156,781,565)

Exchange Rate Risk

The Group operates across the Region and is exposed to movements in foreign currencies affecting the Group financial result and the value of Group equity. Foreign exchange risk arises because the amount of local currency paid or received for transactions denominated in foreign currencies may vary due to changes in exchange rates and because the foreign currency denominated financial statements of the Group foreign subsidiaries may vary upon consolidation into Group Financial Statements.

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 minimising the Group 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 profit before tax due to changes in exchange rates. The Group's exposure to Forex risk for all other currencies are not material.

Increase/(Decrease) in Interest Rate Effect on Income Statement USD/LKR	2020 Rs .	2019 Rs .
Group		
+1%	599,148	3,777,857
-1%	(599,148)	(3,777,857)
Company		
+1%	52,542	182,181
-1%	(52,542)	(182,181)

Equity Price Risk

The Group quoted and non-quoted investments are prone to market price risk arising from uncertainties about future values of the investment securities. The key objective of managing the equity price risk is to safeguard its ability to continue as a going concern and maximise the wealth of the shareholders and benefits for other stakeholders. The investments on non-quoted shares of subsidiary companies are made after required analysis of the respective company's financial position, performance and growth potentials. The Group Treasury Division measures the fair value of the quoted and non-quoted equity security investments regularly.

The Group manages the equity price risk through diversification and the management reviews and prior approval for all equity investment decisions.

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 more rational 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.

Capital Management

Company's capital includes ordinary shares. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interest by looking at the position in the life cycle of the respective business units.

The Board of Directors reviews the capital structure of the companies of the Group on periodic basis. The Group manages its capital structure and adjusts in light of the changes in ground realities.

The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt. The Group policy is to keep the gearing ratio, as an acceptable level in consideration of matters discussed above.

FIVE YEAR SUMMARY

For the year ended 31 March	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.
Summary of Operations					
Revenue	13,299,978,832	16,270,541,369	21,354,621,221	24,919,775,401	27,202,063,580
Gross Profit	3,663,442,651	2,801,785,747	2,144,567,547	3,293,326,036	2,822,858,051
Earnings Before Interest Tax, Depreciation and Amortisation	2,860,243,646	1,534,858,806	1,648,144,424	1,651,131,671	1,975,612,671
Depreciation and Amortisation	(709,796,794)	(739,699,488)	(1,323,431,215)	(964,461,070)	(1,369,963,698)
Profit Before Finance Cost	2,150,446,851	795,159,318	324,713,209	686,670,601	605,648,973
Profit/(Loss) Before Tax	1,708,884,010	(494,147,814)	(1,260,763,963)	(1,249,910,171)	(1,841,848,857)
Income Tax Expense	(372,081,611)	(128,612,866)	(76,435,225)	(47,963,968)	(151,479,865)
Profit/(Loss) for the Year	1,336,802,398	(622,760,680)	(1,040,935,975)	(1,297,874,139)	(1,690,368,992)
Profit/(Loss) after Tax for the Year from Discontinued Operations	-	(4,554,000)	296,263,212	-	-
Attributable To:					
Equity Holders	1,284,803,630	(638,026,448)	(1,040,935,975)	(1,333,329,825)	(1,719,845,798)
Non-Controlling Interests	51,998,768	10,711,768	-	35,455,686	29,476,806
	1,336,802,398	(627,314,680)	(1,040,935,975)	(1,297,874,139)	(1,690,368,992)

