THE PRIDE OF OUR NATION

INSPIRING EXPANDING AND EXPLORING EVOLVING WINNING

Annual Report
2023/24

LAUGFS GAS

Rs. 6.5 Bn
Value Generated

7,000+
Channel Partners

1,000+
Direct and Indirect Employees

Rs. 9.7 Mn
in Community Development

Rs. 1.5 Mn
Investment in Employee Development

INSPIRING EXPLORING
EXPANDING EVOLVING
AND WINNING

LAUGFS Gas PLC as a leading provider of LPG solutions in Sri Lanka has provided our nation's consumers with access to affordable LPG solutions for more than 20 years since its commencement in 2001. LAUGFS Gas has won the trust of its consumers from the domestic, commercial and industrial sectors, for quality, safety and reliability.


LAUGFS

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THE PRIDE OF OUR NATION

Our journey began over 20 years ago with a collective commitment to serve the energy needs of our nation, and today, our pride has not only grown but has become a formidable force, deeply rooted in the fabric of our nation. Our sustainable business model is trusted by thousands of stakeholders who count on us to deliver a range of domestic, industrial and commercial solutions that serve them in their everyday life.

This annual report delves into the core of our strength, examining how our processes and strategies have coalesced to create a resilient entity in the face of multiple challenges. This year, we also focused on expanding, both in terms of infrastructure and volume, committing ourselves to the prosperity of our nation. As we navigate the future, we remain committed to fortifying this strength, ensuring that our Pride continues to be a beacon guiding us toward even greater heights.

At LAUGFS, we are the Pride of this nation.

Our Vision, Mission and Values

Vision

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

Mission

- Be the leader in the market segments we operate in.
- Introduce latest innovations, technology and solutions to add value to the consumer.
- Promote a 'safety' culture, encompassing People, Products and Processes.
- Ensure fair returns to all our stakeholders.
- Lead by example as an exemplary Sri Lankan entity.

Values

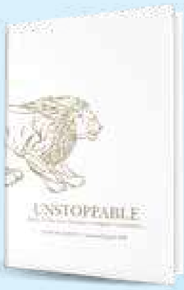
- Customer centricity
- Integrity
- Being a responsible corporate citizen
- Innovativeness
- Teamwork

About the Report

Unveiling the Start of the Next Decade of Reporting Excellence

Since embarking on its integrated reporting journey in 2014, LAUGFS Gas PLC has consistently published its annual reports in the integrated reporting format. The current report, which marks the 11th edition of this series, underscores the Group's unwavering dedication to enhancing the quality and accessibility of its information.

This latest report sets a new standard in the LAUGFS Gas Group's reporting journey, by seamlessly integrating financial data, sustainability initiatives, and governance practices, to offer stakeholders a comprehensive understanding of the Group's operations and its commitment to sustainable growth. In this way, the 11th integrated report of LAUGFS Gas PLC raises the bar for reporting excellence, serving as a testament to the Group's unwavering dedication to transparency, innovation, and responsible business practices.



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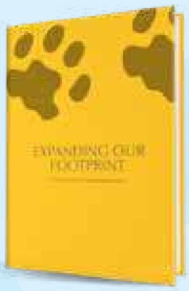

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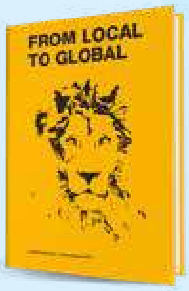

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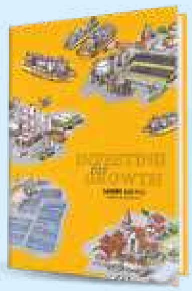

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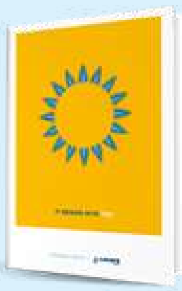
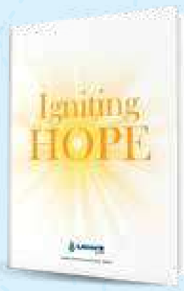


Annual Report 2019/20



Annual Report 2020/21

Annual Report 2021/22

Annual Report 2022/23

Scan this QR Code with your smart device to view all previous Annual Reports including the most recent report for FY 2023/24.

About the Report

Reporting Boundary for FY 2023/24 Integrated Report

Strategic Focus and Future Orientation

Stakeholders Responsiveness

Connectivity of Innovation

Financial and Statutory Reporting Boundary

01st April 2023 to 31st March 2024

LAUGFS GAS PLC

Specialises in import, storage, marketing, distribution and sale of Liquefied Petroleum Gas (LPG) in Sri Lanka and providing related consultancy services.

LAUGFS MARITIME SERVICES (PVT) LTD

Operates its own fleet of LPG vessels: Gas Challenger, Gas Success and Gas Courage which provides ocean transportation services and vessel chartering services to meet Group and external stakeholder requirements.

LAUGFS TERMINALS LTD

Owns and operates South Asia's largest LPG Transshipment Terminal with a 30,000 MT storage facility at Hambantota International Port.

SLOGAL ENERGY DMCC

Based in Dubai, specialises in the procurement and trading of LPG.

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.

Business Model

01 Governance

02 Organisational Overview and External Environment

03 Opportunities and Threats

04 Performance

05 Future Outlook

06 Strategy and Resource Allocation

Materiality and Consciousness

Reliability and Completeness

Consistency and Comparability

REPORTING FRAMEWORKS

Integrated Reporting	International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework
Financial Reporting	– Companies Act No. 07 of 2007 – Listing Rules of the Colombo Stock Exchange – Sri Lanka Accounting & Auditing Standards Act No.15 of 2015
Risk and Governance Reporting	– Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka – Corporate Governance Rules issued by the Colombo Stock Exchange for listed entities
Sustainability Reporting	– Global Reporting Initiative (GRI) Standards - "With Reference" – Sustainable Development Goals (SDG's) – Guidance for communicating sustainability issued by the Colombo Stock Exchange (CSE)

There has been no change in the scope and boundary of the current report, relative to the previous report, nor have there been significant changes in the size or ownership of LAUGFS Gas Group during the current reporting period, other than through organic growth of operations.

TARGET AUDIENCE

This report is structured to meet the diverse information needs of LAUGFS Gas PLC's internal and external stakeholders, encompassing employees, customers, suppliers, business partners, regulators, communities, and prospective long-term investors. By addressing the specific interests and concerns of these stakeholders, the report aims to foster transparency, strengthen relationships, and drive future growth.

Report Navigation Guide

Stakeholders

- Customers
- Employees
- Suppliers
- Channel Partners
- Communities
- Shareholders
- Government

Capitals

- Financial Capital (FC)
- Manufactured Capital (MC)
- Human Capital (HC)
- Intellectual Capital (IC)
- Social and Relationship Capital (SC)
- Natural Capital (NC)

Strategic Priorities

- Profitable Growth
- Financial Stability
- Operational Efficiency
- Sustainable Growth
- Right Approach

About the Report

MATERIALITY

The principle of materiality has been used in shaping the content of this report. By rigorously assessing and prioritising issues that significantly impact LAUGFS Gas PLC's ability to create and deliver stakeholder value over the short, medium, and long term, the report ensures that all critical information is included. Consequently, the report presents a balanced and relevant overview of the Group's financial and non-financial performance for the reporting period.

DEMONSTRATING THE COMMITMENT TO INTEGRATED THINKING

Integrated thinking resonates through LAUGFS Gas Group's annual integrated report. This holistic approach involves considering the interconnections and interdependencies between various operational, financial, and strategic aspects of the business underscoring efforts to provide a comprehensive view of value creation. This includes aligning the Group's strategic objectives with stakeholder interests, sustainability goals, and risk management practices. The result is a cohesive and insightful report that not only highlights past performance but also outlines a clear pathway for future growth and resilience.

SOURCES OF INFORMATION

All information used for the preparation of this report has been obtained through interviews with senior management from respective business units. Appropriate references have been made to external research reports and other third party sources as relevant.

ASSURANCE

Assurance regarding this report is achieved through a combination of internal and external validation processes, underscoring the LAUGFS Group's commitment to produce and publish a reliable and comprehensive integrated report. Internally, the content has undergone careful scrutiny and approval by the respective business heads, ensuring accuracy and alignment with the Group's strategic objectives. This preliminary approval is followed by a thorough review conducted by the Board Audit Committee, where the report is subject to rigorous examination before it is submitted to the Board of Directors for final approval.

Furthermore, the Group's Financial Statements have been independently reviewed by our External Auditors, Messrs. Ernst & Young. You can find their report on page 147 of this annual report. Additionally, sustainability information has also been assured by Ernst & Young.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements that reflect LAUGFS Gas PLC's current expectations regarding future events and business performance. These statements, which are based on available information and the Group's strategic plans, involve inherent risks and uncertainties. Actual results may differ materially from those anticipated in these forward looking statements due to various factors, including economic conditions, regulatory changes, market dynamics, and other unforeseen events. Readers are therefore cautioned not to place undue reliance on these statements, as they are not guarantees of future performance.

Disclaimer: LAUGFS Gas PLC undertakes no obligation to update any forward looking statements, except as required by law, to reflect changes in circumstances or the occurrence of unanticipated events.

There are no restatements to any previous annual reports.

BOARD RESPONSIBILITY

The Board of Directors of LAUGFS Gas PLC hereby acknowledges full accountability for the integrity of this Integrated Report. After thorough collective scrutiny of both the reporting process and the contents of the Integrated Annual Report for FY 2023/24, the Board affirms its confidence in its compliance with all pertinent regulatory standards and reporting excellence benchmarks.

Quick Reference Guide

FEEDBACK

In its endeavour to continuously improve its reporting processes, LAUGFS Gas PLC welcomes feedback on the effectiveness of this report.

Any feedback and queries should be directed to:

Chief Legal Officer
LAUGFS Gas PLC
101, Maya Avenue
Colombo 06.
Contact No. 011 556 6287

Our Strategic Timeline

1994

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

1998

Obtained World LPG Association Membership.

2000

Incorporated LAUGFS Gas (Pvt) Ltd.

Obtained BOI approval and signed BOI agreement for LAUGFS Gas.

2001

Entered the LPG domestic industry.

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

2002

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

2007

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

2010

Listed in the Colombo Stock Exchange.

2014

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

2015

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

LAUGFS became the first Sri Lankan energy brand to become a multinational with the acquisition of Petredec Elpiji Ltd., and established LAUGFS Gas (Bangladesh) Ltd. (Divested w.e.f. November 2022)

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. (Divested w.e.f. November 2022)

Installed a cylinder re-qualification plant in Bangladesh. (Divested w.e.f. November 2022)

2019

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

2020

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

Financial Highlights

Year ended 31 March 2024	Group 2024 Rs. '000	Group 2023 Rs. '000	Group Change	Company 2024 Rs. '000	Company 2023 Rs. '000	Company Change
Summary of Operations						
Revenue	31,199,517	22,526,750	38%	22,475,780	18,533,538	21%
Gross Profit	4,505,814	6,429,555	-30%	4,078,850	5,189,829	-21%
Profit from Operations	3,216,386	4,789,263	-33%	3,153,180	4,097,482	-23%
Other Operating Income	110,092	273,217	-60%	106,775	271,457	-61%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	5,096,158	6,759,486	-25%	4,118,967	5,085,290	-19%
Finance Cost	(4,005,583)	(5,719,297)	-30%	(2,533,107)	(4,055,704)	-38%
Profit/(Loss) Before Tax	(777,129)	(884,100)	-12%	622,363	54,388	1044%
Income Tax Expense	(181,629)	(316,615)	-43%	(158,728)	(169,492)	-6%
Profit/(Loss) for the Year from Continuing Operations	(958,759)	(1,200,715)	20%	463,634	(115,104)	-503%
Profit after Tax for the Year from Discontinued Operations	-	3,439,245	-100%	-	-	-
Profit/(Loss) for the Year	(958,759)	2,238,530	-143%	463,634	(115,104)	503%
Total Comprehensive Income/(Loss) for the Year Net of Tax	(911,689)	(1,734,067)	-47%	(571,212)	(5,071,688)	-89%
Summary of Financial Position						
Property, Plant and Equipment	31,427,641	34,576,116	-9%	12,087,961	13,000,339	-7%
Right of Use Assets	1,155,723	1,365,082	-15%	24,211	40,768	-41%
Investment Properties	3,905,607	3,725,507	5%	1,294,000	1,167,200	11%
Investments in Subsidiaries	-	-	-	24,804,529	26,367,558	-6%
Other Non-Current Financial Assets	18,838	19,181	-2%	18,838	19,181	-2%
Current Assets	8,389,591	6,003,268	40%	2,572,215	4,102,406	-37%
Total Assets	44,907,458	45,703,676	-2%	40,801,808	44,697,527	-9%
Non-Current Liabilities	18,523,857	19,385,849	-4%	9,388,053	8,550,532	10%
Current Liabilities	22,840,264	21,862,801	4%	11,435,644	15,597,671	-27%
Total Liabilities	41,364,122	41,248,651	0%	20,823,697	24,148,204	-14%
Shareholders' Interest						
Stated Capital	1,000,000	1,000,000	0%	1,000,000	1,000,000	0%
Fair Value Reserve of Financial Assets at FVTOCI	(21,475)	(21,132)	-2%	15,814,985	16,837,202	-6%
Revaluation Reserve	4,955,079	5,608,275	-12%	4,210,225	4,596,803	-8%
Foreign Currency Translation Reserve	526,581	462,171	14%	-	-	-
Accumulated Losses	(3,524,141)	(3,184,740)	-11%	(1,047,099)	(1,884,682)	44%
Equity Attributable to Equity Holders of the Parent	2,936,044	3,864,575	-24%	19,978,111	20,549,323	-3%
Return on Equity (%)	-33%	57%	158%	2%	-1%	-514%
Net Asset Value per Share (Rs.)	7.59	9.99	-24%	51.62	53.10	-3%
Leverage						
Interest Cover (Times)	0.81	0.85	5%	1.25	1.01	-23%
Financial Ratio						
Gross Profit Margin	14%	29%	49%	18%	28%	35%
EBITDA Margin	16%	30%	46%	18%	27%	33%
Net Profit Margin	-3%	10%	131%	2%	-1%	-432%
Earnings/(Loss) per Share (Rs.)	(2.52)	5.74	144%	1.20	(0.30)	503%
Dividend Payout (%)	-	-	-	-	-	-
Assets Turnover (Times)	0.69	0.49	41%	0.55	0.41	33%
Equity to Assets (Times)	0.08	0.10	-19%	0.49	0.46	7%
Current Ratio (Times)	0.37	0.27	34%	0.22	0.26	-14%
Quick Ratio (Times)	0.26	0.17	53%	0.17	0.13	30%

Non-Financial Highlights

	Key Indicators	Unit	2023/24	2022/23
Human Capital	Number of employees	Nos.	200	227
	Female participation	Nos.	20	23
	New recruits	Nos.	62	42
	Number of training hours	Nos.	4,070	3,490
Manufactured Capital	Value of PPE	Rs.	31,427,640,624	34,576,115,891
	Capital expenditure	Rs.	300,719,144	30,288,838
	Storage capacity	MT	33,150	33,150
	Depreciation and amortisation	Rs.	1,867,703,758	2,354,764,558
Intellectual Capital	– Lloyods Registry Certification – ISO 45001:2018 Occupational Health and Safety Management Systems Certification from Sri Lanka Standards Institute – ISO 9001:2015 Quality Management Systems Certification from Sri Lanka Standards Institute			
Social and Relationship capital	Channel partners	Nos.	7,000+	7,000+
	Distributors	Nos.	30	30
	% of products complying with safety standards	%	100	100
	CSR	Rs.	9,702,241	2,605,046
Natural Capital	Raw materials consumed	MT	58,411	75,857
	Energy consumption	MJ	258,108,774	433,514,389
	Water consumption	M3	11,522	2,070

Group Chairman's Message

Deshabandu W.K.H. Wegapitiya, PhD
Group Chairman

LPG stands out as a viable alternative to more carbon-intensive fuels such as coal and oil, offering lower emissions and greater efficiency across various applications, from residential heating used to industrial processes. As countries worldwide strive to meet their climate targets and reduce their carbon footprint, the demand for LPG is expected to rise, particularly in regions where access to cleaner energy alternatives is limited.

Dear Shareholders,

As I present to you the LAUGFS Gas PLC Group Annual Report and financial statements for the year ending 31st March 2024, I would like to touch upon the role of LPG and draw your attention to the key trends influencing the performance and prospects of the global LPG industry in the coming years.

CURRENT GLOBAL LPG MARKET

LPG has become one of the most widely used sources of energy worldwide in recent years, with both demand and supply growing steadily over the past 4-5 years. The most recently published data by the World LPG Association (WLPGA) indicates that LPG production surged by nearly 12 million metric tonnes (MT) in 2022 to reach 344 million MT, primarily driven by the appetite for natural gas liquids from shale fields in the United States. Higher production in the Middle East Gulf region is also helping to bolster global LPG supply. Meanwhile, heightened demand underscores the versatility of LPG as a source of energy across a diverse range of sectors.

Presently, the US remains the largest producer of LPG, contributing nearly 30% to global supply, while China claims the top spot in LPG demand, accounting for more than 20% of the annual global LPG consumption.

LPG AS A KEY ENABLER OF THE SUSTAINABLE ENERGY TRANSITION

We are currently living in a world surrounded by pressing concerns about climate change, signalling an urgent need to shift towards more environmentally friendly energy sources. Amidst this backdrop, LPG presents a very viable option to accelerate the clean energy transition. The adaptability and scalability of LPG presents compelling evidence of its capacity to support reductions in Greenhouse Gas (GHG) emissions, enhance air quality and contribute systematically towards the achievement of the global net zero ambitions.

For instance, using LPG in place of conventional biomass and coal presents a strong case for improved air quality, thereby contributing to a substantial reduction in respiratory illness which have been on the rise globally in recent years.

Similarly, LPG while not only being more cost effective, but also emits significantly less sulphur oxides, nitrogen oxides, and particulate matter compared to traditional fossil fuels, and is proving to be a viable source of alternative energy enabling global industries such as road transport, power generation, industrial processes, agriculture, and maritime transport to reduce their carbon emissions as well as to generate substantial fuel cost savings.

LPG can also play a leading role in electricity generation, serving as a transitional fuel in regions designated as energy stressed. Therefore by investing in LPG-powered generators, nations tackle challenges related to electricity supply, fortify energy resilience, all while curbing GHG emissions and augmenting overall air quality standards.

There is also immense pressure to leverage LPG's eco-friendly combustion characteristics and its role as a dependable backup energy to develop hybrid systems that could bolster the operational efficacy of clean energy alternatives like solar and wind power. This synergy, which has the potential to significantly improve the reliability and scalability of clean energy alternatives, thereby creating a stronger appetite for the adoption of sustainable energy, in turn expediting the global transition towards renewables.

The development of Renewable Liquid Gas which involves deriving liquid gas from renewable feedstocks such as biomass, bio-waste, or advanced sustainable processes, also presents a strong opportunity not only to address climate change concerns, but to foster the development of a circular economy, minimise waste and promote resource efficiency for a more resilient future.

LOOKING AHEAD

The future of the global LPG market will likely be shaped by a confluence of factors, including evolving energy dynamics, technological advancements, environmental imperatives, and shifting consumer preferences. In this context, LPG is positioned to play a pivotal role in the global energy mix due to its versatility, cleanliness, and relative abundance.

LPG stands out as a viable alternative to more carbon-intensive fuels such as coal and oil, offering lower emissions and greater efficiency across various applications, from residential heating used to industrial processes. As countries worldwide strive to meet their climate targets and reduce their carbon footprint, the demand for LPG is expected to rise, particularly in regions where access to cleaner energy alternatives is limited.

Moreover, technological innovations are poised to further accelerate the growth of the LPG market. Advancements in extraction techniques, storage solutions, and distribution infrastructure are enhancing the efficiency and reliability of LPG production and delivery. Additionally, the integration of digital technologies, such as smart meters and IT-enabled monitoring systems, is enabling more precise management of LPG resources, optimising consumption patterns, and reducing waste.

Another significant trend shaping the future of the global LPG market is the increasing adoption of hybrid energy systems. By combining LPG with renewable energy sources like solar and wind power, hybrid systems offer a compelling solution for achieving energy security, reliability, and sustainability. These integrated approaches will not only enhance the penetration of renewable energy but also leverage the clean-burning properties of LPG to provide backup power during periods of low renewable generation or high demand.

Furthermore, increased urbanisation and industrialisation across emerging economies is expected to amplify the demand for LPG for both residential and industrial purposes. Additionally, the growing popularity of LPG as an automotive fuel, particularly in regions with stringent emissions regulations, is also expected to contribute to the expansion of the global LPG market in the coming years.

Simply put, there appears to be numerous opportunities for the LPG market to grow and thrive in the years ahead and in doing so deliver impactful benefits to support a more sustainable future in the years ahead.

In the light of the global developments observed of LPG, the domestic market too is expected to leapfrog in the years ahead despite the setbacks had on the industry during the time of recent economic and financial crisis in the country. Already local industry has made remarkable progress, post crisis, with surge in demand, improving consumer confidence and restoration of stability of global LPG value chain.

Finally, I would like to place on record my profound appreciation to all stakeholders for their unwavering support and assistance extended and wish to thank all employees of the organisation, my colleagues at the Board of Directors for their unstinted locality demonstrated and for the extraordinary commitments made during the year.

Deshabandu W.K.H. Wegapitiya, PhD

Group Chairman

12th June 2024

Group Deputy Chairman's Message

U.K. Thilak De Silva

Group Deputy Chairman

Through strategic investments in distribution networks, technological advancements, and stringent safety standards, we have not only ensured reliable access to LPG across urban and rural areas but also elevated industry benchmarks for quality and service.

Dear Shareholders,

I would like to begin my message with a brief recap of Sri Lanka's LPG market, which in recent years has been experiencing steady growth and evolution, fuelled by a combination of economic development, urbanisation, and increasing awareness of the benefits of LPG as a clean and efficient energy source.

The steady expansion in demand from both residential and commercial sectors has seen the local LPG market benefiting from exponential growth over the past two decades. The worldwide initiatives to promote LPG as a viable alternative to traditional fuels have also helped to further stimulate market expansion.

Amidst this backdrop, our goal at LAUGFS has always been to build a distinct brand - one that stands out for excellence, quality and reliability.

BUILDING A DISTINCT BRAND

It is with a deep sense of pride that I reflect on the LAUGFS Gas brand journey. Since the inception in 2001, we have remained committed to ensure that our LPG brand is synonymous with excellence, quality and reliability, all approaches that have allowed us to earn the trust of consumers around Sri Lanka and propelled us to the forefront of the local LPG industry.

It is equally rewarding to note that our efforts to spearhead innovation, infrastructure development, and market expansion, have helped to propagate the adoption of LPG as a clean and efficient fuel for domestic cooking as well as a robust, yet safe source of energy for countless industries.

Through strategic investments in distribution networks, technological advancements, and stringent safety standards, we have not only ensured reliable access to LPG across urban and rural areas but also elevated industry benchmarks for quality and service. Moreover, despite challenges such as global price volatility and logistical hurdles, our strategic planning and adaptive measures have enabled us to maintain a reliable supply of LPG around the Country.

Today the LAUGFS brand legacy stands as a testament to our role in fundamentally reshaping the energy landscape of the nation.

OUR COMPETITIVE POSITIONING

The fact that LAUGFS Gas is the only vertically integrated LPG supplier in Sri Lanka, in itself places us ahead of the curve with our comprehensive midstream and downstream integration offering unparalleled competitive advantage amidst the dynamic energy industry landscape in which we operate.

Our strengths across midstream and downstream domains empowers us to wield control over every facet of the supply chain journey, commencing from production and storage and culminating in distribution and marketing endeavours.

This approach has allowed us to foster a seamless coordination across all operational spheres, affording us the ability to finetune our processes, drive operational efficiencies, and curtail costs while safeguarding the unwavering reliability of our operations.

By assuming ownership and stewardship of key infrastructure components such storage facilities, terminals, and an extensive distribution network, LAUGFS Gas not only asserts greater control over quality assurance but also proactively manages the intricacies of our supply chain, to prevent disruptions linked with third-party dependencies.

Furthermore, our integrated approach imbues us with the agility to swiftly pivot in response to market oscillations and evolving consumer preferences, ensuring our capacity to deliver products and services with unparalleled timeliness and precision. In essence, the holistic integration of our midstream and downstream operations not only serves to bolster our operational prowess but also provides an unparalleled competitive edge in the dynamic and ever-evolving market.

WAY FORWARD

Looking forward, our mission remains steadfast: to deliver sustainable solutions that not only benefit our customers but also contribute to the advancement of the nation as a whole. At the heart of our endeavours is the drive to propel the LPG market forward, underpinned by our steadfast promise to provide reliable access to high-quality LPG to every household and industry we serve.

Embracing our role as industry leaders, we will continue to build on our brand legacy by investing in cutting-edge technologies, expanding our distribution networks, and upholding the highest standards of quality and safety. By staying true to our core values and relentlessly pursuing excellence, we will seek to drive meaningful change and create a brighter, more sustainable future for Sri Lanka's energy sector, ultimately contributing to the advancement of the nation as a whole.

In conclusion, I wish to offer a big thank you to all employees of LAUGFS Gas PLC and its subsidiaries whose dedication and commitments were extraordinary all this time. My colleagues in the Board of Directors were always focused and contributed immensely for the growth and development of LAUGFS Gas PLC, during the recent past and deserve great admiration and appreciation for their services rendered.

U.K. Thilak De Silva
Group Deputy Chairman

12th June 2024

Group Managing Director/ Group Chief Executive Officer's Message

Piyadasa Kudabalage

Group Managing Director/
Group Chief Executive Officer

I firmly believe that the resurgence in LPG demand is not a temporary spike, but one that represents more than a transient economic trend; signalling a fundamental shift towards modern and sustainable energy solutions in Sri Lanka. Moreover, the shift towards LPG is bolstered by strategic policy measures and incentives that encourage both commercial and residential sectors to adopt eco-friendly energy sources.

Dear Shareholders,

In the midst of shifting landscapes and unpredictable challenges, FY 2023/24 saw LAUGFS Gas Group navigate through an ever-evolving business environment. From moments of profound achievement to instances of unforeseen obstacles, each experience has shaped our collective path forward.

MACROECONOMIC ENVIRONMENT

The Sri Lankan economy exhibited clear signs of recovery in Quarter 3 2023, signalling the end of the protracted economic downturn that we had witnessed for the past six consecutive quarters. This encouraging turnaround stemmed from a series of well timed strategic measures by the authorities to curb inflation and stimulate economic activity. The rapid disinflation that followed played a pivotal role in stabilising consumer prices, and helped to alleviate financial pressures on both households and businesses in turn providing the much needed impetus for economic recovery. These efforts collectively contributed to a gradual but steady recovery, which saw the Sri Lankan economy recording a moderate contraction of 2.3%, a significant shift from 7.8% contraction in 2022, thereby positioning Sri Lanka on a more stable economic footing by the end of 2023.

DOMESTIC LPG TRENDS

The lingering effects of the 2022 economic crisis, continued to challenge LAUGFS Gas in the first half of the current financial year. Despite maintaining an uninterrupted supply of LPG, we struggled to reach pre-crisis volumes as demand, especially from the retail segment, remained subdued almost until mid-2023. This was largely because customers continued using alternative energy solutions adopted during the previous year's shortage.

The practice of monthly price revisions for LPG along with the introduction of VAT on LPG, which together resulted in considerable price volatility also prompted consumers to reassess their consumption behaviour especially against the backdrop of lower disposable incomes.

In a notable deviation from this trend, the domestic demand for LPG visibly expanded in the latter part of 2023, aided by Sri Lanka's economic revival. This economic rebound was crucial as it allowed households to resume their normal consumption patterns, with LPG emerging as a preferred choice for cooking. The resurgence of the tourism sector and the broad based resumption of industrial activity also contributed towards higher demand towards the end of 2023.

LAUGFS GAS GROUP OPERATIONS

In response to ongoing challenges, LAUGFS Gas restored to a multi-pronged strategy to navigate immediate challenges and build long-term resilience. To that end, we undertook a massive campaign to rationalise our current channel partner model in a bid to enhance island-wide coverage while reducing service costs in both retail and commercial segments.

As part of the overall channel partner revamp campaign, we entered into a memorandum of understanding (MoU) with Lanka IOC (LIOC). This exclusive channel partner agreement ensures that LAUGFS Gas LPG cylinders will be available at over 50 LIOC fuel stations across the country, significantly broadening access to the retail market.

Additionally, efforts to boost customer loyalty were intensified with the launch of the LAUGFS Gas "One-Hour Home Delivery Service" in January 2024, supported by the launch of the 1345 short code call-in hotline earlier in the year.

Meanwhile, our midstream operation - SLOGAL strategically realigned its business focus to adapt to the evolving global energy landscape, emphasising supply chain diversification to enhance sourcing efficiency and strengthen supply chain resilience. Capitalising on its strategic location in Dubai, a key global trading hub, we moved ahead with plans to improve SLOGAL's supply chain resilience, focusing mainly on enhancing the diversity of procurement networks.

Meanwhile, the slowdown in global trade adversely affected our transport and logistics cluster, with the maritime vertical coming under considerable pressure owing to the weak demand for shipping services, resulting in notable increase in vessel idle time. Similar challenges affected the LAUGFS terminal operation as well. Competitive pressures from potential large regional players with higher throughput capacity, was another key challenge for the terminal operation.

GOVERNANCE AND COMPLIANCE

While navigating challenges on the business front, we continued to demonstrate our commitment to upholding the highest standards of good governance, ensuring transparency, accountability, and ethical conduct across all our operations. To that end, we worked towards implementing the required mandates stipulated under CSE Circular 04/2023 of 11th September 2023 amending Section 7.10 and Section 09 of the Listing Rules of the CSE.

Seeking early adoption as much as possible, the requirements under Rule 9.7.3 on Fit and Proper Assessment for Directors and CEOs which was mandated from 1st April 2024, was fully implemented ahead of the deadline. Similarly, the requirements under the Rule 9.14.2 (1) on the composition of the Related Party Transaction Review Committee were also implemented ahead of the stipulated 1st April 2024 timeline. Comprehensive details regarding the steps taken have been included in the corporate governance section in the FY 2023/24 annual report.

FOCUS ON SUSTAINABILITY

I am pleased to report that this past year has seen the LAUGFS Gas Group make significant strides in its sustainability agenda, underpinned by a heightened emphasis on monitoring key performance indicators.

One of our major initiatives was the implementation of a comprehensive sustainability monitoring system to track and analyse critical performance metrics, enabling data-driven decision-making and continuous improvement to systemically achieve our environmental stewardship goals.

We continued to reinforce our commitment to social sustainability through various community engagement and employee welfare programmes. We increased our investment in training and development to empower our workforce and foster a culture of continuous learning and innovation. Furthermore, our community outreach efforts focused on

Group Managing Director/ Group Chief Executive Officer's Message

supporting local education, healthcare, and environmental conservation projects, demonstrating our dedication to making a positive impact beyond our business activities.

OUTLOOK AND PROSPECTS

I firmly believe that the resurgence in LPG demand is not a temporary spike, but one that represents more than a transient economic trend; signalling a fundamental shift towards modern and sustainable energy solutions in Sri Lanka. Moreover, the shift towards LPG is bolstered by strategic policy measures and incentives that encourage both commercial and residential sectors to adopt eco-friendly energy sources. This comprehensive approach ensures that the benefits of LPG are widely recognised and leveraged, leading to long-term positive impacts on the environment and the economy. As a result, the growing preference for LPG is set to play a pivotal role in Sri Lanka's energy landscape, driving progress towards a cleaner and more sustainable energy future.

As the only integrated LPG supplier in Sri Lanka, LAUGFS Gas is uniquely positioned to capitalise on the resurgence in LPG demand. To strengthen our leverage, we will aim to further consolidate its competitive strengths through strategic investments aimed at enhancing critical aspects of our integrated value chain. Central to this strategy is the expansion of our terminal and ocean transportation capabilities, which will result in considerable economies of scale in turn enabling us to transfer these cost efficiencies to our customers.

By strengthening our value chain, we are also strategically positioning ourselves to meet the growing demand for cleaner energy solutions across emerging markets. To that end, our midstream operation is set to explore opportunities to diversify into regional markets, including Bangladesh, the Maldives as well as the broader South Asian and Southeast Asian markets.

I believe our focus on infrastructure enhancements and market expansion will not only bolster our operational efficiency but also enhance our ability to serve a diverse customer base with greater reliability and affordability while contributing to the evolution of the regional energy landscape over the long term.

APPRECIATIONS

Before I conclude, I would like to extend my heartfelt appreciation to our Group Chairman, Deputy Chairman, and the entire Board of Directors for their exceptional leadership and invaluable guidance in steering the Group forward against all odds.

I also wish to acknowledge the extraordinary commitment and dedication demonstrated by the entire LAUGFS Gas Group. Despite facing significant difficulties, our team has consistently delivered their best, showcasing remarkable perseverance and professionalism.

I am equally grateful to our trusted banking institutions and regulatory bodies, whose unwavering support has been crucial in sustaining our operations through varying economic cycles.

Finally, I express my deepest gratitude to our loyal customers, shareholders, and supply chain partners. Your continuous support and unwavering trust in our capabilities has been a vital pillar in our journey towards recovery and growth. Thank you for standing by us, and we look forward to achieving greater heights together.

Piyadasa Kudabalage
Group Managing Director/ GCEO

12th June 2024

Board of Directors

DESHABANDU W. K. H. WEGAPITIYA, PhD

Non-Executive Group Chairman

MR. U. K. THILAK DE SILVA

Non-Executive Group Deputy Chairman

MR. PIYADASA KUDABALAGE

Group Managing Director/
Group Chief Executive Officer

PROF. S.P. P. AMARATUNGE

Independent, Non-Executive Director

MR. R. SELVASKANDAN

Independent, Non-Executive Director

MR. P. M. B. FERNANDO

Independent, Non-Executive Director

MR. K. R. GOONESINGHE

Independent, Non-Executive Director

Board of Directors

DESHABANDU
W. K. H. WEGAPITIYA, PhD

Non-Executive 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 most highly-diversified business groups in Sri Lanka, having a wide spectrum of business presence in the areas of LPG distribution, petroleum, lubricants, power generation, property development, shipping, heavy engineering, automobile services, leisure and restaurants, consumer retailing, manufacture of industrial solid tyres and salt. He currently functions as Group Chairman. He is also the Non-Executive Chairman of LAUGFS Gas PLC.

He holds a degree (B.Sc) in Business Administration from the University of Sri Jayewardenepura, and obtained his MBA from the Post Graduate Institute of Management (PIM). He also holds a PhD from the Post Graduate Institute of Management of University of Sri Jayewardenepura.

In 1995, he was instrumental in creating Gas Auto Lanka (Private) Limited, the initial enterprise of the now diversified LAUGFS Holdings Limited. His visionary leadership, remarkable entrepreneurship and extraordinary personal strength to withstand and overcome all adversities thrown in his way, enabled him to succeed in all his endeavours to create the "LAUGFS" business conglomerate, in a relatively short period of time. He is a well-known figure in the local entrepreneurial community in Sri Lanka as he has led a truly successful story. He has been recognised as the best entrepreneur in the country many times over. He is a frequent speaker, presenter and a panellist on topics such as "Business Excellence", "Leadership" and "Entrepreneurship" organised by a variety of organisations locally and overseas. He is also a well-known personality in the global LP gas and energy circles and a regular participant and speaker at international forums on LP gas and energy management. He is the Chairman of all subsidiary entities of LAUGFS Holdings Limited.

He served as a Council member of the University of Sri Jayewardenepura. He was a past Chairman of Chamber of Young Lankan Entrepreneurs (COYLE), Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) and was an executive committee member of the Ceylon Chamber of Commerce.

Mr. Wegapitiya has attended all four meetings of the Board of Directors of LAUGFS Gas PLC held during the financial year 2023/2024. He also attended at board sub-committee meetings held during the financial year under review, whenever invited to be present.

MR. U. K. THILAK DE SILVA

Non-Executive
Group Deputy Chairman

Mr. Thilak De Silva presently serves as the Group Deputy Chairman of this highly diversified business conglomerate. The Group is engaged in 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, the manufacture and export of solid tyres, pharmaceuticals and IV solutions, and the generation of hydro, solar and other types of renewable energy.

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 prestigious institutions in the United Kingdom in both disciplines, he returned to Sri Lanka to take up the mantle of the family business as its Executive Director.

In the year 1995, however he was compelled to leave the business in the able hands of the rest of the family to join his erstwhile colleague to commence the groundbreaking 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.

He was instrumental in the phenomenal growth of "LAUGFS", a household brand in Sri Lanka with over 50,000 customers across the country looking to 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 has driven the business operations to greater heights and made an indelible imprint on the glorious story of growth and development of the Group.

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

Mr. De Silva has attended three meetings out of four of the Board of Directors of LAUGFS Gas PLC held during the financial year 2023/2024. He also attended at board sub-committee meetings held during the financial year under review, whenever invited to be present.

MR. PIYADASA KUDABALAGE

Group Managing Director/Group Chief Executive Officer

Mr. Piyadasa Kudabalage is the Group Managing Director and Group Chief Executive Officer of LAUGFS Holdings Limited and all its subsidiary companies. He provides overall supervision and leadership to the management of all subsidiary companies under LAUGFS Holdings Limited and all its subsidiary companies including LAUGFS Gas PLC.

He is a well-qualified and experienced professional and an alumnus of the University of Kelaniya from where he graduated in Business Administration and Management. He is a Fellow member of the Institute of Chartered Accountants of Sri Lanka and a Fellow member of the Institute of Certified Management Accountants and the Institute of Chartered Professional Managers of Sri Lanka.

He was awarded the "Professional Excellence Award" in 2014 by the Institute of Chartered Management Accountants of Sri Lanka in consideration of his outstanding career achievements and the "Prasada Sambawana" award by the University of Kelaniya in 2014 for the excellence of his service rendered to the Government of Sri Lanka.

Mr. Kudabalage has an extensive and impressive career spanning over 35 years, in leading 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 manufacturing. He heads his own reputable Audit firm as a sole proprietorship under his name.

Mr. Kudabalage had occupied top-rung positions in all the sectors he was engaged with. He was the Managing Director/Chief Executive Officer of Sri Lanka Insurance Corporation Limited, Litro Gas Lanka Limited and Canwill Holdings (Private) Limited (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 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 Piccadilly Cafe Limited.

Mr. Kudabalage has attended all four meetings of the Board of Directors of LAUGFS Gas PLC held during the financial year 2023/2024. He also attended board sub-committee meetings held during the financial year under review, whenever invited to be present.

PROF. S.P. P. AMARATUNGE

Independent, Non-Executive Director

Professor S.P. P. Amaratunge, a visionary 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) in 2019. His substantial position is as the professor of Business Economics at the University of Sri Jayawardenapura.

Professor Amaratunge, holds a BA (Hons.) in Economics from the University of Sri Jayewardenepura, a MA in Economics from the University of Colombo, a MSc. In Economics of Rural Development from Saga National University and Ph.D. from Kogoshima National University in Japan, counts over 27 years' service at 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 the setting up of two new Faculties of Study, namely 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 the Boards of Management of several prominent corporates as an Independent Director.

Professor Amaratunge sits on a number of other Board of Directors of several corporates as an Independent Director, namely Raigam Wayamba Saltern PLC, Citizens Development Business Finance PLC, Sanasa Development Bank PLC, Southern Salt Company (Pvt) Limited and Raigam Wayamba Cereal (Pvt) Limited.

Professor S.P.P. Amaratunge is the Chairman of Nominations and Governance Committee and also is a member of Audit Committee, Remuneration Committee and Related Party Transaction Review Committee.

Please refer page number 117 for the attendance of board meetings and sub committees.

Board of Directors

MR. R. SELVASKANDAN

Independent, Non-Executive Director

Mr. Rajaratnam Selvaskandan is an Independent, Non-Executive Director at LAUGFS Gas PLC, a position he has held for several years. With more than four decades of experience in legal practice and management, Mr. Selvaskandan is a highly accomplished Attorney-at-Law (SL) and admitted as a Solicitor of England & Wales, Canberra and Hong Kong. He is an expert in corporate and commercial transactions, mergers and acquisitions, banking and financing matters, investment structuring and project development.

Mr. Selvaskandan is a Senior Partner at Varners, a leading law firm in Sri Lanka, where he has served since 2004. He was admitted to the Supreme Court of Sri Lanka as an Attorney-at-Law in 1982 and has since built an impressive career in private practice and public service. He was a State Counsel at the Attorney General's Department in Sri Lanka before serving as a Partner in a renowned law firm in Hong Kong for more than two decades.

In addition to his role at LAUGFS Gas PLC, Mr. Selvaskandan is also Director of CT Land Development PLC and serves on the board of several other prominent companies, including Abans PLC and Abans Electricals PLC.

As an Independent Non-Executive Director at LAUGFS Gas PLC, Mr. Selvaskandan brings a wealth of legal knowledge and business acumen to the Board. He is committed to ensuring that the Company operates with integrity and transparency and that it meets the highest standards of corporate governance.

Mr. R. Selvaskandan is the Chairman of Remuneration Committee, and a member of Audit Committee, Related Party Transaction Review Committee and Nominations and Governance Committee.

Please refer page number 117 for the attendance of board meetings and sub committees.

MR. P. M. B. FERNANDO

Independent, Non-Executive Director

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

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

In General Management Mr. Fernando was the Managing Director of Capital Reach Holdings Ltd, Director/Chief Executive Officer of Softlogic Finance PLC, Director/Chief Executive Officer of LAUGFS Capital Ltd, and Chief Executive Officer of Orient Finance PLC.