For the year ended 31 March	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.
Summary of Financial position					
Capital and Reserves					
Stated Capital	3,285,000,260	3,285,000,260	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVOCI	(318,968,277)	(316,055,741)	(303,253,074)	(337,972,038)	(353,244,862)
Revaluation Reserve	-	112,559,032	86,841,931	86,841,931	863,475,501
Foreign Currency Translation Reserve	48,438,638	186,807,178	123,987,459	661,542,928	1,162,067,867
Retained Earnings/(Losses)	5,395,273,403	4,788,995,434	670,056,623	(678,041,388)	(2,335,605,505)
	8,409,744,024	8,057,306,163	1,577,632,939	732,371,433	336,693,001
Non-Controlling Interests	1,195,843,601	-	386,183,727	421,652,762	451,458,703
Total Equity	9,605,587,625	8,057,306,162	1,963,816,666	1,154,024,195	788,151,704
Assets and Liabilities					
Current Assets	7,657,503,875	7,482,729,363	9,224,835,419	7,500,398,524	6,643,219,635
Current Liabilities	6,257,915,892	9,186,975,840	12,638,032,201	16,050,845,075	21,632,016,638
Net Current Assets	1,399,587,983	(1,704,246,477)	(3,413,196,781)	(8,550,446,546)	(14,988,797,002)
Property, Plant & Equipment, Investments Properties and Right of Use Assets	16,368,154,230	24,896,658,235	19,577,749,257	25,124,243,287	30,137,306,416
Other Non Current Assets	244,538,417	245,972,638	144,134,587	108,112,974	91,090,408
Intangible Assets	3,043,068,904	3,088,813,381	2,343,400,577	2,663,866,340	2,844,473,224
Non Current Liabilities	11,449,761,910	18,469,891,614	16,688,270,972	18,191,751,856	17,295,921,339
Net Assets	9,605,587,625	8,057,306,162	1,963,816,666	1,154,024,195	788,151,703

For the year ended 31 March	2016 Rs.	2017 Rs.	2018 Rs.	2019 Rs.	2020 Rs.
Summary of Cash Flows					
Net Operating Cash Flows	(107,913,459)	1,368,611,864	298,810,031	1,620,078,682	(1,159,481,094)
Net Cash Used in Investing Activities	(5,138,288,923)	(9,330,478,622)	(5,846,729,993)	(6,473,740,176)	(2,696,588,264)
Net Cash Used in/(from) Financing activities	7,864,420,196	5,989,766,961	6,402,816,987	3,500,867,797	2,148,777,215
Financial Ratio					
GP Margin	29%	17%	10%	13%	10%
EBITDA Margin	22%	9%	8%	7%	7%
NP Margin	10%	-4%	-5%	-5%	-6%
Earnings/(Loss) per Share (Rs.)	3.32	(1.65)	(2.69)	(3.45)	(4.44)
Current Ratio (Times)	1.17	0.81	0.73	0.47	0.31

REAL ESTATE PORTFOLIO

As at 31 March 2020 Owning company and location	Land in acres		Building in (Sq.Ft)		No. of Building in each location	Market Value Rs.'000
	Freehold	Leasehold	Free Hold	Leasehold		
Properties in Colombo						
LAUGFS Gas PLC						
No 112A, Kumarathunga Munidasa Mawatha, Colombo 03.	0.25	-	-	-	-	390,000
No 02, Havelock Place, Colombo 05.	0.22	-	7,713	-	1	356,500
LAUGFS Property Developers (Pvt) Limited.						
No 101, Maya Avenue, Colombo 06.	0.30	-	87,307	-	1	1,964,000
No. 69/2, Maya Avenue, Colombo 06	0.13	-	-	-	-	102,000
Properties Outside Colombo						
LAUGFS Gas PLC						
Biyagama Road, Mabima.	32	-	45,370	-	22	844,311
Biyagama Road, Mabima.	1.02	-	-	-	-	57,000
Matara Road, Galupiadda, Galle.	0.18	-	680	-	1	59,200
Katuwawala , Borelasgamuwa	-	-	9,813	0.40	1	3,026
LAUGFS Terminals Ltd.						
Hambantota International Port, Hambantota	-	10	-	14,600	7	1,142,000
LAUGFS Gas (Bangladesh) Ltd						
Mongla, Bangladesh (BDT.)	-	10.47	-	3,499	10	12,538

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 31/03/2020	As at 31/03/2019
Market price per share		
Highest during the year	Rs. 19.20 (28-11-2019)	Rs. 30.00 (02-04-2018)
Lowest during the year	Rs. 9.00 (20-03-2020)	Rs. 14.60 (24-08-2018)
As at end of the year	Rs. 9.10	Rs.16.80

	2019/2020	2018/2019
Number of Transactions during the year	5,256	4,935
Number of Shares traded during the year	10,352,033	5,300,639
Value of shares traded during the year (Rs.)	176,507,646.70	108,044,900.60