He was a Independent, Non-Executive Director and the Chairman of the Audit Committee of DFCC Bank PLC from 2013 to 2022. Currently, he is a Independent, Non-Executive Director of LAUGFS Gas PLC, LAUGFS Power PLC, LAUGFS Eco Sri Ltd., LAUGFS Leisure Ltd., The Lanka Hospitals Corporation PLC, Lanka Hospitals Diagnostics (Pvt) Ltd, Evoke International Ltd, K-Seeds Investments (Pvt) Ltd., Renuka Hotels PLC., DSI Holdings (Pvt) Ltd., and PGP Glass Ceylon PLC.

Mr. P.M.B. Fernando is the Chairman of Audit Committee and Related Party Transaction Review Committee.

Please refer page number 117 for the attendance of board meetings and sub committees.

MR. K. R. GOONESINGHE

Independent, Non-Executive Director

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

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

Mr. K. R. Goonesinghe is the member of Audit Committee, Related Party Transaction Review Committee and Nominations and Governance Committee.

Please refer page number 117 for the attendance of board meetings and sub committees.

Strategy

INSPIRING WITH INTENTION

Focus on

INPUTS

FINANCIAL CAPITAL

Total Assets
Rs. 44,907Mn

Total Liabilities
Rs. 41,364Mn

Shareholders' funds
Rs. 3,543Mn

MANUFACTURED CAPITAL

Value of property, plant and equipment
Rs. 31,428Mn

Storage capacity
33,150 MT

HUMAN CAPITAL

Total number of employees
200

Total hours allocated for Training and Development
Over 4,000 Hrs

OUR BUSINESS MODEL

By creating a viable and profitable business model that has the ability to drive value creation through specialisation, efficiency, and a focus on quality we hope to produce value over the short, medium, and long terms for both our internal and external stakeholders. We make ongoing investments in creating our own supply chain which are crucial to attaining our objectives.

KEY BUSINESS ACTIVITIES

Energy
Distribution and marketing of LPG in Sri Lanka

Transportation and Logistics
Own and charter LPG vessels
Own and operate LPG storage terminals

OUTPUTS & IMPACTS

ECONOMIC

ENERGY
Revenue - **Rs.22,476Mn**
Profits - **Rs. 464Mn**

TRADING
Revenue - **Rs. 19,602Mn**
Loss - **Rs. 86Mn**

TRANSPORTATION AND LOGISTICS
Revenue - **Rs. 3,166Mn**
Loss - **Rs. 1,368Mn**

PROPERTY
Revenue - **Rs. 111Mn**
Profits - **Rs. 68Mn**

SOCIAL

SHAREHOLDERS
Operating profit **Rs. 3,216Mn**
Loss - **Rs. 959Mn**

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

Strategy

SOCIAL AND RELATIONSHIP CAPITAL

Channel Partners

Distributors

30

Dealers

7,000+

INTELLECTUAL CAPITAL

Brand equity
Certifications and standards

Health and Safety

NATURAL CAPITAL

Energy consumed -
108,881,864 MJ

Water consumed -
11,522 M3

Material consumed -
57,723 MT

Trading
Procuring and trading of LPG

Property
Manage rentable space of 88,082 sq. ft.

SUPPORT ACTIVITIES

STRONG INFRASTRUCTURE

RESOURCE MANAGEMENT
Talent management, corporate planning to optimise resource allocations

TECHNOLOGY DEVELOPMENT
Integrated IT systems

GOVERNANCE, COMPLIANCE AND RISK MANAGEMENT

BUSINESS PARTNERS

Payments to suppliers of **Rs. 25,014Mn**

EMPLOYEES

Salaries and other benefits - **Rs. 1,391Mn**

Employee promotions - **17**

Total hours of training - Over **4,000**

COMMUNITY ENGAGEMENT

Donations - **Rs. 9.7Mn**

ENVIRONMENTAL

CARBON FOOTPRINT (MT)MTCO2E

Direct (Scope 1)
1,805,081

Indirect (Scope 2)
315,877

Other Indirect (Scope 3)
129,502

WATER DISCHARGE

4,788 M3

EFFLUENTS AND WASTE

Non-hazardous waste - **79,982 Kg**

No hazardous waste disposed

Stakeholder Engagement

LAUGFS Gas Group recognises that regular engagement with stakeholders adds immense value to the Group's various businesses. By actively interacting with stakeholders, the Group seeks to gain critical insights into their diverse needs and concerns. This proactive engagement fosters greater collaboration, allowing LAUGFS Gas to harness stakeholders' insights to facilitate responsive and effective decision-making. Moreover, strong relationships built on trust and mutual respect enhance the Group's resilience to challenges and open up opportunities for long-term value creation.

4 Inspect & Adapt

Review stakeholder feedback and realign engagement methodologies for optimal results

3 Stakeholder Communication Strategy

Determine Stakeholder Engagement methodologies based on the Power/ Interest Matrix

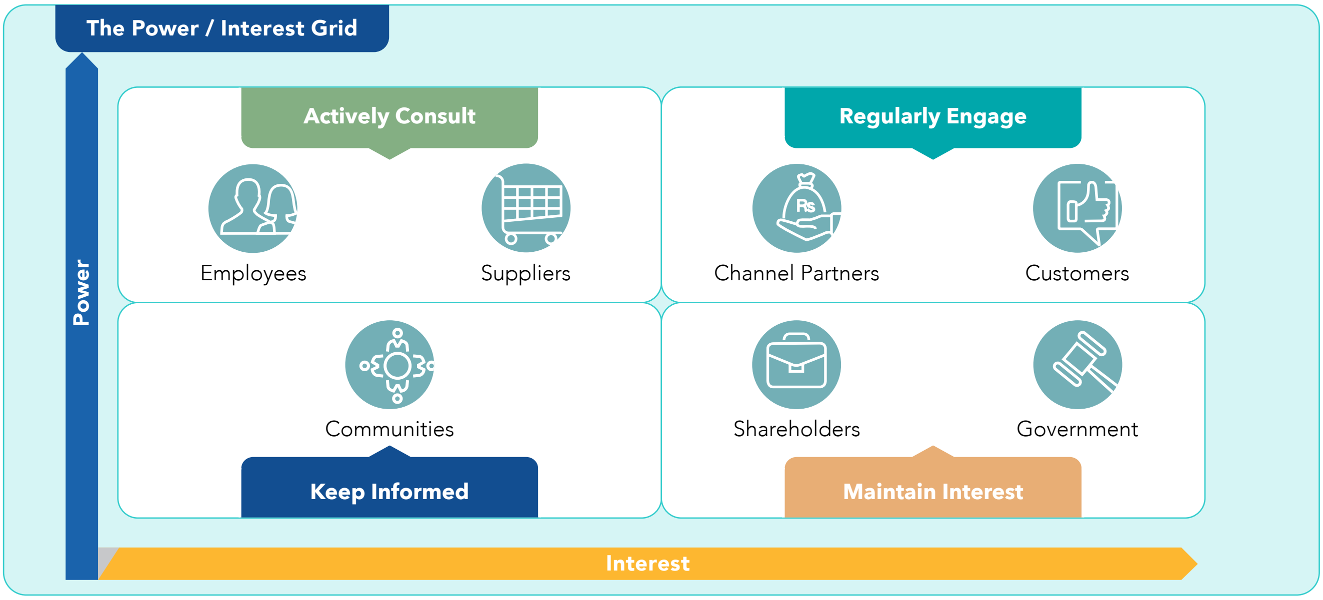
Stakeholder Engagement Process

2 Stakeholder Analysis & Mapping

Prioritise Stakeholders based on the Power/ Interest Matrix

1 Stakeholder Identification

Analyse the Group's value chain to identify Internal/ External stakeholders



Stakeholders	Importance of engagement	Frequency of engagement	Ways of engaging	Key topics of engagement	Outcomes of engagement
Customers	Ensuring our products reach our customers at any given time	Regular	– Through channel partners – Surveys – Meetings – Conferences – Social Media	– Customer satisfaction – Awareness – Affordability – Health and safety – Product quality – Accessibility	– High-quality products – Compliance with quality standards – Labelling products with safety precautions – Provision of after-sales services – Island-wide dealer network – Home delivery options – Enhanced distribution capacity and dealer capacity
Employees	Ensuring that employees possess the required capacity, skill and knowledge to achieve corporate goals whilst ensuring their satisfaction and rewards	Regular	– Monthly HR meetings – Welfare events – Performance evaluations	– Skill development – Performance appraisals – Career progression – Employee benefits – Grievance handling	– HR policy reviewing – Training programmes – Realignment of remuneration and benefit structures – Establishing Key Performance Indicators (KPIs) – Opportunities for career progression – Health and safety policies
Suppliers	Guaranteeing a reliable supply of goods and services	Regular	– Meetings – One-to-one discussions – Other forms such as emails	– Prices – Credit periods – Terms of contract – Meeting quality standards – Delivery time – Transparency	– Identification of critical suppliers – Evaluation of supplier compliance and capabilities – Enhancement of supplier relationship

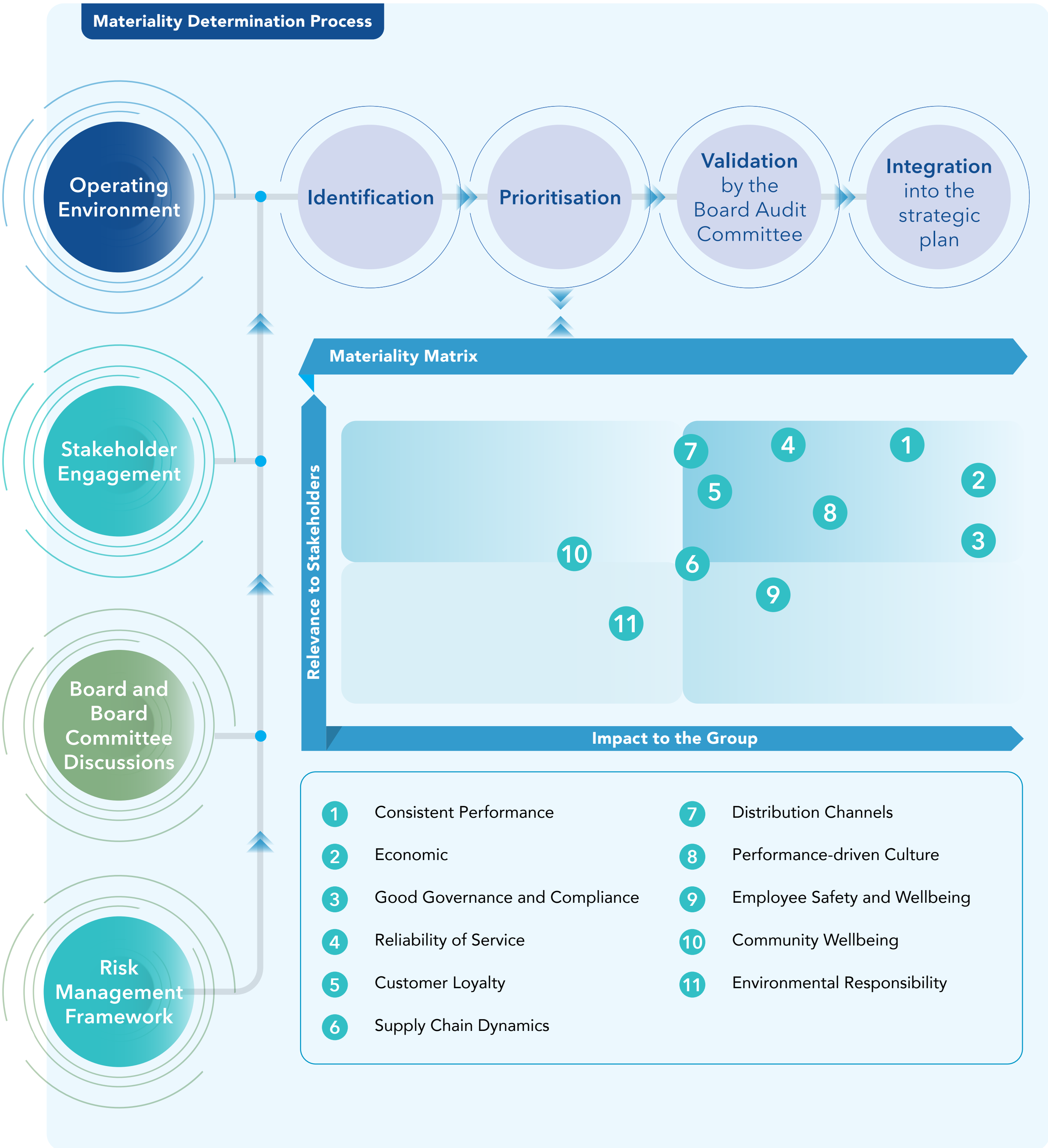
Stakeholder Engagement

Stakeholders	Importance of engagement	Frequency of engagement	Ways of engaging	Key topics of engagement	Outcomes of engagement
Channel Partners	Ensuring product availability at dealer locations	Regular	– Workshops – Awareness programmes – On-site inspections – Distributor evaluations – Distributor meetings – Dealer evaluations – Dealer conventions	– Product availability – Commissions – Health and safety	– Ensured that all dealer locations followed safety regulations – Increased product availability at dealer locations – Maintained dealer visibility by improving brand image
Communities	Ensuring uninterrupted supply throughout the year despite the economic crisis	Regular	– Awareness programmes – Campaigns – Social media – CSR Programmes	– Employment opportunities – Community development – Awareness of product features – Promotions	– Provision of employment opportunities – Increasing living standards
Shareholders	Protecting investor interests and communicating overall strategies for growth	Regular	– Annual General Meetings – Press releases – Timely publication of financial reports – CSE disclosures	– Progress of projects – Earnings growth – A road map for the next year	– Strengthening shareholder confidence – Formulation of the corporate strategy
Government	Adhering to state regulations and supply requirements to meet the public requirement	Regular	– Written communication – Round table sessions – Meetings	– Pricing regulations – Laws and compliances – Government initiated projects – Health and safety	– Adhere to laws and regulations – Health and safety standards

Material Topics

The LAUGFS Gas Group defines Material Topics as those that substantially impact the Group's ability to create value in the short, medium, and long term, while significantly influencing key stakeholder decisions. LAUGFS Gas Group employs a comprehensive process to identify material matters arising from internal drivers and stakeholder dialogue as well as contextual factors.

Material Topics identified in this way are then prioritised using the Materiality Matrix to determine the impact to the Group as against the relevance to stakeholders. Prioritised Material Topics are presented to the Group's leadership for validation and for determining the approaches to be followed to integrate these topics into the Group's strategy.



Material Topics

Material Topic	GRI Relevance	Topic Boundary and Stakeholder Impacts	Link to Strategy				
			Profitable Growth	Financial Stability	Operational Efficiency	Sustainable Growth	Right Approach
Consistent Performance	N/A	Supports long-term business success and enhances shareholder returns.	✓	✓	✓		
Economic	GRI 201 GRI 207	Directly influences the Group's ability to attract and retain customers and drive revenue growth in a dynamic and challenging industry.	✓	✓	✓	✓	✓
Good Governance and Compliance	GRI 205	Ethical operations and legal compliance build stakeholder trust to support sustainable business growth.					✓
Reliability of Service	GRI 418	Directly impacts customer satisfaction, and the Company's reputation, which are crucial for maintaining client trust and business continuity.	✓	✓		✓	
Customer Loyalty	GRI 416 GRI 417	Determines the Group's ability to grow during economic upturns and remain resilient amidst challenges.	✓	✓		✓	
Supply Chain Dynamics	GRI 308 GRI 414	Reliable supplier networks ensure continuous supply of products to customers.	✓		✓	✓	
Distribution Channels	N/A	Strong distribution infrastructure enhances the Group's ability to attract and retain customers.	✓			✓	
Performance-driven Culture	GRI 404	Improves overall efficiency of operations.	✓		✓		✓
Employee Safety and Wellbeing	GRI 202 GRI 401 GRI 402 GRI 403 GRI 405 GRI 406 GRI 408 GRI 409	Strengthens employee motivation and loyalty.	✓		✓	✓	✓
Community Wellbeing		Builds brand trust and enhances the Group's reputation and standing.				✓	✓
Environmental Responsibility	GRI 301 GRI 302 GRI 303 GRI 305 GRI 306	Reinforces the LAUGFS Group's brand reputation as a responsible corporate.				✓	✓

Strategy and Resource Allocation

LAUGFS Gas PLC's strategy development process is a comprehensive and dynamic exercise designed to capitalise on the Group's strengths, address weaknesses, seize opportunities, and mitigate threats. This multifaceted approach begins with a thorough market analysis, encompassing industry trends, consumer behaviour, and competitive dynamics. By delving deeply into these aspects, LAUGFS Gas aims to identify and anticipate shifts in the energy sector that may impact its operations. This market research is pivotal in pinpointing opportunities for expansion and innovation, as well as recognising potential threats from competitors or regulatory changes.

Stakeholder engagement is another critical pillar of the strategy development process. The Group actively seeks inputs from a broad spectrum of stakeholders, including customers, employees, suppliers, and regulatory bodies. This inclusive approach ensures that the Group's strategy is not only comprehensive but also aligned with the diverse needs and expectations of those involved.

At the heart of the strategy development process is the goal setting mechanism, to establish clear, measurable objectives that are aligned with the Group's long-term vision and values. These objectives are translated into actionable business plans, which are monitored and adapted as needed to respond to changing market conditions. This iterative process ensures that the Group remains agile and responsive, capable of navigating the complexities of the energy sector.

On this basis, the Group has established five strategic pillars to guide its overall strategic direction and related initiatives.

S

Strengths

- Only integrated LPG supplier in Sri Lanka with midstream and downstream capabilities
- Ownership of a 30,000MT storage terminal - the largest in Southeast Asia
- Positioned as a regional conglomerate/ regional supply chain specialist
- Strong island-wide retail footprint
- Dedicated engineering arm to facilitate the Service/ Maintenance/ Installation

W

Weaknesses

- High borrowings exerting significant pressure on the financial performance and position of the Company/Group

O

Opportunities

- Further global tie-ups for investments
- Large untapped segments in the retail market
- Leverage digital technology to enhance market visibility and improve top-of-mind brand recall
- Restructure and further focus on front-end operation to gain higher Cylinder Turnaround Ratio (CTR) in refill business
- Restructure and resize the overall business to optimise cost structure in medium term
- Regional supply opportunities

T

Threats

- Heightened competitive pressure
- Unplanned weather events affecting the continuity of operations, especially distribution
- Growing popularity of alternative, clean energy options
- Global geo-political factors affecting the supply chain

Strategy and Resource Allocation

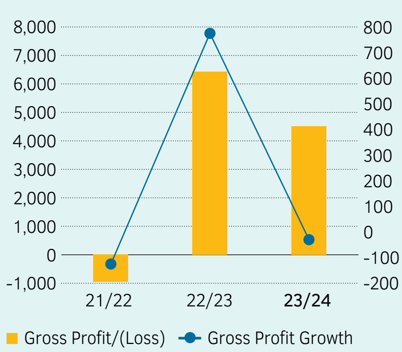
Profitable Growth

Emphasises the importance of expanding its market presence and revenue streams in a sustainable manner. This involves exploring new markets, enhancing product offerings, and increasing market share while maintaining profitability.

Progress - FY 2023/24

Focus Areas	Key Initiatives	Outcomes	Future Plans
Grow market share	– Appointment of LIOC fuel stations as an authorised dealer for LAUGFS Gas across the island – Launch of the 1-hour home delivery service – Rs. 90Mn incurred on advertising and promotional activities	– 39% year-on-year improvement in Revenue	Leverage digital platforms to enhance the customer experience

Profitable Growth



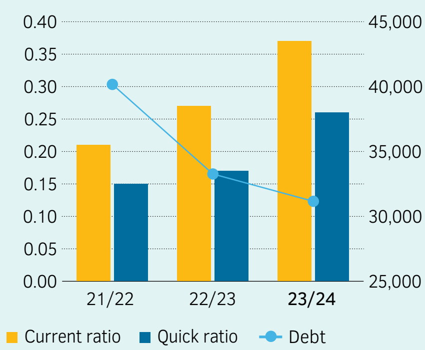
Financial Stability

Focus on prudent financial management, effective cost control, and maintaining a healthy balance sheet. By prioritising financial stability, LAUGFS Gas PLC can wither economic fluctuations, invest in new opportunities, and provide consistent returns to shareholders.

Progress - FY 2023/24

Focus Areas	Key Initiatives	Outcomes	Future Plans
Strengthen cash flow position	– Rs. 3.3Bn worth of term loans settled	– Cash flow from operating activities have improved from the negative Rs. 1,406Mn to positive of Rs. 537Mn during the financial year ended 31st March 2024 due to the lower finance cost.	Disciplined cash flow management to reduce borrowings

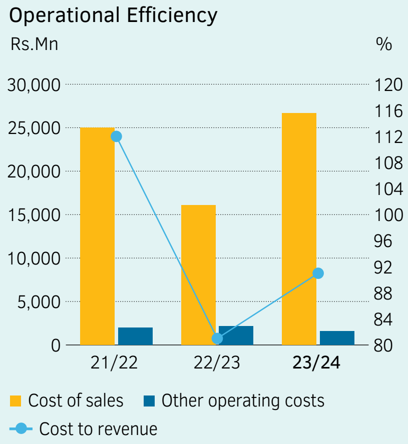
Financial Stability



Operational Efficiency

Optimising the Group's processes and systems to enhance productivity and reduce costs. This involves implementing best practices, leveraging technology, and continuously improving operational workflows. By prioritising operational efficiency, LAUGFS Gas PLC can deliver high-quality products and services more effectively and efficiently.

Progress - FY 2023/24

Focus Areas	Key Initiatives	Outcomes	Future Plans
Improve distributor performance	Initiated the development process of the Sales Force Automation (SFA) platform to streamline the LPG distribution process and assist in managing the Group's 7,000+ distributor and dealer networks		– Capacity expansion at the Hambantota storage terminal – Promote the performance-driven culture among distributors
Infrastructure and system upgrades	Invested Rs. 301Mn on plant and machinery, including Rs. 258Mn to equip the Gas Courage vessel under the LAUGFS Maritime portfolio for mandatory dry docking		

Sustainable Growth

Balance economic growth with environmental sustainability, through the adoption of sustainable business practices, investing in renewable energy sources, and reducing the Group's carbon footprint.

Progress - FY 2023/24

Focus Areas	Key Initiatives	Outcomes	Future Plans
Embed environmental best practices in the day-to-day operations	– Strengthen waste management practices – Implementation of a comprehensive sustainability monitoring system to track and analyse critical performance metrics	– 99% of materials used (other than LPG) were recycled – 4,788 m3 waste water discharged	Undertake to prepare a GHG inventory report supported by independent assurance to obtain more clarity on the Group carbon footprint

Right Approach

Fostering a culture of integrity and ensuring compliance with regulation as well as through the adoption of best practices to build trust with stakeholders, enhance brand reputation, and ensure that operations are aligned with its core values and principles

Progress - FY 2023/24

Focus Areas	Key Initiatives	Outcomes	Future Plans
Timely implementation of new regulations	– Early adoption of Rule 9.7.3 on Fit and Proper Assessment for Directors and CEO – Implemented Rule 9.14.2 (1) on the composition of the Related Party Transactions Review Committee	– ZERO incidents of non-compliance	Deploy structured succession planning supported by leadership development programmes to ensure a robust leadership pipeline

Risk Management

LAUGFS GAS GROUP APPROACH TO RISK MANAGEMENT

LAUGFS Group employs a comprehensive risk management approach to integrate risk management into its strategic planning and decision-making processes, the Group ensures resilience and agility in a volatile market environment. This approach is supported by robust internal controls, regular risk assessments, and a proactive stance on emerging risks, such as regulatory changes and market dynamics. Additionally, LAUGFS prioritises transparency and communication with stakeholders, ensuring that risks are managed in a manner that aligns with their expectations and interests. This meticulous attention to risk not only safeguards the Group's assets but also enhances its reputation and trustworthiness, ultimately driving long-term value for all stakeholders.

RISK MANAGEMENT PROCESS

The Group has developed a robust risk management process that encompasses risk identification, risk assessment, risk monitoring, and risk control, ensuring the organisation remains resilient and agile in the face of diverse challenges.

RISK IDENTIFICATION

The first step in the Group's risk management process is risk identification. This involves systematically scanning the internal and external environments to detect potential risks that could impact the organisation's objectives. The Group employs a combination of qualitative and quantitative methods, including brainstorming sessions, SWOT analysis, and industry benchmarking, to identify a comprehensive list of risks. These risks span various categories such as strategic, operational, financial, compliance, and reputational risks. Engaging with stakeholders at all levels, from frontline employees to senior management, ensures a holistic view of potential risks and fosters a culture of risk awareness throughout the organisation.

RISK ASSESSMENT

Once risks are identified, the next step is risk assessment. This process evaluates the potential impact and likelihood of each identified risk, helping to prioritise them based on their severity. LAUGFS uses risk matrices and scoring systems to categorise risks, considering both quantitative data and expert judgement. Factors such as financial impact, operational disruption, legal implications, and reputational damage are also assessed. This thorough evaluation enables the organisation to focus its resources on managing the most significant risks, ensuring that critical areas receive the necessary attention and mitigation efforts.

RISK MONITORING

Risk monitoring is an ongoing process that ensures identified risks are continuously tracked and reviewed. LAUGFS employs a dynamic approach to risk monitoring, incorporating real-time data analytics and Key Risk Indicators (KRIs) to detect early warning signs of potential issues. Regular risk reports and dashboards are reviewed by the risk management team and senior leadership, facilitating timely decision-making. Additionally, the organisation conducts periodic risk reviews and audits to reassess the risk landscape and ensure that risk mitigation strategies remain effective and relevant in light of evolving conditions.

RISK CONTROL

The final component of the risk management process is risk control, which involves implementing measures to mitigate or eliminate identified risks. LAUGFS adopts a multi-faceted approach to risk control, combining preventive and corrective actions. Preventive measures include establishing robust internal controls, enhancing process efficiencies, and investing in technology and infrastructure improvements. Corrective actions are designed to address risks that materialise, such as contingency planning, crisis management protocols, and insurance coverage. The Group also emphasises the importance of training and awareness programs to equip employees with the knowledge and skills to manage risks effectively.

RISK GOVERNANCE

LAUGFS Gas PLC Board remains the ultimate authority in charge of risk management across the Group. The Board sets the Groups' risk appetite, strategy and policy framework for the effective management of Group-wide risk. The Board through the Audit Committee also exercises diligent oversight to identify, assess, and mitigate risks across the Group. The Board also collaborates with senior management to establish robust risk management frameworks and policies tailored to the unique challenges and opportunities faced by each business unit.

The Board has established the three-lines-of-defence mechanism to provide a clear delineation of duties and responsibilities for the effective management of risk across the Group. Accordingly;

The First Line of Defence: 1

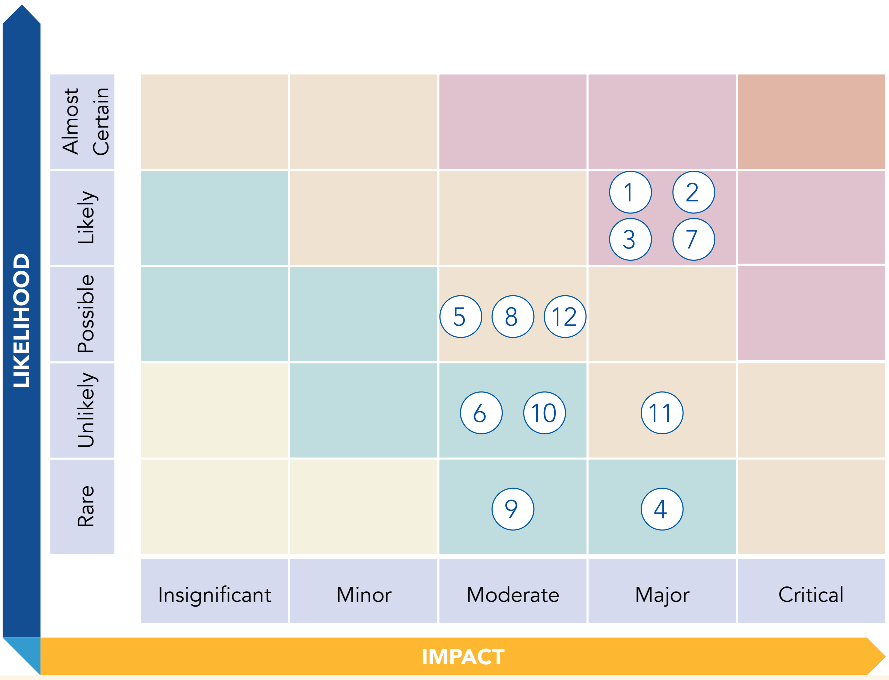
Consisting of the operational managers, are directly responsible for maintaining effective internal controls and managing risks as part of their day-to-day activities. They ensure that the operations are conducted in a manner that is consistent with the company's risk appetite and compliance requirements.

The Second Line of Defence: 2

Represented by the risk management and compliance departments that provide oversight and support to the first line. They are responsible for developing risk management policies, ensuring that the controls are adequate, and that the first line is effectively managing risks.

The Third Line of Defence: 3

The internal audit function, which provides independent assurance to the Board and senior management on the effectiveness of risk management, control, and governance process.



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

Material topics and principal risks	Management approach	Reporting standards followed
1 Financial Risk – Foreign currency risks – Liquidity risks – Interest rate risk – Market risk	– To manage its finance risk exposures, the Group has established supporting guidelines, which include counterparty risk, liquidity risk, foreign exchange risk, and interest rate risk. – LAUGFS Gas PLC and its subsidiaries comply with the Group Finance Policy and other relevant policies. Furthermore, LAUGFS has established a Group Finance Committee and Group Investment Committee to closely monitor the financial risks of the Group. – Effective credit management. – Set liquidity risk limits approved by the Board of Directors. – Effective working capital management. – Maintain adequate liquidity by using robust inventory management systems, centralising credit management, and continuously monitoring the liquidity requirements of the Group. – Managing foreign exchange/interest rate exposures with positive negotiations with banks and applying financial risk management techniques. – The Group Treasury Division continuously negotiates with banks to secure the best potential rates for the Group deposits and borrowings. – Maintaining strong relationships with financial institutions that will enable better facilities and more robust financial support in the future.	GRI 207

Risk Management

Material topics and principal risks	Management approach	Reporting standards followed
2 Economic Risk	– Changes in country Inflation is addressed by reflective product pricing. – Continuous cost re-engineering measures have been discussed at the senior management level and decisions have been taken to implement the same strategically. – Steps have been taken to initiate operations redesigning to ensure cost is effectively managed.	
3 Government Policy Risk	– Proactive engagement in Government forums to become a stakeholder in Government policy decisions related to the industry. – Represent industry forums/meetings together with peers, the Chamber of Commerce, and other industry associations and global forums related to LPG. – Company Management proactively responds to any Government policy changes related to the industry.	
4 Health, Safety and Environment Risk – Boiling Liquid Expanding Vapour Explosion (BLEVE) – Accidents – Injuries – Fatalities – Spills and leaks	– Our extensive Group Health, Safety, Security and Environment (GHSSE) culture is supported by proactive and comprehensive policies, frameworks, and initiatives. – LAUGFS practices and maintains a safety-embedded culture across the Group by absorbing the principles of Sustainable Development with the highest concern. B2C – Domestic – We ensure safety by procuring our cylinders only from certified global suppliers. – Installation of re-qualification facilities, to test the safety and reliability of our cylinders. – All LAUGFS products comply with ISO 9001, the first in the industry to do so. – Constant awareness of safety instructions is being circulated through internal communications and meetings. – Stringent adherence to SLSI requirements of compositions and other technical requirements are met. – Instructions and other technical guidances have been thoroughly provided to the customers. B2C – Commercial & Bulk Customers – We conduct 'On-premises' Health and Safety Executive (HSE) audits on a quarterly basis. – Proper maintenance of customer LPG pipelines. – Our 'Incident Investigation Team' is prepared to address any emergency or crisis relating to our assets that may affect our business partners. – Conducting certificate courses on safety training for Commercial and Bulk customer representatives. B2B – Distributors – Safety officers conduct routine HSE audits covering all distributor locations. – Group Risk & Control Division conducts routine audits and follow-up audits Operational Health and Safety (OH&S) on a periodic basis. Employees & Premises – Robust gas leak detection monitors are in place. – Stringent adherence to ISO 45001:2018 accreditation. – We conduct fire drills to gauge overall preparedness, carry out analysis of our evacuation procedures, and have implemented a new headcount management system that uses Radio-Frequency Identification (RFID).	GRI 403, 416, 417

Material topics and principal risks	Management approach	Reporting standards followed
4 Health, Safety and Environment Risk (Contd.)	**Transportation & Logistics** **Sea cargo** – LAUGFS Maritime Services (Pvt) Ltd strictly adheres to Zero Tolerance Policy of risk. – All our vessels comply with the International Safety Management Code (ISM). – LAUGFS vessels and storage terminals are certified by Lloyd's Register. **Land transportation** – We conduct continuous road safety training along with defensive driving training sessions for all our truck drivers. – We ensure that all our trucks leaving and entering our plants are scrutinised by a well-defined checklist. – Fleet audits are conducted and reviewed quarterly.	
5 Supply Chain Risk	– Our Procurement Policy ensures a robust structure for sustainable vendor management and product safety. – Sourcing and negotiation with LPG suppliers are conducted by experienced professionals and procurement activities are centralised in order to maintain effective supply chain management. – Availability of a well-balanced Procurement Committee. – Formal engagement with expert LPG traders around the world. – Nurture long-term relationships with suppliers through strategic alliances.	GRI 204, 408, 409
6 Credit Risk	– The Company's credit risk management processes are aligned with the Group credit assessment process. The system is designed to identify and evaluate the creditworthiness of its external customers. – Trade and non-trade receivables are also deliberated at the monthly debtor meeting in order to manage debtors effectively. – Strong standard operation procedures which govern processes in credit management.	
7 Market Risk	– All our products comply with the international quality standards. – Focus on innovation. – Providing value-added services. – Convenient product access through widespread and multiple distribution channels that reach all areas of the country. – Conduct and review customer feedback reviews/surveys for high levels of customer engagement and to understand areas of concern. – Customer relationship management system is in place together with a sound technical support system. – Customer reach-out initiatives to strengthen dealers and distributors by providing bikes for home delivery. – Close monitoring of competitor activities and taking appropriate actions as needed. – Zero substantiated complaints concerning breaches of customer privacy and losses of customer data. – Steps have been taken to ensure all market segments are served via a strategically developed planning process.	GRI 418, 418-1

Risk Management

Material topics and principal risks	Management approach	Reporting standards followed
8 Reputational Risk	– Strict controls are in place to ensure LPG composition does not deviate beyond acceptable limits during procurement, discharging & dispatch of LPG. – Adhere to a Code of business ethics that mandates compliance with all laws and regulations	
9 Compliance Risk	– Robust compliance monitoring process in place to ensure compliance with all applicable laws and regulations. – Periodic reviews on ISO certification compliance. – Monitoring the quality of effluent to ensure conformity with Central Environmental Authority (CEA) requirements. – Effective functioning of RPT Committee and constant review of annual recurrent transaction thresholds. – Zero tolerance on the breach of any environmental compliance. – Discharge of waste water through a treatment plant. – Establishing clear minimum notice period for operational changes, adhering to relevant regulation	GRI 205, 301, 302, 303, 304, 305, 306, 402, 406
10 People Risk	– Availability of a competent Learning and Development Policy. – Skills are developed through continuous and well-crafted training and development programmes. – Hiring the right expertise and skill set for technical positions. – Implementing proper benefits and other retirement plans for employees. – Fostering diversity within its governance bodies and employees.	GRI 201, 202, 401, 404, 405, 410
11 Risk to Business Continuity	– Standby carousel at the Hambantota Terminal premises to be used in emergency situations. – Developed necessary contingency and evacuation plans, especially for floods and other types of emergencies.	
12 External Environment	– Build and maintain relationships with stakeholders responsible for influencing socioeconomic stability in the country. – Engage with industry forums, global workshops, peer meetings, the Chamber of Commerce and additional associations in the LPG industry.	

Operating Environment

Global Economy

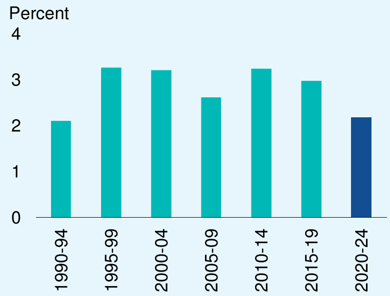
In 2023, global economic activity continued to decline. Sluggish growth was attributed to several factors, including stringent monetary policies designed to combat inflation along with restrictive financial conditions. Additionally, a pronounced weakening in global trade further aggravated the slowdown. Consequently, global economic growth is estimated to have decelerated to 2.6% in 2023, marking the second consecutive year of reduced growth. This trend highlights the ongoing difficulties in achieving robust economic expansion amidst a complex and uncertain global environment.

Global trade experienced a near standstill. This represents the slowest rate of trade growth in the past fifty years, outside of global recessions. The sluggish pace can be traced to the lingering effects of multiple overlapping shocks over the last four years. Foremost among these are the pandemic-induced supply chain disruptions, ongoing instability from the Russian invasion of Ukraine which has destabilised regional economies and caused energy price volatility - and a surge in inflation that has led to significant tightening of global monetary policies.

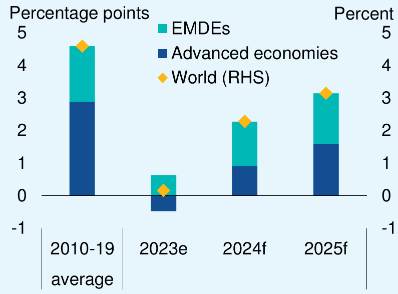
The recent conflict in the Middle East has significantly worsened the global economic situation by heightening geopolitical risks and injecting greater uncertainty into commodity markets. This turmoil has particularly disrupted oil prices and supply chains, adding a new layer of complexity to an already fragile global trade environment. The compounded impact of these disruptions has markedly contributed to the slowdown in global trade growth observed in the latter part of the year, exacerbating the challenges faced by economies worldwide in stabilising and fostering robust trade activity.

Source - Global Economic Prospects - January 2024 (World Bank Publication)

E. Global growth



D. Contributions to global trade growth



GLOBAL ENERGY MARKET

In 2023, the average prices of most commodities, measured in U.S. dollars, declined due to moderating demand, but nevertheless remained higher than pre-pandemic levels. Crude oil prices were notably volatile throughout the year, particularly due to the conflict in the Middle East, averaging $83 per barrel, down from $100 per barrel in 2022. Although OPEC+ implemented deeper and extended production cuts in November 2023, these were largely counterbalanced by robust output from other producers, including the Islamic Republic of Iran and the United States. Currently, OPEC+ maintains a spare capacity of just over 5 million barrels per day.

Natural gas and coal prices saw a significant decline as European countries successfully reduced energy demand and maintained gas inventories at over 90% of their storage capacity. This strategic conservation and storage effort contributed to stabilising the energy market.

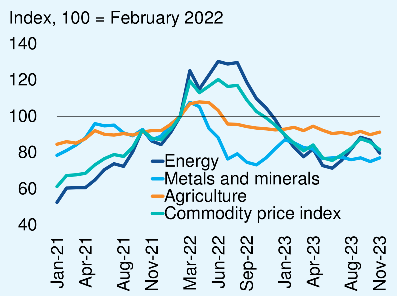
OUTLOOK FOR THE GLOBAL ECONOMY AND GLOBAL ENERGY MARKETS

Global growth prospects for 2024 forecast a further deceleration, with expectations set at 2.4%. This persistent slowdown is a direct consequence of stringent monetary policies implemented to combat historically high inflation and restrictive credit conditions. Moreover, the weak performance of global trade and investment compounds the subdued growth outlook, underscoring the profound and ongoing challenges faced by the global economy in its pursuit of robust recovery and sustained growth

Looking ahead, oil prices are projected to increase slightly to $84 per barrel in 2024 as global economic activity slows and China's economy continues to decelerate. However, an escalation of the conflict in the Middle East poses a significant upside risk to oil prices. Additionally, if OPEC+ extends production cuts or if demand proves stronger than anticipated, prices could rise further.

Meanwhile, natural gas prices are projected to decrease further in 2024 and 2025 due to increased production and a rise in liquefied natural gas (LNG) exports. However experts suggest prices could increase due to upside risks including heightened geopolitical tensions, particularly in gas-producing regions, and stronger-than-anticipated global economic growth, which could boost energy demand. Additionally, severe weather events or shifts in energy policy that affect supply chains could also impact gas prices in the coming years.