LGL X

	As at 31/03/2020	As at 31/03/2019
Market price per share		
Highest during the year	Rs. 15.20 (21-11-2019)	Rs. 25.00 (02-04-2018)
Lowest during the year	Rs. 6.10 (20-03-2020)	Rs. 11.50 (22-03-2019)
As at end of the year	Rs. 6.40	Rs. 13.10

	2019/2020	2018/2019
Number of Transactions during the year	5,681	5,300
Number of Shares traded during the year	10,896,855	3,694,524
Value of shares traded during the year (Rs.)	144,995,787.50	68,058,891.90

SHARE INFORMATION

PUBLIC HOLDING

1. The Public Holding Percentage as at 31stMarch 2020 being 25.23%
2. Total number of shareholders who hold the public Holdings as at 31st March 2020- 9,363
3. The Float adjusted market capitalisation as at 31st March 2020 –Rs. 769,035,567.30

The Float adjusted market capitalisation 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 2020

LGL N

From		To	No. of Holders	No. of Shares	%
1	-	1,000	7,584	2,699,160	0.81
1,001	-	10,000	1,489	4,782,250	1.43
10,001	-	100,000	267	7,597,178	2.27
100,001	-	1,000,000	22	5,218,839	1.55
		Over 1,000,000	7	314,702,659	93.94
			9,369	335,000,086	100.00

LGL X

From		To	No. of Holders	No. of Shares	%
1	-	1,000	5,636	1,937,121	3.73
1,001	-	10,000	1,369	4,349,257	8.36
10,001	-	100,000	264	8,095,784	15.56
100,001	-	1,000,000	36	8,670,438	16.67
		Over 1,000,000	6	28,947,400	55.68
			7,311	52,000,000	100.00

ANALYSIS OF SHAREHOLDERS AS AT 31ST MARCH 2020

LGL N

	No. of shareholders	No. of Shares	%
Local Individuals	9,122	17,888,210	5.34
Local Institutions	209	316,767,777	94.56
Foreign Individuals	36	241,699	0.07
Foreign Institutions	2	102,400	0.03
	9,369	335,000,086	100.00

LGL X

	No. of shareholders	No. of Shares	%
Local Individuals	7,115	17,164,980	33.00
Local Institutions	163	33,308,711	64.06
Foreign Individuals	29	768,705	1.48
Foreign Institutions	4	757,604	1.46
	7,311	52,000,000	100.00

RESIDENCY

LGL N

Category	No. of shareholders	No. of Shares	%
Resident	9,331	334,655,987	99.90
Non Resident	38	344,099	0.10
Total	9,369	335,000,086	100

LGL X

Category	No. of shareholders	No. of Shares	%
Resident	7,278	50,473,691	97.06
Non Resident	33	1,526,309	2.94
Total	7,311	52,000,000	100

DIRECTOR'S SHAREHOLDING AS AT 31ST MARCH 2020

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
Mr. S. P. P. Amaratunge	Nil	Nil
Mr. C. D. 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
Mr. S. P. P. Amaratunge	Nil	Nil
Mr. C. D. Ediriwickrama	Nil	Nil

CHIEF EXECUTIVE OFFICER'S SHAREHOLDING AS AT 31ST MARCH 2020

	No. of Shares	%
Mr. C. Ediriwickrama (appointed on 3rd April 2019)	Nil (LGL N)	Nil
	Nil (LGL X)	Nil