A. Commodity prices



Operating Environment

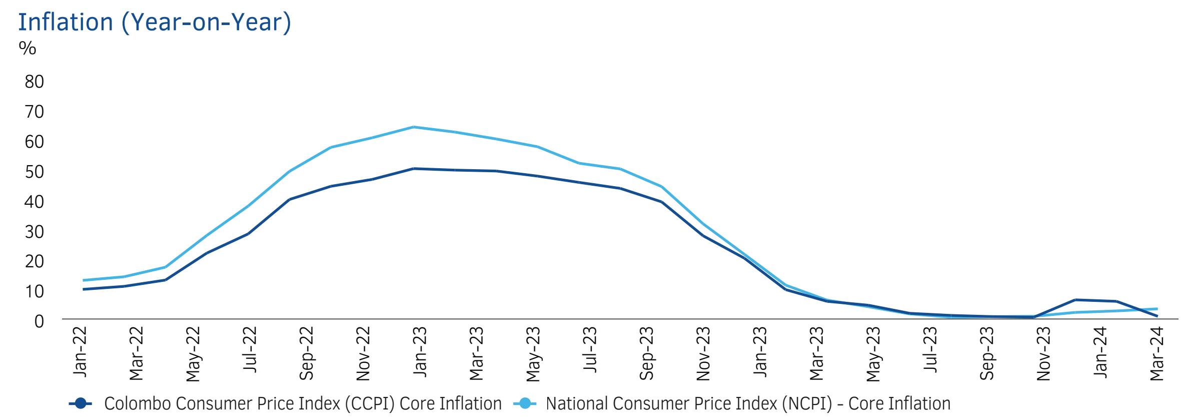
Sri Lankan Economy

Sri Lanka faced significant economic challenges in the first half of 2023, with all key sectors underperforming. However, the economic outlook began to improve in the latter half of the year. Inflation returned to target levels, the exchange rate stabilised, and market interest rates decreased, providing the necessary conditions for a resurgence in economic activity. These positive developments considerably slowed the pace of economic decline, marking the end of six consecutive quarters of deceleration. This shift indicates a potential turning point for Sri Lanka's economy, as it moves towards recovery and growth. In fact the second half of 2023 proved to be a tipping point for the Sri Lankan economy, as strong growth momentum in the final quarter alone enabled the GDP contraction to be restricted to 2.3% in 2023, a marked contrast to the 7.3% de-growth recorded in 2022.

KEY ECONOMIC INDICATORS - SRI LANKAN ECONOMY 2023

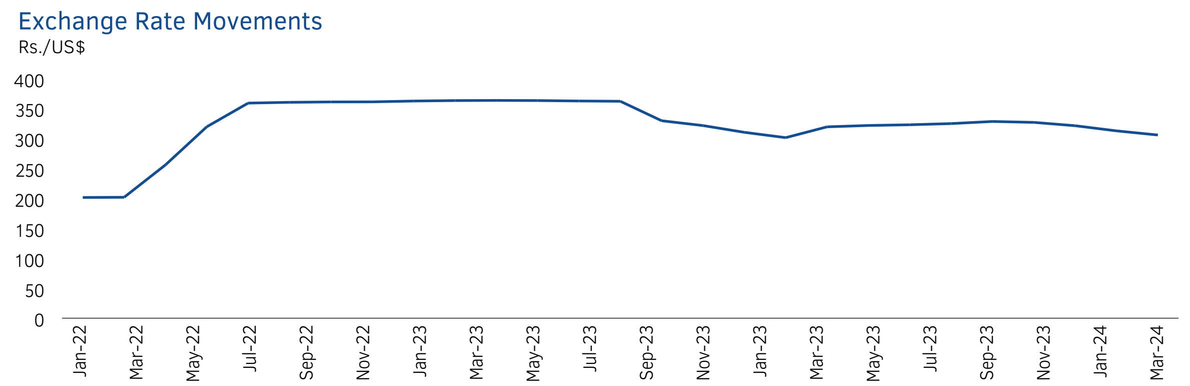
Inflation

Inflation, which peaked at unprecedented levels in September 2022, underwent a rapid decline, reaching lower single-digit figures by the end of 2023. The year-on-year headline inflation, as measured by the Colombo Consumer Price Index (CCPI), fell to just 1.3% by September 2023.



Exchange Rate

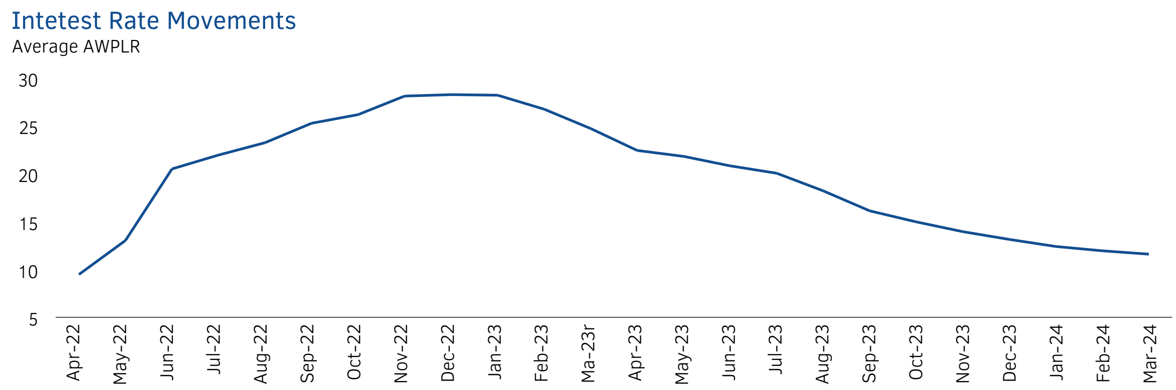
The Sri Lankan Rupee demonstrated notable strength, bolstered by improved market liquidity resulting from substantial foreign exchange inflows and improved tourism earnings. Overall, the Sri Lankan Rupee, which had depreciated by 44.8% against the US dollar in 2022, experienced a significant recovery, appreciating by 12.1% in 2023.



Sri Lankan Economy

Interest Rates

Market interest rates significantly declined from the exceptionally high levels of 2022, primarily due to the implementation of accommodative monetary policy measures by the authorities following the completion of the Domestic Debt Optimization (DDO) program in June 2023.



OUTLOOK FOR THE SRI LANKAN ECONOMY

In 2024, the Sri Lankan economy is on the cusp of a substantial growth surge, with projections indicating a promising expansion of 3%. Key to this progression is the government's foresight in implementing policies that stimulate investment, encourage entrepreneurship, and fortify essential sectors.

Prudent management of inflationary pressures to avoid undue pressure on disposable incomes remains critical to sustain the growth momentum. Infrastructure development initiatives aimed at enhancing connectivity, productivity, and overall economic resilience will also be vital for laying the groundwork for sustained growth in the years to come.

Additionally, the government's commitment to fostering a conducive regulatory environment to promote transparency and ensure fair and equitable practices, will also be important for creating an ecosystem where businesses can thrive and innovation can flourish.

DOMESTIC LPG MARKET - 2023

Demand for LPG in the domestic market mirrored the performance of the Sri Lankan economy in 2023. Hence subdued demand in the first half of the year, was followed by robust growth in tandem with the economic resurgence in the latter part of 2023.

The introduction of monthly price revisions for LPG led to significant price volatility throughout the year, which was also partly responsible for the demand contraction seen earlier in the year. However, the gradual normalisation of economic activity and rapid disinflation augered well for the LPG market, resulting in a strong demand uptick in the second half. Furthermore, the resurgence of the tourism sector following the easing of pandemic-related restrictions spurred demand from hotels, restaurants, and other hospitality establishments, which are significant consumers of LPG. Moreover, the broad-based resumption of industrial activity further bolstered demand, as manufacturing facilities and commercial enterprises relied on LPG for various operational needs.

Operating Environment

PEST Analysis 2023 - LAUGFS Gas PLC

	Risk Event	Risks to the LAUGFS Group	Potential Opportunities
Political	Shifts in energy policies of global decision making bodies. The global community faced tensions between national security, energy security, and climate action.	Margin pressure owing to high degree of sensitivity to global energy prices	Explore strategies to mitigate the impact of fluctuating prices, including hedging against price risks and/or securing forward contracts
	Escalation in geopolitical tensions leading to volatility in global energy markets		
Economic	Supply chain disruptions due to the slowdown in global trade may have struggled to compete, affecting key sectors due to high gas prices.	Loss of market share due to the inability to maintain continuous supply of LPG	Leverage the LAUGFS Group's strong presence within the LPG value chain to diversify procurement sources
	Energy Transition Pressures: The urgent need for energy transition and the insufficient level of investment in natural gas and renewable energy .	Loss of market to new entrants equipped to facilitate the energy transition	Strengthen relationships with stakeholders, including investors, customers, and regulators to demonstrate leadership in the energy transition roadmap
Social	Fuel Poverty: As energy prices rise, more households may struggle to use energy at their homes, leading to fuel poverty.	Demand uncertainties causing earnings unpredictability	Engage in community outreach programs to raise awareness about energy conservation, efficient usage, and available subsidies. Explore flexible pricing models or instalment payment options to ease the burden on low-income households during times of high gas prices.
Technology	Rapid advancement of technology-led efficiency improvements in the global energy sector	High operational costs owing to low technology adoption	Invest in AI-based solutions to streamline distribution networks

Management Discussion and Analysis

EXPANDING THROUGH EXCELLENCE

Business Line Reviews

LAUGFS Maritime Services

SLOGAL Energy
United Arab Emirates

LAUGFS Terminals

LAUGFS Gas

EVOLVING WITH EVALUATION

LAUGFS Gas - Energy

ECONOMIC

PROFIT
Rs. **464**Mn

REVENUE
Rs. **22**Bn

DISTRIBUTOR NETWORK
30

DEALER NETWORK
7,000+

TOTAL ASSETS
Rs. **41**Bn

SOCIAL

DONATIONS
Rs. **9.7**Mn

With the provision of top-notch, dependable, and secure LPG solutions to every region of the nation, LAUGFS Gas Energy business seeks to meet the LPG solution needs of the country's household, commercial and industrial segments through a vast network of dealers and distributors that runs convenient touchpoints over the entire island.

CONTEXTUAL OVERVIEW

The ripple effects of the 2022 economic crisis, most notably the LPG shortage attributed to the lack of foreign currency in the country, continued to pose challenges for LAUGFS Gas in the current year as well. Despite maintaining uninterrupted supply in the current year, achieving pre-crisis volumes proved to be difficult, as the demand for LPG, especially from the retail segment remained weak in the first half of the year - the result of customers' opting to continue using alternative energy solutions adopted in response to the LPG shortage in the previous year. Similarly impacted by the low market demand for LPG, channel partner dynamics too appeared to have altered significantly, causing disruptions to the traditional distribution networks.

The situation was further compounded by the industry practice to enact monthly price revisions for LPG followed by Government's decision to announce VAT on LPG which resulted in a 18% jump in the retail price of LAUGFS Gas, once again prompting consumers to re-evaluate their consumption behaviour, in turn leading to a further demand erosion.

STRATEGY AND FOCUS

Taking stock of the ongoing challenges, LAUGFS Gas initiated a multi-pronged strategy to ride out current challenges and build future resilience. To that end, existing distribution frameworks were revisited and the current Dealer-Distributor model revamped with a view to improving island-wide coverage while reducing cost-to-serve in both retail and commercial segments. Ties with key mega dealers were also further strengthened as part of the overall approach to improve the bandwidth in the commercial and B2B segments.

At the same time, the MoU between LAUGFS Gas and Lanka IOC (LIOC) signifies a major milestone in deepening the penetration into the retail segment. The exclusive channel partner agreement will see LAUGFS Gas LPG cylinders made available at LIOC's network of 53 fuel stations around the country.

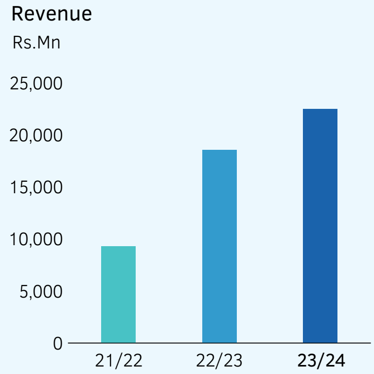
Meanwhile, efforts to build customer loyalty also gathered momentum driven by the launch of LAUGFS Gas "One-hour home delivery service" in January 2024.

PERFORMANCE OUTCOMES

REVENUE

Revenue Growth - 21%

- Revenue increased by 21% in 2023/24 from Rs. 18,534Mn to Rs. 22,476Mn.
- Revenue increased mainly due to the increase in sales volume.



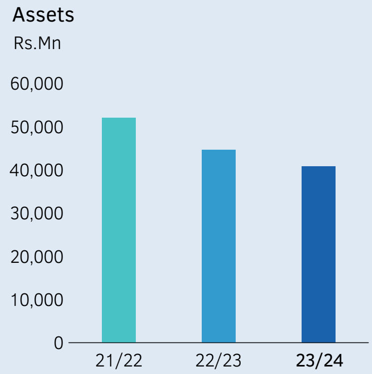
REVENUE

Rs. 22,476Mn

ASSETS

Current Assets decreased - 37%

- Asset value decreased from Rs. 44,698Mn to Rs. 40,802Mn by 9%.
- Non-current assets decreased by 6% from Rs. 40,595Mn to Rs. 38,230Mn.
- The Company was able to maintain ideal inventory levels with the support of effective inventory management systems, and trade and other receivables were efficiently controlled by the centralised credit management and updated credit policies.
- The value of current assets decreased by 37% to Rs. 2,572Mn.



NON-CURRENT ASSETS

Rs. 38,230Mn

CURRENT ASSETS

Rs. 2,572Mn

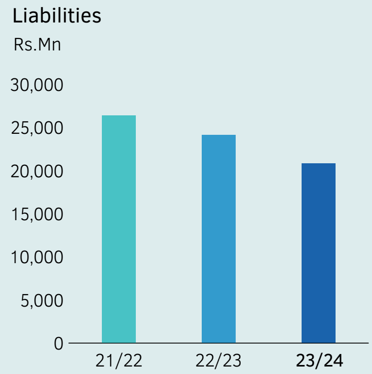
TOTAL ASSETS

Rs. 40,802Mn

LIABILITIES

Current Liabilities decreased - 27%

- Liabilities totalled to Rs. 20,824Mn compared to Rs. 24,148Mn last year.
- Current liabilities decreased by 27% to Rs. 11,436Mn, while non-current liabilities increased by 10% to Rs. 9,388Mn.



NON-CURRENT LIABILITIES

Rs. 9,388Mn

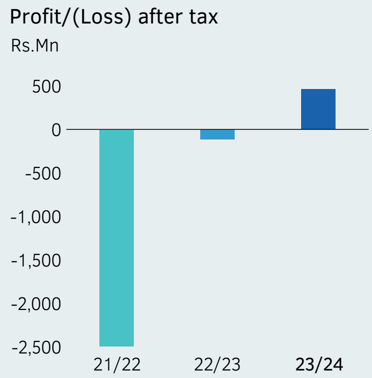
CURRENT LIABILITIES

Rs. 11,436Mn

PROFITABILITY

Net Profit Growth - 503%

- Operating profits decreased by 23% to Rs. 3,153Mn and margins recorded at 14%.
- Decreased interest rates together with reduced borrowings led to a decrease in finance costs by 38%.
- Profit after tax is Rs. 464Mn was recorded with growth of 503% over the previous year.



GROSS PROFIT

Rs. 4,079Mn

OPERATING PROFIT

Rs. 3,153Mn

NET PROFIT

Rs. 464Mn

Business Line Reviews
LAUGFS Gas - Energy

S

Strengths

- Competitive advantage derived from being the only fully-integrated LPG supplier in Sri Lanka
- Strong, established brand name and top of mind brand awareness
- Strict compliance on safety and product quality

W

Weaknesses

- Lack of alternative revenue sources

O

Opportunities

- Leverage fully-integrated infrastructure to make inroads into overseas markets
- Pursue diversification into other segments of the energy domain

T

Threats

- Ad-hoc policy changes affecting selling price stability
- Global geo-political factors directly affecting the purchase price

Future Plans

Short-Medium Term

- Infrastructure and capacity building
- Appointing new dealers and distributors
- Acquiring new customers in all segments

Long Term

- Explore and diversify into new regions to cater LPG solutions

LAUGFS Gas - Transport and Logistics

SOCIAL

STAFF AND CREW
105

ECONOMIC

VESSELS
03

LOSS
Rs. 1,368Mn

REVENUE
Rs. 3,166Mn

TERMINAL CAPACITY
30,000MT

ASSETS
Rs. 22,843Mn

LIABILITIES
Rs. 18,473Mn

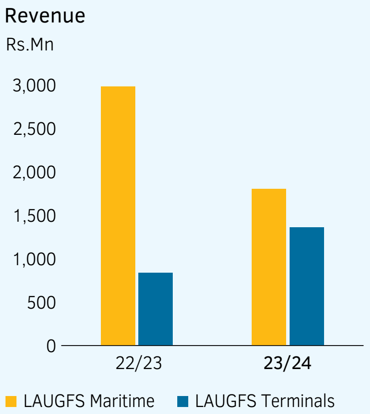
LAUGFS Gas Transport and Logistics Division represents the Group's internal support system comprising of storage terminal and transport fleet that together complement the activities of the Energy Business Cluster.

The storage terminal is managed by LAUGFS Terminals, while the off-shore transport fleet comes under the purview of LAUGFS Maritime Services. Both companies adhere to rigorous national and international regulations concerning quality, operational safety and environmental protection. The two companies together contribute towards national development through the generation of foreign revenue inflows to the country and play an important role in enhancing Sri Lanka's positioning as a key Indian Ocean maritime hub.

PERFORMANCE OUTCOMES

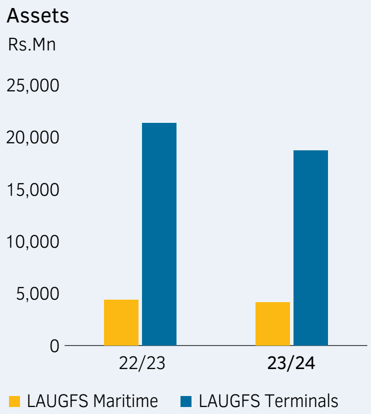
REVENUE

- Revenue decreased from Rs. 3,822Mn to Rs. 3,166Mn.



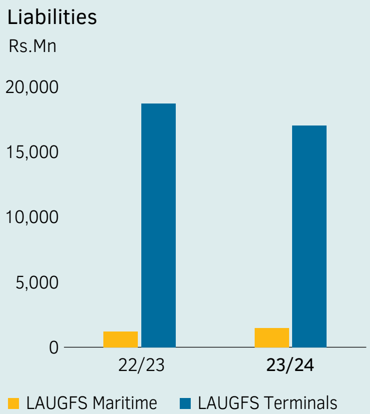
ASSETS

- The value of assets witnessed a decrease from Rs. 25,694Mn to Rs. 22,843Mn.
- Depreciation accounted for a total of Rs. 824Mn.



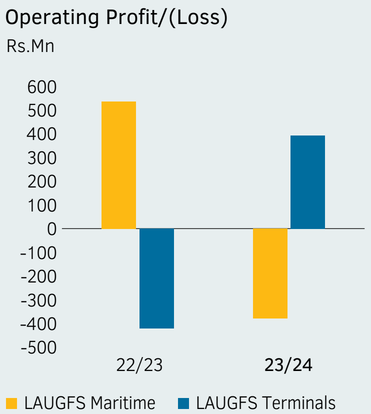
LIABILITIES

- Liabilities experienced a decline from Rs. 19,859Mn to Rs. 18,473Mn.



PROFITABILITY

- The Transport and Logistics sector recorded a loss of Rs. 1,368Mn in the year.



LAUGFS Maritime Services

SOCIAL

STAFF AND CREW
65

ECONOMIC

LOSS
Rs. 482Mn

REVENUE
Rs. 1,803Mn

LIABILITIES
Rs. 1,463Mn

ASSETS
Rs. 4,146Mn

LAUGFS Maritime Services (LMS), which owns its own fleet of LP Gas carriers, provides transportation and logistics services for the LAUGFS Group as well as external partners in the region.

Business Line Reviews
LAUGFS Gas - Transport and Logistics

CONTEXTUAL OVERVIEW

LAUGFS Maritime Services (Pvt) Limited (LMS) once again found itself challenged by evolving local and global macroeconomic factors in the current financial year. Locally, inflation-induced cost increases meant thinning margins. Meanwhile on the global front, geopolitical tensions and political conflicts continued to disrupt trade routes and potentially increase security risks for vessels, while heightened volatility in global crude oil prices had a cascading effect that dampened demand for shipping services. Further, with an imminent global recession in the horizon, the resulting contraction in global trade also had an adverse impact on the demand for maritime transportation.

STRATEGY AND FOCUS

Striving to achieve its performance objectives amidst these challenging circumstances, LMS resorted to multi pronged approaches to improve operational efficiency and reduce costs associated with crew management, vessel maintenance, and ship bunkers fuel consumption. At the same time, a coordinated effort was initiated to strengthen ties with supply chain partners with the aim of leveraging cost synergies to help manage rising operational costs.

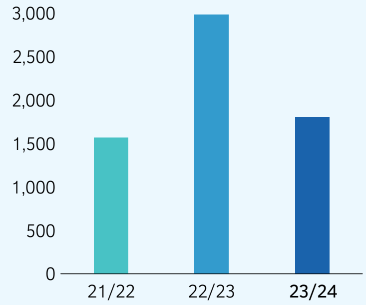
As always, revenue diversification also remained a major priority, leading LMS to explore other avenues beyond traditional cargo transportation, such as specialised petrochemical cargo handling, reefer container services, and project logistics. The overall revenue diversification strategy also included pursuing strategic partnerships to venture into new geographical regions with higher growth potential such as Southeast Asian and African regions.

PERFORMANCE OUTCOMES

REVENUE

- With vessels chartered for internal use, revenue increased from Rs. 70Mn to Rs. 487Mn.
- Revenue from external chartering of vessels totalled to Rs. 1,316Mn compared to Rs. 2,913Mn last year.