SHARE INFORMATION

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31st March 2020		31st March 2019	
		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	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD.	2,518,925	0.752	2,518,925	0.752
4	J.B. COCOSHELL (PVT) LTD	2,097,341	0.626	187,669	0.056
5	HATTON NATIONAL BANK PLC /CARLINES HOLDINGS (PVT) LTD.	1,719,110	0.513	-	-
6	MR. W. K. H. WEGAPITIYA	1,411,536	0.421	1,411,536	0.421
7	MR. U. K. T. N. DE SILVA	1,077,897	0.322	1,077,897	0.322
8	MR. G. Y. N. MAHINKANDA	902,024	0.269	854,947	0.255
9	SEYLAN BANK PLC / S. R. FERNANDO	810,441	0.242	699,601	0.209
10	MR. H. D. M. P. SIRIWARDENA	749,000	0.224	749,000	0.224
11	EMPLOYEES TRUST FUND BOARD	205,304	0.061	205,304	0.061
12	PEOPLE'S LEASING & FINANCE PLC / DON AND DON HOLDINGS (PRIVATE) LIMITED	193,045	0.058	-	-
13	ACUITY PARTNERS (PVT) LIMITED / MR. S C K SEMASINGHE	184,053	0.055	-	-
14	MERCHANT BANK OF SRI LANKA & FINANCE PLC 01	175,000	0.052	71,444	0.021
15	BANK OF CEYLON NO. 1 ACCOUNT	168,727	0.050	168,727	0.050
16	MR. S. GNANASEKARAN	167,403	0.050	167,403	0.050
17	MRS. C. N. G. NARAYANA	162,300	0.048	162,300	0.048
18	MR. W. V. JAGATH PUSHPA KUMARA	153,072	0.046	153,072	0.046
19	MR. A. RAGUPATHY	150,000	0.045	-	-
20	UNIMO ENTERPRISES LTD	143,049	0.043	143,049	0.043
		318,866,077	95.184	314,448,724	93.865
	OTHERS	16,134,009	4.816	20,551,362	6.135
	TOTAL	335,000,086	100.000	335,000,086	100.000

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31st March 2020		31st March 2019	
		No of Shares	(%)	No of Shares	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578	3,420,538	6.578
3	DEUTSCHE BANK AG AS TRUSTEE FOR J B VANTAGE VALUE EQUITY FUND	2,505,696	4.819	2,505,696	4.819
4	HATTON NATIONAL BANK PLC /CARLINES HOLDINGS (PVT) LTD.	2,270,391	4.366	2,213,517	4.257
5	AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD.	1,461,926	2.811	1,461,926	2.811
6	J.B. COCOSHELL (PVT) LTD	1,247,549	2.399	1,247,549	2.399
7	MR. A. M. WEERASINGHE	813,471	1.564	813,471	1.564
8	MR. S. SIVASHANTH	720,000	1.385	523,041	1.006
9	COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	597,256	1.149	793,906	1.527
10	MACKSONS HOLDINGS (PVT) LTD.	575,000	1.106	22,365	0.043
11	PEOPLE'S LEASING & FINANCE PLC / MR. D. M. P. DISANAYAKE	391,716	0.753	129,077	0.248
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	SEYLAN BANK PLC / S. R. FERNANDO	377,305	0.726	371,903	0.715
15	MRS. S. D. AMARASINGHE	372,400	0.716	372,400	0.716
16	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
17	MR. M. A. VALABHJI	280,000	0.538	280,000	0.538
18	MR. R. R. H. PERERA	269,750	0.519	-	-
19	PERSHING LLC S/A AVERBACH GRAUSON & CO.	207,604	0.399	307,604	0.592
20	MR. S. G. H. I. JAFFERJEE	153,236	0.295	153,236	0.295
		34,781,938	66.888	33,734,329	64.874
	OTHERS	17,218,062	33.112	18,265,671	35.126
	TOTAL	52,000,000	100.000	52,000,000	100.000