Revenue
Rs.Mn



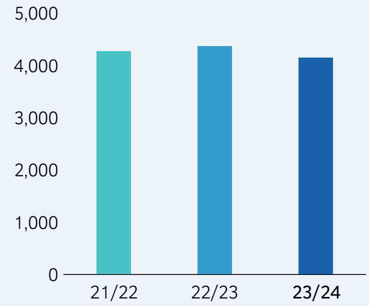
REVENUE

Rs. 1,803Mn

ASSETS

- Assets decreased from Rs. 4,364Mn to Rs. 4,146Mn.
- Depreciation amounted to Rs. 260Mn.

Assets
Rs.Mn



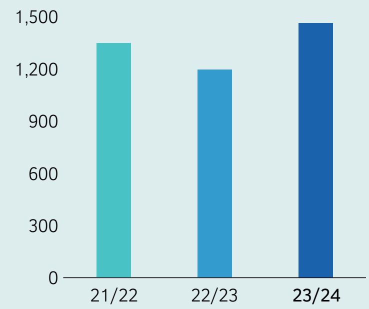
TOTAL ASSETS

Rs. 4,146Mn

LIABILITIES

- Liabilities increased from Rs. 1,196Mn to Rs. 1,463Mn.

Liabilities
Rs.Mn



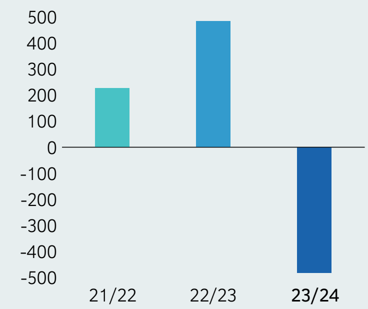
LIABILITIES

Rs. 1,463Mn

PROFITABILITY

- LAUGFS Maritime Services recorded a loss after tax of Rs. 482Mn relative to profit of Rs. 483Mn last year due to an decrease in revenue.

Operating Profit/(Loss)
Rs.Mn



LOSS

Rs. 482Mn

LAUGFS Gas Terminals

SOCIAL

STAFF
40

ECONOMIC

OPERATING PROFIT
Rs. **393**Mn

REVENUE
Rs. **1,362**Mn

TERMINAL CAPACITY
30,000MT

ASSETS
Rs. **18.7**Bn

LIABILITIES
Rs. **17**Bn

LAUGFS Gas Terminals is the only local Company with ownership of LPG terminals. The Company owns 30,000MT LPG transshipment terminal at the Hambantota International Port which is the largest of its kind in South Asia and serves as a central hub for LPG importing, re-exporting, and meeting the demands of LPG retailers. The LPG transshipment terminal, which began operations in 2019, plays a major role in confirming LAUGFS Gas status quo as one of the few fully-integrated LPG players in the Indian Subcontinent.

CONTEXTUAL OVERVIEW

Similar challenges that affected LMS had an adverse impact on the current year margins of LAUGFS terminal operation as well. Apart from this, competitive pressures from potential large regional players with higher throughput capacity, was another key challenge for the terminal operation.

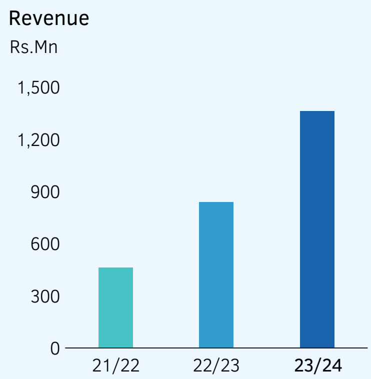
STRATEGY AND FOCUS

Seeking to make a mark as a regional player, the Company sought to attract new customers and boost revenue. Key initiatives undertaken in this regard included establishing trade links across several key regional markets. To further complement these efforts, the Company also looked at the possibility of offering value added services such as blending, cylinder filling etc.

PERFORMANCE OUTCOMES

REVENUE

- Revenue increased by 62% from Rs. 839Mn to Rs. 1,362Mn due to increase in local and export sales.



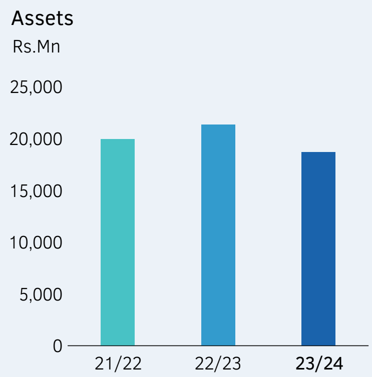
REVENUE

Rs. 1,362Mn

Revenue Growth - 62%

ASSETS

- The value of assets witnessed a decrease from Rs. 21,331Mn to Rs. 18,698Mn.
- Depreciation accounted for a total of Rs. 564Mn.



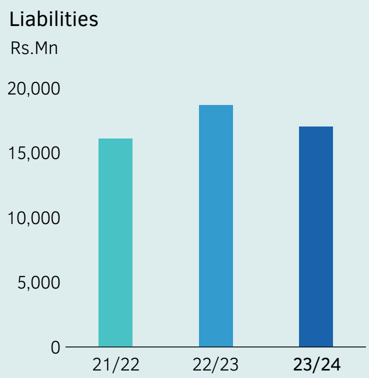
NON-CURRENT ASSETS

Rs. 17,459Mn

Current Assets decreased - 15%

LIABILITIES

- Liabilities experienced a decline from Rs.18,663Mn to Rs. 17,010Mn.



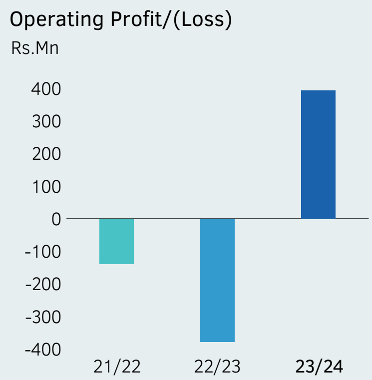
NON-CURRENT LIABILITIES

Rs. 10,476Mn

Non-current liabilities decreased - 17%

PROFITABILITY

- LAUGFS Terminals recorded a Loss after tax of Rs. 886Mn compared to Rs. 1,691Mn last year mainly due to increased in revenue.



OPERATING PROFIT

Rs. 393Mn

Operating Profit Growth - 204%

Business Line Reviews
LAUGFS Gas - Transport and Logistics

Strengths

- Fully fledged infrastructure with enhanced scalability to support the growing demand for cargo traffic within the Indian Subcontinent.
- Ability to accommodate Very Large Gas Carriers (VLGC) and Medium Gas Carriers vessels.
- Strategically poised.

Weaknesses

- Over reliance on a single revenue source.
- Inability to load and discharged simultaneously.

Opportunities

- Forming strategic partnerships to expand geographical reach and tap into new markets.
- Offering specialised services like handling perishable goods, other petrochemical cargo, or project logistics can cater to niche markets and create higher value propositions.
- Utilising digital tools for fleet management and data-driven decision-making can improve operational efficiency, transparency, and customer service.
- Offering value-added services through the terminal to attract new customers and create additional revenue streams.
- Manage Value Added Services to VLGC type LPG carriers.

Threats

- Evolving global trade patterns and potential trade wars could disrupt traditional shipping routes and impact cargo volume.
- Rapid advancements in automation, digitalisation, and alternative propulsion technologies.
- New expansion of storage in the region to handle larger quantities.

Future Plans

Short-Medium Term

- LAUGFS Maritime Services hopes to increase its current capacity while at the same time increasing the number of vessels in its fleet
- Maximise vessel utilisation by capitalising on emerging opportunities in the open global market within the Southeast Asian region.

Long Term

- Invest in innovative solutions, cleaner technologies, and sustainable practices to contribute to a greener maritime future
- Expand the current LPG storage capacity of 30,000MT to 60,000MT with the expectation of handling and discharging VLGCs at Hambantota port

LAUGFS Gas - Trading » SLOGAL Energy DMCC

ECONOMIC

OPERATING PROFIT
Rs. **1**Mn

REVENUE
Rs. **19.6**Bn

ASSETS
Rs. **4.7**Bn

As the trading arm of the LAUGFS Group, SLOGAL Energy DMCC ensures a steady supply of LPG to the Group by developing a reliable and comprehensive supplier network through its global presence. SLOGAL Energy DMCC charters LPG vessels from LAUGFS Maritime, rents terminal space from LAUGFS Terminal and supports the Group in maintaining optimal inventory levels.

The Company purchases bulk LPG from major suppliers and distributes it to the LAUGFS downstream business and third party buyers. In addition, the Company oversees the entire LPG procurement process for domestic and international trading.

Business Line Reviews

LAUGFS GAS - Trading » SLOGAL Energy DMCC

CONTEXTUAL OVERVIEW

In 2023, the global LPG trading landscape was shaped by a multitude of significant factors. Geopolitical tensions, such as conflicts in key producing regions and trade disputes between major economies, continued to disrupt supply chains and create uncertainties in the market. These tensions often lead to supply interruptions and fluctuating prices, compelling traders to navigate an increasingly volatile environment. Supply chain disruptions, exacerbated by ongoing logistical challenges and pandemic-related recovery issues, further strained the global distribution network, making it difficult to maintain consistent supply levels.

The ongoing energy transition towards cleaner fuels is a major driving force, as countries worldwide strive to reduce carbon emissions and combat climate change. This shift has led to a greater emphasis on LPG as a transitional fuel, given its relatively lower carbon footprint compared to coal and oil. Consequently, there is an increased adoption of LPG in both residential and industrial sectors, boosting its demand on a global scale.

Volatility in crude oil prices remains a critical factor, directly influencing LPG pricing dynamics. Variations in production outputs from major LPG-producing regions, driven by factors such as regulatory changes, technological advancements, and natural resource availability, further complicate the market landscape. The interplay of these elements requires stakeholders to continuously adapt their strategies to manage risks and capitalise on emerging opportunities in the global LPG market.

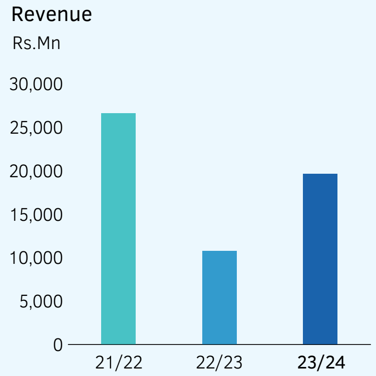
STRATEGY AND FOCUS

In 2023, SLOGAL's business focus was strategically aligned with the evolving global energy landscape, with a key emphasis on supply chain diversification to enhance sourcing efficiency. Leveraging its strategic location in Dubai, a pivotal global trading hub, SLOGAL intensified its efforts to diversify its supplier networks, thereby mitigating risks associated with over-reliance on fewer sources (during last FY due to adverse economic situation in Sri Lanka). The Company's approach included establishing new partnerships with a broader range of suppliers from various regions, ensuring a more resilient and flexible supply chain. This strategy not only improved the reliability of its LPG supply but also allowed SLOGAL to tap into competitive pricing and varied product offerings. Additionally, by expanding its supplier base, allowed SLOGAL to better navigate geopolitical uncertainties and market fluctuations, ensuring a steady and cost-effective supply of energy products to meet growing demand in 2023/24.

PERFORMANCE OUTCOMES

REVENUE

- During the year, revenue from trading operations increased from Rs. 10,779Mn to Rs. 19,602Mn.
- Revenue from external clients increased to Rs. 6,234Mn compared to Rs. 340Mn last year.

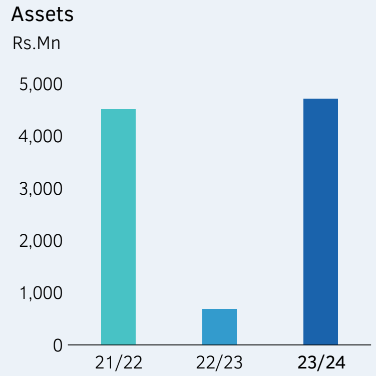


REVENUE

Rs. 19,602Mn

ASSETS

- The Company's assets increased from Rs. 686Mn to Rs. 4,713Mn.

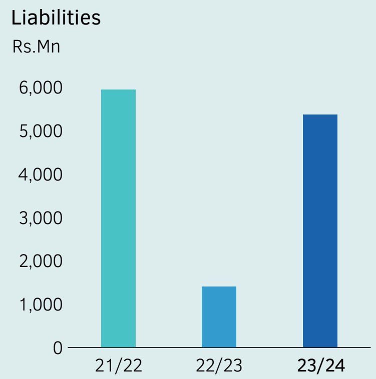


TOTAL ASSETS

Rs. 4,713Mn

LIABILITIES

- During the year, liabilities increased from Rs. 1,406Mn to Rs. 5,362Mn.

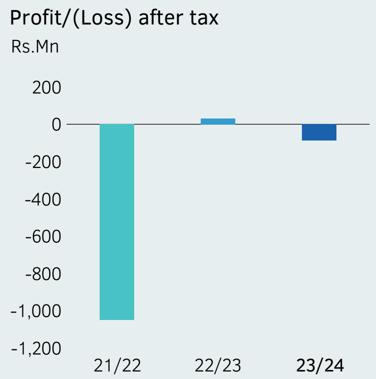


TOTAL LIABILITIES

Rs. 5,362Mn

PROFITABILITY

- SLOGAL recorded a loss after tax of Rs. 86Mn relative to profit of Rs. 31Mn last year due to an increase of cost of sales



LOSS

Rs. 86Mn

Strengths

- Strategic location advantages and strong partner networks to support sourcing efficiency.
- LAUGFS Group LPG midstream trading arm.
- Geographical advantage of the Hambantota Terminal.
- LAUGFS LPG downstream captive markets.
- LAUGFS LPG history and presence.

Weaknesses

- Dependence on a few key markets.

Opportunities

- Global market diversification.
- Asian and African markets – which presents a fast growing economy with tremendous potential.
- New Product Development e.g. Base Oil etc.

Threats

- High degree of price competition affecting sourcing.
- Ramped up US sanctions, geopolitical disruptions around AG, abrupt maintenance in AG refineries etc.
- Russia-Ukraine war tension.

Future Plans

Short-Medium Term

- New market development to penetrate into untapped regions, e.g. India, South East Asian Countries, East Africa.
- Building new partnerships with suppliers from different regions to create a stronger and more flexible supply chain.

Long Term

- Improve product mix as a risk mitigation strategy.

LAUGFS Gas - Property » LAUGFS Property Developers

ECONOMIC

PROFITS
Rs. **68**Mn

REVENUE
Rs. **111**Mn

VALUE OF INVESTMENT PROPERTY
Rs. **2.8**Bn

ASSETS
Rs. **3.3**Bn

SQ. FT.
88,082

LAUGFS Property, comprised of 88,082 square feet of building space and 0.43 acres of freehold land, is situated at Havelock Town, one of Colombo's premier locations.

CONTEXTUAL OVERVIEW

LAUGFS Property Developers play a pivotal role in ensuring that the Group's various divisions have the necessary space to operate efficiently and support their growth. This includes developing state-of-the-art facilities and optimising existing spaces to accommodate the diverse requirements of the Group's various business units.

STRATEGY AND FOCUS

LAUGFS Property Developers continues to proactively explore additional lucrative opportunities to drive growth in operating profits and generate supplementary income. This strategic approach includes identifying new market segments, investing in innovative projects, and enhancing operational efficiencies. By leveraging its expertise in property development and expanding its revenue streams, LAUGFS Group aims to bolster its financial performance and sustain long-term growth.

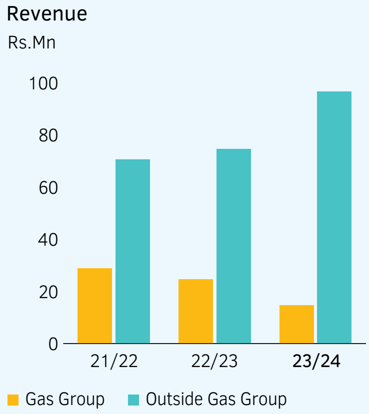
PERFORMANCE OUTCOMES

In FY 2023/24, revenue from outside the Gas Group customers increased substantially reaching Rs. 96.6Mn, from Rs. 74.7Mn in the previous year representing a 29% growth. This increase highlights the optimum utilisation of space.

Bolstered by improved revenue from outside the Gas Group customers, Profit after tax increased significantly to Rs. 68Mn in FY 2023/24, up from Rs. 47Mn in FY 2022/23.

REVENUE

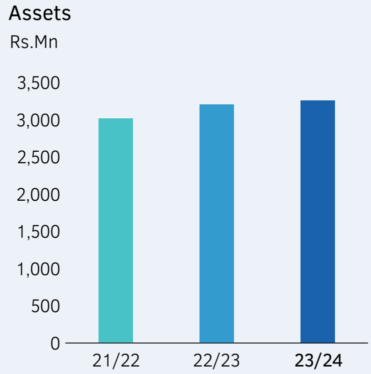
- Outside the Gas Group, a rental income of Rs. 96.6Mn was recorded and it was a 29% growth when compared to last year.
- Within the Group, a rental income of Rs. 14.7Mn was recorded and it was a 40% decline when compared to last year.



Outside Gas Group Revenue Growth - 29%

ASSETS

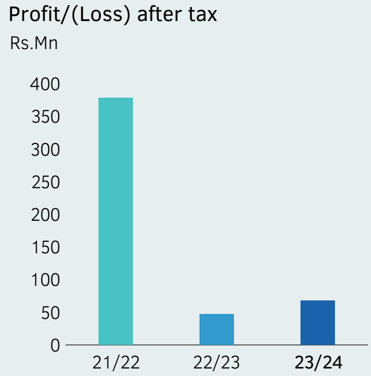
- During the year, assets increased by 2%.
- The investment property valued at Rs. 2,798Mn during the year under review.



Assets Growth - 2%

PROFITABILITY

- Operating profits of the property segment was Rs. 130Mn.
- Rs. 113Mn of profit before tax was recorded and it is a 50% decline when compared to last year's Rs. 226Mn.
- Rs. 68Mn of profit after tax was recorded which is a 44% increase when compared to last year's Rs. 47Mn.



Net Profit Growth - 44%

Commitment to Sustainable Business

LAUGFS Gas PLC Group adopts a holistic and integrated approach to sustainable business, seamlessly aligning its operations with Environmental, Social, and Governance (ESG) to ensure the Group's growth and success is aligned with the broader goals of sustainable development and corporate responsibility.

E

ENVIRONMENT AND RESOURCE EFFICIENCY

LAUGFS Gas PLC Group is steadfast in its commitment to environmental stewardship and resource efficiency. Recognising the critical importance of preserving the planet for future generations, the Group employs innovative practices to minimise environmental impact. This includes optimising processes to reduce waste, conserving energy, and implementing sustainable resource management strategies to significantly lower its carbon footprint, thereby contributing to global efforts in combating climate change. Meanwhile, in a concerted effort to contribute towards the reduction in greenhouse gas emissions, the Group has in recent years started investing in renewable energy sources.

Natural Capital (page 96)

S

SOCIAL RESPONSIBILITY

LAUGFS Gas PLC Group's social responsibility initiatives are aimed at addressing various aspects of community welfare and employee well-being. An integral part of this social strategy is the provision of responsible products that are safe and reliable.

As part of its social responsibility commitments, the LAUGFS Gas PLC Group is also dedicated to promoting equal opportunity and non-discriminatory employment practices. By implementing policies that encourage diversity and inclusion within its workforce, the Group seeks to provide equal opportunities for all employees regardless of gender, race, or background. This inclusive culture is reinforced through training programmes aimed at eliminating unconscious bias and fostering a respectful and collaborative work environment.

Ensuring a safe workplace is another critical component of LAUGFS Gas' social responsibility framework. The Group adheres to stringent health and safety standards and invests in state-of-the-art safety equipment to protect its workforce alongside regular risk assessments and safety drills to prevent workplace accidents.

Beyond the workplace, the Group is committed to the development and upliftment of communities, including the Group's supplier and distributor networks as well as underserved communities around the Country. These initiatives are designed to enhance the quality of life for community members and provide them with the resources and opportunities needed for sustainable development.

Social and Relationship Capital (page 90) &
Human Capital (page 80)

G

GOVERNANCE AND ETHICAL PRACTICES

The governance framework at LAUGFS Gas PLC Group is characterised by its strong emphasis on regulatory compliance and business ethics. Regulatory compliance is integral to LAUGFS Gas' operations. The Group rigorously adheres to local and international regulations, ensuring that all its practices meet the required legal and ethical standards. This commitment to compliance is supported by regular monitoring of regulatory changes and ensures that the Group's policies and procedures are updated accordingly. Additionally, the Group is committed to maintain high standards of ethical conduct across all levels of its operations. This is achieved through a comprehensive code of ethics that outlines the expectations for behaviour and decision-making for all employees and stakeholders. Regular training sessions and workshops are conducted to ensure that everyone in the organisation understands and adheres to these ethical standards.