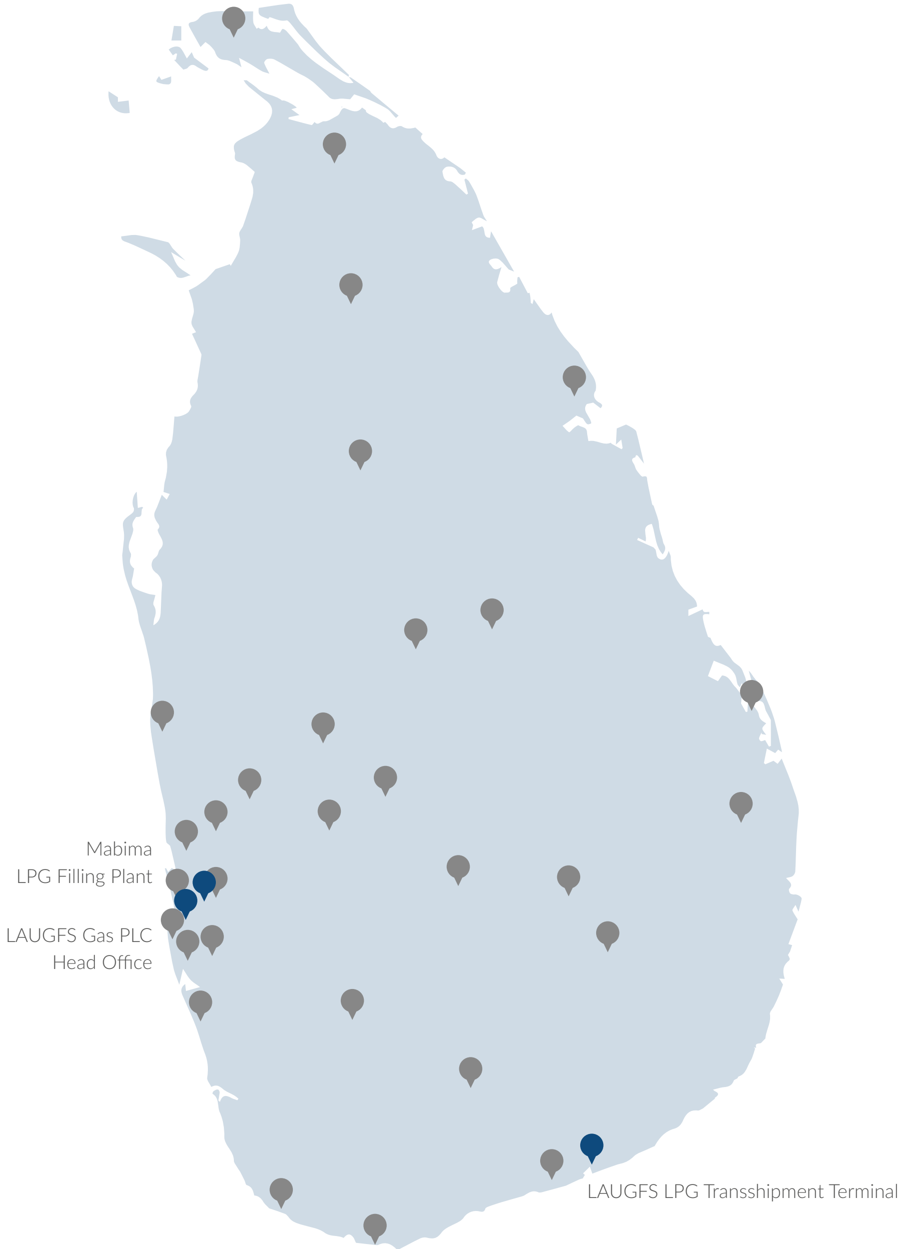
VALUE ADDED STATEMENT

For the Year ended 31 March	2020		2019	
	Rs. '000	%	Rs. '000	%
Revenue	27,202,064		24,919,775	
Other Income	1,124,983		726,520	
	28,327,047		25,646,296	
Cost of Material & Services Provided	(24,847,915)		(22,572,042)	
Value addition	3,479,132	100	3,074,254	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	1,503,519	43	1,423,122	46
To Providers of Funds				
Dividend Paid	-	-	-	-
Interest Cost	2,447,498	70	1,936,581	63
To Government				
As Taxes & Levies	(151,480)	(4)	47,964	2
	3,799,537	109	3,407,667	111
To Expansion & Growth				
Depreciation and Amortisation	1,369,964	39	964,461	31
Profit After Dividend	(1,690,369)	(49)	(1,297,874)	(42)
	(320,405)	(9)	(333,413)	(11)
	3,479,132	100	3,074,254	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

Taking into consideration the current regulations/restrictions prevailing in the country due to the COVID-19 pandemic, the Board of Directors of LAUGFS Gas PLC has decided to hold the 10th Annual General Meeting (AGM) as a Virtual Meeting on 29th October 2020 at 01.00pm, in line with the guidelines issued by the Colombo Stock Exchange (CSE) for hosting of virtual AGMs.

Hence, Notice is hereby given that the 10th Annual General Meeting of the Company will be held by way of electronic means on 29th October 2020 at 01.00pm, centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March, 2020 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 elect Mr. H. A. Ariyaratne who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.
4. To elect Mr. A. R. D. Perera who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.
5. To elect Mr. P. Kudabalage who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.
6. To authorise the Directors to determine and make donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.
7. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.