Corporate Governance Report (page 112) &
Intellectual Capital (page 74)

CAPITAL MANAGEMENT REPORTS

Financial Capital

Financial capital encompasses the monetary resources including equity capital, debt capital, and retained earnings required to fund the day-to-day operations, invest in growth opportunities, and support its long term business strategy.

Inputs

Equity Capital

Rs. 3,543Mn

Short term borrowings

Rs. 8,982Mn

Long term borrowings

Rs. 20,788Mn

Value Transformation

INITIATIVES FOR FY 2023/24

MANAGEMENT APPROACH

The LAUGFS Gas Group aims to manage its financial capital effectively to ensure the Group has adequate liquidity to meet its obligations, and invest in projects that drive future profitability.

38.5% year-on-year improvement in Group revenue

Rs. 3,290Mn paid to settle long term borrowings

EBITDA Rs. 5Bn

Group Assets Rs. 45Bn

Group Liabilities Rs. 41Bn

Stakeholder Outcomes

Strong asset base to support consistent revenue generation

Outputs for LAUGFS Gas Group and Impact on other Capitals

Disciplined financial management to support scheduled CAPEX activities FC

Contribution to the SDG's

8 DECENT WORK AND ECONOMIC GROWTH

Financial Capital

KEY DRIVERS OF FINANCIAL CAPITAL DEVELOPMENT

REVENUE

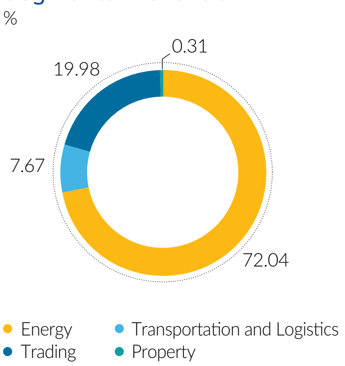
LAUGFS Gas PLC reported substantial revenue expansion in the current financial year. Consolidated Revenue crossed the Rs. 30,000Mn mark to touch Rs. 31,200Mn in FY 2023/24, denoting a commendable 38.5% improvement year-on-year from the Rs. 22,527Mn reported in the previous financial year.

The Energy segment remained the largest contributor accounting for approximately 72% of consolidated Group Revenue. Backed by steady growth in LPG sales in the latter part of the financial year, the Energy segment recorded revenue of Rs. 22,476Mn, up 21% from the Rs. 18,534Mn reported in FY 2022/23.

The second largest contributor to Group revenue - the Trading segment also recorded strong revenue expansion. The Trading segment revenue grew to Rs. 19,602Mn in the current financial year, from Rs. 10,779Mn in the previous year, denoting a robust 82% improvement year-on-year.

Meanwhile the Transport and Logistics segment revenue declined by 17% mainly as a consequence of the weak demand for shipping services which saw the segment's vessels idling for a considerable length of time during the year.

Segmental Revenue



GROSS PROFIT

Severe margin pressure induced by frequent price adjustments saw the Group's gross profit declining by 30% year-on-year from Rs. 6,430Mn in FY 2022/23 to Rs. 4,506Mn in the year under review.

As per the revised cost-reflective pricing formula, the retail price of LPG in the local market was subject to continuous adjustment throughout the current financial year. Accordingly, the highest price recorded for a 12.5kg LPG cylinder during the year was Rs.4,740/-, while the lowest recorded price was Rs. 3,690/-.

OPERATING PROFITS

The adverse impact on gross profit was mirrored in the Group operating results as well, with operating profit for FY 2023/24 showing a 32.8% decline from Rs. 4,789Mn in the previous year to Rs. 3,216Mn in the year under review. The decline in other operating iIncome, along with the increase in selling and distribution expenses also had a negative impact on Group operating profits for the current year. However, these increases were partly offset by the exchange gain of Rs. 146Mn resulting from the LKR appreciation against the USD. In contrast, the Group reported an exchange loss of Rs. 706Mn in FY 2022/23 stemming from the significant depreciation in the LKR against the USD in the previous year.

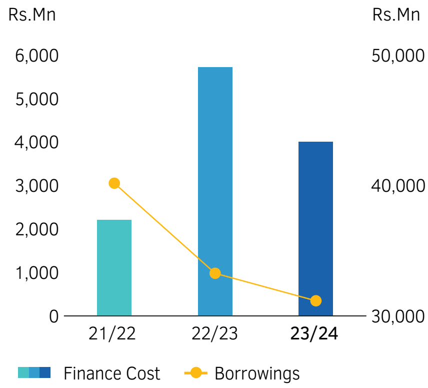
TAX EXPENSES

LAUGFS Gas Group reported Tax expenses for FY 2023/24, reflecting a 42.6% reduction compared to the previous financial year. The decline is as a result of the corporate tax rate increasing from 24% to 30% in the previous financial year necessitating the deferred tax computation to be reworked at the higher rate. Consequently the Group's tax expenses increased to Rs. 317Mn in the previous year. However, with no such additional charges applicable in the year under review, the tax expense for FY 2023/24 stood at Rs. 182Mn.

PROFIT BEFORE TAX (PBT)

The Group recorded a loss of Rs. 777Mn in the current financial year, reflecting a 12% improvement from the loss position of Rs. 884Mn reported in FY 2022/23. The improvement is the result of the substantially lower finance cost owing to the combined impact of the downward adjustment in interest rates as well as higher debt servicing by the Group. The Group utilised positive cashflows generated through operating activities to settle Rs.3,290Mn worth of term borrowings in the current financial year.

Finance Costs



EARNINGS PER SHARE (EPS)

In direct correlation to the loss on continuing operations reported in FY 2023/24, EPS for the current year declined to a negative Rs. 2.52 from Rs. 5.74 recorded in the previous financial year.

LIABILITIES

No significant movement was observed in the Group's liabilities year-on-year, except for the reduction in term borrowings.

EQUITY

The adverse impact of the Group's loss position was seen in the decline in Total Equity from Rs. 4,455Mn in the previous year to Rs. 3,543Mn as at 31st March 2024, a 20% drop year-on-year.

PROFIT AFTER TAX (PAT)

The Loss for the Year from continuing operations for the FY 2023/24 was Rs. 959Mn, a 20% improvement from the Rs. 1,201Mn loss reported in the previous financial year. The improvement is attributed to the aforementioned reductions in finance costs and tax expenses.

The Energy segment reported a marked turnaround in the current financial year, recording PAT of Rs. 464Mn for FY 2023/24, representing a nearly 5 times improvement from the loss of Rs. 115Mn reported in the preceding year.

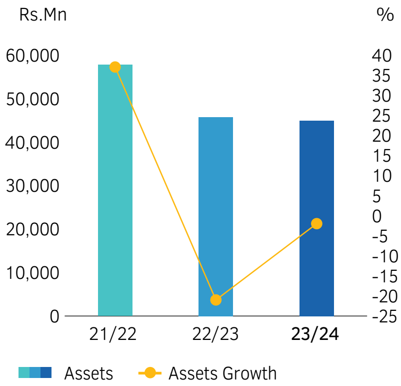
The Trading, Transport and Logistics segment however reported a loss of Rs.86Mn and Rs. 1,368Mn respectively compared to the profit of Rs.31Mn and loss of Rs. 1,209Mn respectively in the previous financial year, indicating a 375% and 13% deterioration year-on-year.

ASSETS

With no major CAPEX activities undertaken during the year, aside from the Rs. 258Mn incurred on account of dry docking of vessels, the Group's total assets remained broadly similar to the previous year.

The Transport and Logistics segment accounted for the largest share of the Group's total assets of 51%, followed by the Energy segment at 36% share of total Group Assets, and the remaining 13% held by the Trading and the Property segments.

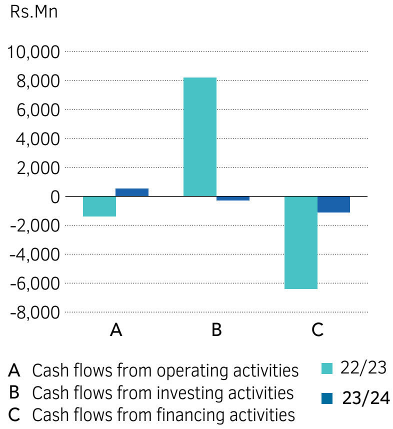
Asset Growth



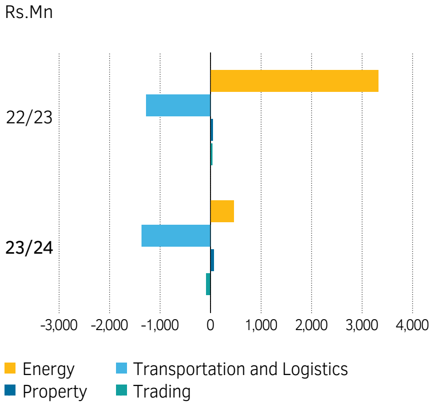
CASH FLOWS

The Group's cash flow position showed an improvement in the current year, moving from negative of Rs. 1,406Mn as at the end of the previous financial year to a positive of Rs. 537Mn as at 31st March 2024 in terms of operating activities. The turnaround is largely as a consequence of reduction of finance cost compared to the previous year.

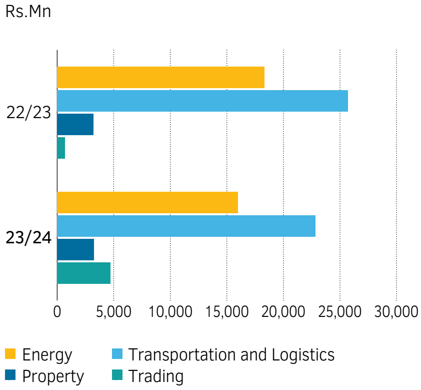
Cash Flows



Profit/ (Loss) by Segment



Asset by Segment



Future Plans

Short Term - Medium Term

Improve margins derived through competitive sourcing efficiencies.

Long Term

Disciplined cash flow management to reduce borrowings

Manufactured Capital

Manufactured Capital encompasses the physical infrastructure, technology systems and digital channels that together create the framework to produce and deliver the Group's products and services to the market.

Inputs

- 03 LPG Vessels
- 33,150MT LPG Storage Infrastructure
- Delivery Vehicles
- Corporate Office and other Administrative Buildings
- Other freehold land
- Technology Systems
- Cylinders in hand and in circulation

Value Transformation

INITIATIVES FOR FY 2023/24

MANAGEMENT APPROACH

Given its critical role in supporting the midstream and downstream processes, LAUGFS Group maintains a highly-disciplined approach to developing its Manufactured Capital to ensure all physical and digital assets continue to function at optimal levels in alignment with the Group's strategic objectives.

Stakeholder Outcomes

Uninterrupted product availability

Access to a wider range of solutions at different price points

Guarantee of the highest quality products manufactured on par with global standards

Outputs for LAUGFS Gas Group and Impact on other Capitals

Higher return-on-investment due to optimal use of assets FC

World-class infrastructure reinforces the Group's reputation as an industry leader IC

Reliability of production and manufacturing infrastructure strengthens stakeholder trust SC

Investment in New Infrastructure
Rs. 301Mn

Maintenance and Upkeep
Rs. 284Mn

Three LPG Vessels

33,150MT
Storage Capacity

PPE
Rs. 31.4Bn

Contribution to the SDG's

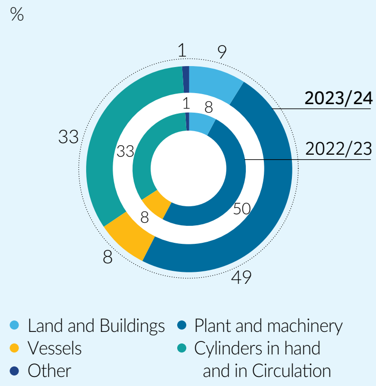
Manufactured Capital

LAUGFS GROUP MANUFACTURED CAPITAL PROFILE

Group PPE Composition as at 31st March 2024

	Energy (Rs.Mn)	Transport and Logistics (Rs.Mn)	Trading (Rs.Mn)	Property (Rs.Mn)
Buildings	101	1,594	-	84
Plant, Machinery and Equipment	538	14,698	-	1
Vehicles	63	1	-	-
Cylinders in hand and in Circulation	10,449	-	-	-
Vessels (including dry docking)	-	2,891	-	-

NBV of Assets



KEY DRIVERS OF MANUFACTURED CAPITAL DEVELOPMENT

INVESTMENT IN NEW INFRASTRUCTURE

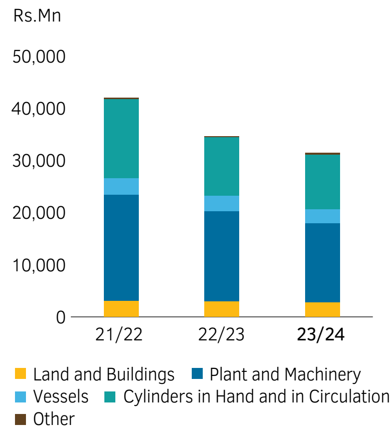
New infrastructure investments and capacity expansions are meant to complement the Group's strategic business objectives. Accordingly, the Board undertakes to review and approve the annual CAPEX plan and budget in line with the Group's 3-year strategic plan. New investments are undertaken as per the annual CAPEX budget and in accordance with internal approval limits.

As a policy, the Group procures machinery and equipment only from globally reputed original equipment manufacturers whose products conform to international standards. Asset acquisition is supported by a highly streamlined procurement process involving strict verification of supplier credibility and track record. Additional due diligence is also carried out to assess suppliers' conformity with environmental and social responsibility standards.

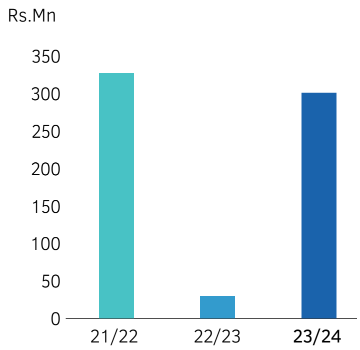
Over the past decade, the Group has increasingly focused on the introduction of technology-driven applications to transform core infrastructure and augment key aspects of the Group's various business verticals.

In the year under review, LAUGFS Gas PLC invested Rs. 20.0Mn on plant and machinery. The Group also invested Rs. 258Mn to equip the Gas Courage vessel under LAUGFS Maritime service portfolio for mandatory dry docking.

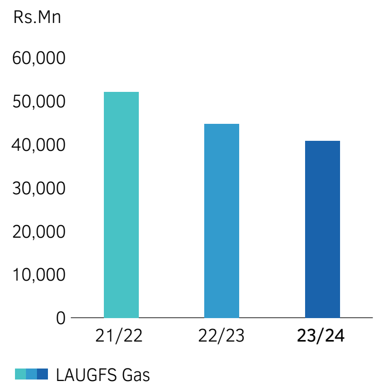
Assets by Type



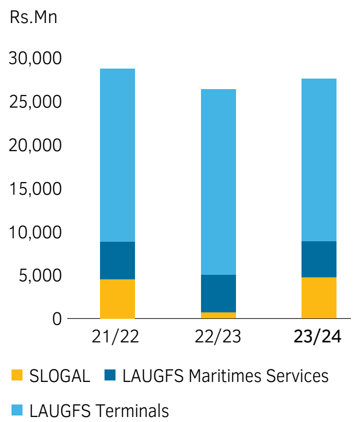
Investments in PPE



Monetised Value of our Downstream Business



Monetised Value of our Midstream Business



MAINTENANCE AND UPKEEP

Maintenance and upkeep is an integral part of the endeavour to ensure Group assets continue to function optimally at all times. In this regard, all service contracts are reviewed and renewed as needed, while in-house engineers in the respective business verticals take the responsibility for overseeing routine maintenance in line with manufacturers' specifications. Asset rationalisation also forms an important part of the overall approach to maintenance and upkeep. Asset rationalisation initiatives are aimed at phasing out old and underperforming assets to ensure the PPE portfolio continues to function optimally at all times.

A total of Rs. 284Mn was incurred by the Group as maintenance in FY 2023/24.

Future Plans

Short Term - Medium Term

Implementation of the YOKOGAWA System at LAUGFS Terminals

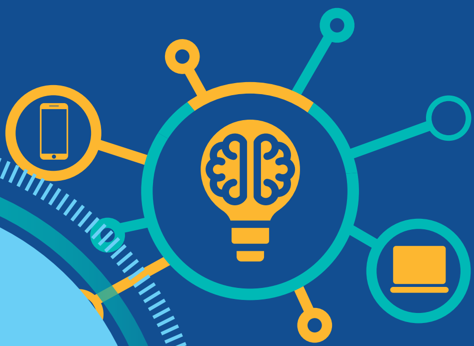
Increase vessel capacity in the LAUGFS Maritime Sector

Long Term

Expansion of the storage capacity of the Hambantota terminal up to 60,000 MT

Intellectual Capital

Intellectual Capital, which consists of a collection of intangible assets that together play a pivotal role in supporting LAUGFS Gas to maintain its position as a leading LPG provider in Sri Lanka.



Inputs

Iconic Brand

Strong Business Ethics

ISO 9001:2015 Quality Management Systems Certification

ISO 45001:2018 Occupational Health and Safety Management Systems Certification

Value Transformation

INITIATIVES FOR FY 2023/24

MANAGEMENT APPROACH

LAUGFS Gas Group strives to proactively enhance its Intellectual Capital with a view to strengthening the distinctive elements that underpin the Group's competitive advantage.

Over 4,000 hours of Training

Fraud Awareness Week

Appointment of an Ombudsman to strengthen the Whistleblower process

New Strategic Partnership with LIOC

Stakeholder Outcomes

Improved access and 24-7, 365 day availability

High quality, safe, reliable products

ZERO incidents of non-compliance with regulations

Outputs for LAUGFS Gas Group and Impact on other Capitals

Strong brand credentials help in securing new customers in order to grow revenue and market share FC

Strategic partnerships that facilitate business expansion FC

Strong business ethics help to reinforce trust among customers and suppliers SC

Contribution to the SDG's

Intellectual Capital

KEY DRIVERS OF INTELLECTUAL CAPITAL DEVELOPMENT

LAUGFS Gas and Lanka IOC partner to reshape energy sector

LAUGFS Gas and Lanka IOC partnership represents a strategic alignment of industry leaders dedicated to shaping a brighter, more efficient future for Sri Lanka's energy landscape. The tie-up envisions extended service hours and 365-day product availability to become the norm, with LAUGFS Gas products readily accessible at all Lanka IOC stations. This partnership will also introduce a range of extended service offerings, further enriching the customer experience. By leveraging their expertise in their respective domains, both companies are committed to setting the standard in the LPG and petroleum product retailing industries.

BRAND EQUITY

Having first entered the local LPG market as the first and only private sector LPG supplier in Sri Lanka, LAUGFS Gas has since established a solid reputation as the preferred supplier of LPG to both B2B and B2C segments in the Country. With an extensive network of over 7,000 dealers and 30 distributors, the Group is well-positioned to meet the nation's energy requirements. Anchored to its core philosophy of unwavering dedication to excellence and sustainability and rooted in a commitment to innovation, reliability, and customer-centricity, LAUGFS has cultivated a strong bond with consumers in all core markets. With a keen understanding of evolving market dynamics and a proactive approach to meeting customer needs, LAUGFS has over the years invested in vertical integration by building upstream, midstream capacity encompassing transportation, storage, and trading. The modern fleet of LPG tankers and state-of-the-art 33,150 MT storage and filling facilities in Hambantota and Mabima, both operated with the highest international safety standards, have positioned LAUGFS Gas as the only fully-fledged LPG supplier in the local market. Buttressed by these synergies, LAUGFS has carved out a distinctive identity as the leading provider of safe, high quality, reliable LPG.

BUSINESS ETHICS

GRI 2-23, 2-24, 2-25, 2-26, 2-27, 205-1, 205-2, 205-3

Responsible business ethics go hand-in-hand with the LAUGFS Gas Group's commitment to excellence. Regulatory compliance is the first point of reference in the Group's ethics framework. To that end, the Group maintains a zero tolerance policy for non-compliance of regulatory requirements applicable to various aspects of the business.

Beyond compliance the Group strives to emulate global best practices with the Board setting the tone from the top and leading by example to demonstrate the commitment to good business ethics. This commitment is cascaded down through the Board-approved Code of Conduct, which sets out clear guidelines for all employees on a range of topics including bribery, corruption, facilitation payments, granting and receiving gifts, anti-competitive behaviour, conflicts of interest, professional confidentiality, human rights, workplace harassment etc. All employees are presented the Code of Conduct at their orientation, where they are expected to read and formally declare their understanding of its contents. Adherence to the Code of Conduct is strictly monitored through due diligence activities conducted by the Group Internal Audit, with any violations documented and reported to the Board Audit Committee for appropriate action.