By Order of the Board
LAUGFS GAS PLC

Corporate Advisory Services (Pvt) Ltd
Company Secretaries

5th October 2020

Notes:

- Below mentioned documents can be now downloaded via the corporate website https://www.laugfs.lk/agm/lg/lg_notice_of_meeting.pdf and the CSE website visit **https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LGL.X0000** and click on the announcements tab.
  a. Notice of Meeting
  b. Circular to shareholders
  c. Form of Proxy
  d. Guideline and Registration Process to join the AGM virtually
  e. Registration Form for the AGM
  f. Request Form for the printed copy of the Annual Report
- A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above
- Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
- A proxy need not be a shareholder of the Company.
- For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

FORM OF PROXY - VOTING

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. H. A. Ariyaratne	of Colombo or failing him
Mr. N. M. Prakash	of Colombo or failing him
Mr. T. K. Bandaranayake	of Colombo or failing him
Mr. A. R. D. Perera	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. C. Ediriwickrama	of Colombo

as *my/our proxy to represent me/us to speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29th October 2020 at 01.00pm and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. 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		
2. To elect Mr. H. A. Ariyaratne who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.		
3. To elect Mr. A. R. D. Perera who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.		
4. To authorise the Directors to determine and make donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.		
5. To elect Mr. P. Kudabalage who retires, in terms of Article 88 of the Articles of Association, as a Director of the Company.		
6. To authorise the Directors to determine and make donations for the year ending 31st March 2021 and up to the date of the next Annual General Meeting.		
7. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		

Signed this .... day of .... Two Thousand and Twenty.

....

Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

FORM OF PROXY - VOTING

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.
2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).
3. For voting share, please indicate with a 'X' how the Proxy should vote on each resolution. If no indication is given, the Proxy in his/her discretion will vote as he/she thinks fit.
4. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

FORM OF PROXY - NON-VOTING

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. H. A. Ariyaratne	of Colombo or failing him
Mr. N. M. Prakash	of Colombo or failing him
Mr. T. K. Bandaranayake	of Colombo or failing him
Mr. A. R. D. Perera	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. C. Ediriwickrama	of Colombo

as *my/our proxy to represent me/us to speak for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 29th October 2020 at 01.00pm and any adjournment thereof.

Signed this .... day of .... Two Thousand and Twenty.

....

Signature

1) *Please delete the inappropriate words.

2) Instructions as to completion are noted on the reverse thereof.

FORM OF PROXY - NON-VOTING

INSTRUCTIONS AS TO COMPLETION

1. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The Proxy shall –

   (a) In the case of an individual be signed by the shareholder or by his/her attorney, and if signed by an Attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

CORPORATE INFORMATION

NAME OF THE COMPANY

LAUGFS Gas PLC (A Subsidiary of LAUGFS Holdings Limited)

COMPANY REGISTRATION NO

PV - 8330 PB/PQ

LEGAL FORM

A Limited Liability Company listed in the Colombo Stock Exchange.

SUBSIDIARIES

LAUGFS Gas (Bangladesh) Ltd.- Bangladesh
LAUGFS Maritime Services (Pvt) Ltd.
LAUGFS Property Developers (Pvt) Ltd.
LAUGFS Terminals Ltd.
SLOGAL Energy DMCC - Dubai

PRINCIPAL ACTIVITIES & NATURE OF OPERATIONS

LAUGFS Gas PLC - Downstream Business of Liquefied Petroleum Gas & other related Products & Services.

LAUGFS 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 transhipment 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
(Group Chairman)
Mr. U. K. Thilak De Silva
(Group Deputy Chairman)
Mr. P. Kudabalage
(Group Managing Director / GCEO)
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
National Development Bank PLC
Nations Trust Bank

AUDITORS

Ernst & Young (Chartered Accountants)
201, De Saram Place,
Colombo 10, Sri Lanka.

SECRETARIES

Corporate Advisory Services (Pvt) Ltd
47, Alexandra Place,
Colombo 07,
Sri Lanka.

REGISTRARS

PW Corporate Secretarial (Pvt) Ltd
3/17, Kinsey Road,
Colombo 08,
Sri Lanka

REGISTERED OFFICE:

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 25 83 824

CORPORATE WEBSITE

www.laugfsgas.lk

Designed by
emagewise

LAUGFS Gas PLC

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 25 83 824