In the year under review, the Code of Conduct was strengthened where the provisions on bribery and corruption further improved and supported by a series of employee awareness sessions. In conjunction with these initiatives, fraud prevention workshops were conducted to bring more focus on topics such as;

- Corruption
- Asset misappropriation
- Financial Statement Fraud
- The Fraud Triangle
- Red flags of a fraudster
- Cyber frauds

A separate Whistleblower Policy is also in place to enable anonymous reporting of aligned financial misappropriation and other perceived irregularities. All Whistleblower complaints are reviewed by the Board Audit Committee. Throughout the investigation process two-way communication is maintained, as much as reasonably possible, to keep the whistleblower updated regarding the progress of the investigation. In the current financial year, the Whistleblower process was further strengthened with the introduction of an independent Ombudsman with specialised legal expertise to serve as an impartial arbitrator to offer an opinion on all decisions made by the Board Audit Committee.

There were no incidents of bribery or corruption reported in the current financial year.

There were no operations assessed related to risk corruption.

All employees and Governance body members were trained on anti corruption policies and procedures.

DIGITAL INNOVATION

LAUGFS Gas Group has always relied on digital innovation as a means of augmenting its ability to create, deliver and sustain stakeholder value. Based on this premise the Group has steadily increased its investment in technology- based tools to enhance various aspects of the business.

These efforts continued to gather momentum in the current financial year with the Group undertaking a number of large digitisation projects, key among them the live rollout of the Sales Force Automation (SFA) platform in 2023 to streamline the LPG distribution process and assist in managing the Group's 7,000+ dealer networks and 30 distributors. The fully-fledged SFA will be further integrated with Power BI tools to enable advanced analytics and data driven dashboards to support real time monitoring and facilitate more effective decision making.

INFORMATION SECURITY SYSTEMS

A comprehensive approach underpins the LAUGFS Gas Group's efforts to safeguard its information and data assets. The Group's Information Security (IS) Framework is meticulously designed in line with global best practices including the ISO 27001 Information Security Standard. Accordingly, the Information Security Management System (ISMS) Manual (Parts 1 and 2) and the Acceptable Usage Policy of IT Assets and Services, along with a strong governance and oversight mechanism provide the foundational architecture for safeguarding the Group's information assets. The Information Security Governance is managed under the stewardship of the Information Technology and Security Steering Committee (ITSSC).

Additionally, the framework also includes comprehensive due diligence and risk assessments to ensure adaptability to emerging threats and technological advancements, thereby guaranteeing the continual protection of information assets. LAUGFS Gas Group Internal Audit Unit conducts routine due diligence, including User Access Reviews to evaluate the efficacy of the IS architecture, while the services of an external third party specialist is sought to perform vulnerability assessments and scheduled penetration testing.

Training and awareness also remains critical to supporting the efficacy of the IS framework.

Intellectual Capital

STANDARDS AND CERTIFICATIONS

Standards and certifications serve to further validate LAUGFS Gas Group's operational credentials.

Standard / Certification / Licence	Scope and Purpose
ISO 9001:2015 Quality Management Systems Certification from Sri Lanka Standards Institute	Ensure that LPG filling and distribution is carried out in accordance with quality management system requirements for enhancing customer satisfaction and market credibility while driving continuous improvement.
ISO 45001:2018 Occupational Health and Safety Management Systems Certification from Sri Lanka Standards Institute	To ensure occupational health and safety management systems are effectively implemented by LAUGFS Gas, promoting a safer work environment and reducing workplace risks and accidents.

Future Plans

Short Term - Medium Term

Expand strategic partner networks to strengthen island-wide availability and reach

Long Term

Implement digital tracking of LPG cylinders

STRATEGIC PARTNERSHIPS

LAUGFS Gas Group pursues strategic partnerships for the purpose of improving the scalability of the business in line with stakeholder expectations. In this regard, the Group's longstanding agreement with Abans PLC enabled retail customers to purchase new cylinders and other accessories through the Abans elite showrooms around the Country.

The year under review saw LAUGFS Gas Group forging a new partnership with LIOC (Lanka IOC), wherein LIOC was appointed as the exclusive dealer of LAUGFS Gas through its island-wide network of fuel stations.

TACIT KNOWLEDGE

Tacit knowledge is a highly valuable yet intangible form of expertise plays an essential role in everyday activities, decision-making processes, and problem-solving efforts. Leveraging tacit knowledge involves utilising insights gained through personal experience and intuition. To maximise its benefits, Laugfs Gas Group employs several practices: encouraging employees to seek guidance from experienced mentors and engage in collaborative efforts with subject matter experts; promoting active participation in real-world tasks and projects to gain practical experience; knowledge sharing and insights among team members; striving to document and articulate tacit knowledge whenever possible to preserve and disseminate valuable insights; and cultivating an environment that encourages ongoing learning and knowledge sharing. Through these practices, Laugfs Gas Group aims to harness the full potential of tacit knowledge, driving innovation and excellence within the organisation.

MEMBERSHIPS AND AFFILIATIONS

GRI 2-28

The LAUGFS Gas Group has also selectively obtained the following Membership and Affiliations that add further value to various aspects of business;

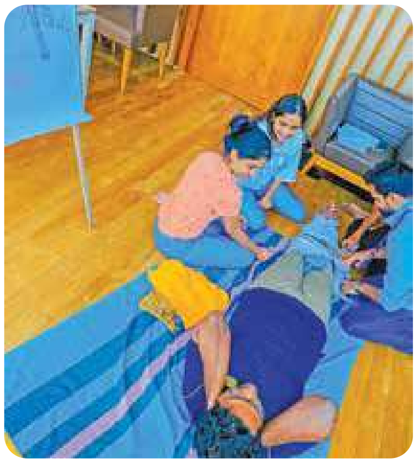
- WLGA
- CNCI
- Employee Federation
- The Chamber of Commerce
- The Ceylon National Chamber of Commerce

INSTRUCTIONAL CAPITAL

The Laugfs Gas Group effectively leverages instructional capital to preserve, share, and utilise knowledge for the purpose of enhancing employee performance, streamlining processes, and driving innovation. This involves identifying areas that can benefit from structured knowledge and subsequently creating clear and comprehensive documentation and training materials. The design of targeted training programmes and mentorship initiatives reinforces learning, while performance support tools aid in efficient task execution. Encouraging feedback, promoting awareness, measuring impact, and integrating instructional capital into the organisational culture are essential components of this process. By embedding these practices within the Group's operations, Laugfs Gas ensures continuous improvement and sustained excellence.

HEALTH AND SAFETY CULTURE

Occupational health and safety are fundamental priorities for the Laugfs Gas Group. The Group is dedicated to upholding exemplary health and safety standards both within the organisation and across all customer touchpoints and stakeholder interactions. To achieve this, Laugfs Gas Group has implemented a robust health and safety framework, including comprehensive employee safety training programmes. Furthermore, the Group has established detailed emergency evacuation plans and conducts regular emergency drills, ensuring full compliance with national and international safety and health standards. Through these initiatives, Laugfs Gas Group reaffirms its commitment to creating a safe and secure environment for all.



Human Capital

LAUGFS Gas Group's Human Capital consists of a diverse, multi-ethnic, multi disciplinary team whose skills, expertise and unique perspectives serve as the backbone of the Group's operations.

Inputs

- 100% compliance with labour regulations and global best practices
- Commitment to diversity and inclusion
- Competitive remuneration
- Performance management
- Training and development
- Employee relations
- 100% compliance with labour regulations and global safety standards
- ISO 45001:2018 Occupational Health and Safety Standard certification

Value Transformation

INITIATIVES FOR FY 2023/24

MANAGEMENT APPROACH

Recognising that Human Capital is one its most valuable assets, the LAUGFS Gas Group invests in creating a robust work growth, inclusivity, and empowerment to ensure employees receive the best in-class experience at every stage of employment.

Stakeholder Outcomes

62 new recruits

17 Employees promoted (14 - Male & 03 - Female)

Rs. 1.5Mn invested in training

Implementing Sexual Harassment policy to strengthen the HR policy framework

Rs. 1,391Mn distributed as monetary benefits to employees

Annual performance review conducted for all eligible employees

Over 3,000 hours of safety training

Outputs for LAUGFS Gas Group and Impact on other Capitals

Consistent improvement in employee productivity drives cost efficiency FC

Improved employee satisfaction and loyalty enhances the Group's reputation as an employer of choice FC

A diverse workforce helps to earn and retain the trust of key stakeholders, including customers and distributors SC

Contribution to the SDG's

Human Capital

KEY DRIVERS OF HUMAN CAPITAL DEVELOPMENT

HR GOVERNANCE

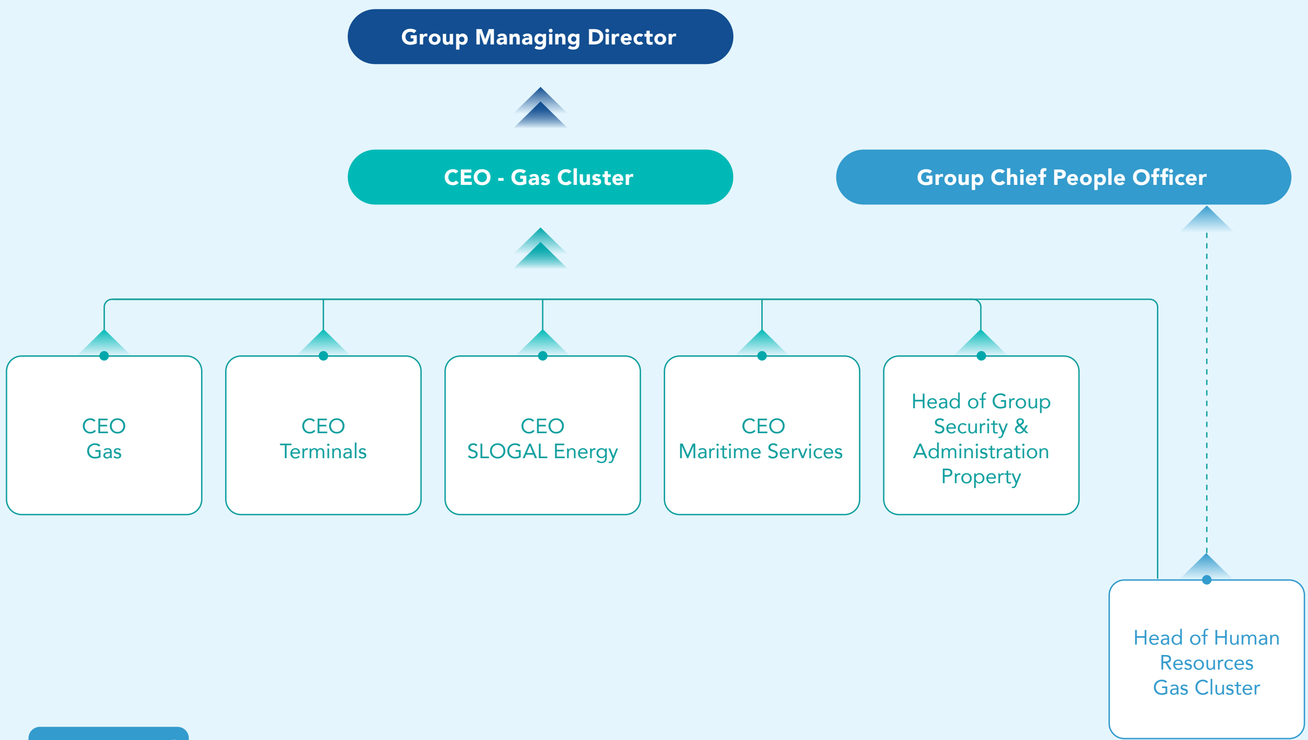
At the heart of the LAUGFS Gas Group HR Governance Framework is a comprehensive Board-approved policy framework covering all aspects of the employment lifecycle from recruitment, benefits, performance management, training and development and grievance handling.

All HR activities are managed centrally by the LAUGFS Gas Group HR department, which is headed by the Group Chief People Officer (GCPO), who as a member of the corporate management, reports directly to the Group Managing Director/ GCEO. The GCPO is responsible for overseeing the HR partners who have been appointed to manage HR matters across the Group's business clusters.

Under the guidance of the GCPO, cluster HR partners in collaboration with the central HR team drive the implementation of HR policies and procedures, including by conducting necessary due diligence to determine policy compliance. The HR team. led by the GCPO is further responsible for maintaining ongoing review of policies and recommending to the Board Remuneration Committee, appropriate updates in line with regulatory developments and best practices.

As part ongoing improvements to the HR policy framework, a new Sexual Harassment policy was approved by the Board for implementation in FY 2023/24.

LAUGFS Gas PLC HR Governance Structure and Framework



Track Record

Incidents of non-compliance with laws and regulations during the reporting period	GRI 2-27	None
Risk for incidents of forced or compulsory labour at any of LAUGFS Gas Group operation	GRI 409-1	None
Risk for incidents of child labour at any of the LAUGFS Gas Group operations	GRI 408-1	None
Incidents of discrimination in the reporting period	GRI 406-1	None
Incidents of corruption	GRI 205-3	None

Regulatory Frameworks

- Factories Ordinance
- Shop and Office Employees' Act No 15 of 1954
- EPF Act
- ETF Act
- Gratuity Act

Voluntary Frameworks

UN Global compact;

- Principle 3 - Upholding employees right to freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: NO Forced or Compulsory Labour
- Principle 5: NO Child Labour
- Principle 6: Non-discriminatory employment

Internal Policies

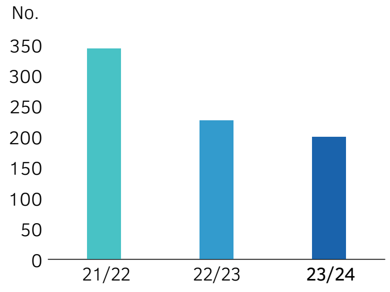
- LAUGFS Code of Conduct
- Attendance Policy
- Leave Policy
- Grievance Handling Policy
- Disciplinary Policy
- Learning & Development Policy
- Policy on Payment and Reimbursement of Expenses
- Policy on Workstations for Head Office Staff
- Retirement Policy
- Recruitment & Selection Policy
- Internal Job Posting Policy (IJP)
- Onboarding Policy
- Social Media Policy
- Vehicle Parking Policy
- LAUGFS Fuel Card Policy
- Transfer Policy
- Medical Insurance Policy
- Policy on Fixed Term Contracts
- Sexual Harassment Policy

Key Figures

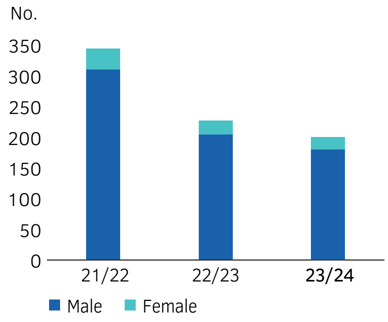
GRI 2-7, 2-8

Our Team

No. of Employees



Male:Female Ratio



Age-wise

Below 30 years	30
30 - 50 years	131
Above 50 years	39

No part-time members in our cadre.

Region-wise

	Sri Lanka	UAE
Permanent	173	1
Probation	13	0
Contract basis	13	0

Employment Type

	Male	Female
Permanent	161	13
Probation	8	5
Contract basis	11	2

Activity-wise

	Male	Female
Downstream	130	16
Midstream	45	4
Services	5	0

Category-wise

Employees by Category (Include trainees & Interns)	
HOD and above	17
Manager	42
Executive	27
Non-Executive	111
Trainee	3

* 160 individuals are engaged as indirect/outsourced workers.

RECRUITMENT AND SELECTION

GRI 202-2, 401-1

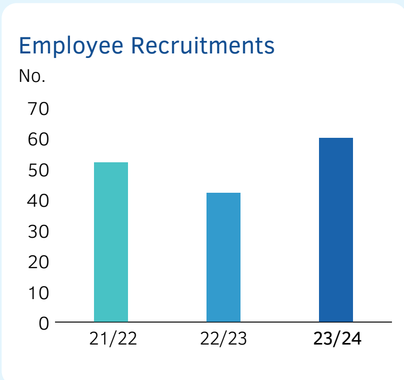
Recruitment at LAUGFS Gas is a meticulously planned process that begins well ahead of the financial year, with the GCPO working closely with the HR Cluster partners to drill down the manpower needs of each business cluster. Findings are then consolidated into the annual manpower plan to spearhead the preparation of the human capital budget for the forthcoming financial year. The primary objective of the manpower plan and human capital budget is to guarantee that all sectors within the Group are adequately staffed to bolster the growth initiatives of their respective domains. Once approved by the Board, the annual manpower plan and budget become the umbrella framework underpinning all Group-wde recruitment endeavours undertaken throughout the fiscal year.

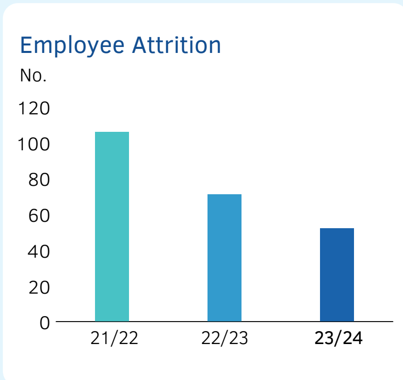
As a non-discriminatory employer, the LAUGFS Gas Group remains committed to ensure recruitments are merit-based. Accordingly, all vacancies are advertised publicly and also notified internally to provide existing employees the opportunity to apply, should they wish to do so. The Group's Recruitment Policy offers clear guidelines for the purpose of selecting the right candidate for the specific job role. Accordingly, all external and internal candidates are evaluated equally to determine their suitability vis-a-vis their qualifications, experience and mindset as well as their potential for growth and capacity to handle greater responsibility.

The selection process for Management grades typically involves competency testing accompanied by several rounds of formal interviews. Recruitment to these grades is overseen by the Group Managing Director, assisted by the GCPO, the respective Cluster HR Head and where needed the assistance of internal technical experts. The LAUGFS Gas Group's Senior Management Team are all hired locally from Sri Lanka.

Candidates applying for executive and non-executive positions are required to present themselves for an interview, with final selections made by the GCPO / Cluster HR Partners in line with predetermined criteria outlining required minimum job competencies and subject to verification of the candidates credentials, including qualifications, experience, age etc. New recruits are arranged into batches and required to participate in a comprehensive one day induction programme to understand what is expected of an employee of the LAUGFS Gas Group.

As per the Group's terms of employment, all new recruits remain on probation for a period of six months, at the conclusion of which they are drafted to the main cadre based on the sign off from their immediate superior.





Recruitments and Attrition by Age

	Recruitment	Attrition
Below 30 years	33	21
30 - 50 years	24	26
Above 50 years	5	5

Recruitments and Attrition by Gender

	Recruitment	Attrition
Male	51	47
Female	11	5

Recruitments and Attrition by Region

	Recruitment	Attrition
Sri Lanka	62	52
United Arab Emirates	0	0

* The senior management team consists entirely of individuals hired from the local community.

REMUNERATION AND BENEFITS

GRI 201-3, 202-1, 401-2, 401-3, 403-6, 405-2

The LAUGFS Gas Group remains committed to ensure all employees receive fair and competitive remuneration in line with the nature of their job as well as their qualifications, experience and performance.

The Group's salary structures are designed with due consideration to all applicable regulatory requirements. Accordingly, the Group contributes an equivalent of 12% of the employees' basic monthly salary to the Employees' Provident Fund and an equivalent of 3% to the Employees' Trust Fund. Appropriate allocations are also made annually to provide for gratuity obligations for all employees who have been in employment for over five years.

Going beyond compliance, the Group's equity principles dictate an unbiased approach to ensure men and women in similar roles across all employee categories are remunerated equally without prejudice. In this regard, the Group strives to maintain a 1:1 ratio of basic salary between men and women in comparable roles across all categories.

All standard entry level wages are paid in accordance with the local minimum legislation of the respective country of operation.

Salary surveys are also undertaken from time to time to ensure the Group's salary structures are competitive and remain on par with industry standards.

At present all confirmed employees of the LAUGFS Gas Group are entitled to the following monetary and non-monetary benefits, in addition to their basic salary;

- Free meals for employees working for LAUGFS Gas
- Comprehensive health insurance schemes
- Educational aid and professional membership claims
- Gift vouchers for achievers
- Special risk allowance for essential services
- Free uniforms
- Gifts for birthdays, weddings and new-child births
- Death donations (Rs. 50,000/= for a passing away of a close family member)
- Annual book donations for families having more than two children
- Scholarship programme for the higher education of employees' children

Parental Leave

Employees entitled for parental leave

Male	Female
151	6

Employees on parental leave

Male	Female
5	2

Employees who returned to work during the period after parental leave

100%

Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work

Male	Female
100%	100%

PERFORMANCE MANAGEMENT

Performance management is the cornerstone of the LAUGFS Gas Group's efforts to develop and motivate employees and encourage them to remain invested in the Group's growth over the long term. A robust performance appraisal system is in place to ensure performance of all permanent employees is evaluated annually to determine their performance and progress against targets set at the start of the year.

Every permanent employee within the Group undergoes this annual performance appraisal. The process is designed not only to scrutinise employee performance, but also to ensure employees receive constructive feedback on their performance, areas for improvement, assess their training needs, and receive guidance on career advancement opportunities such as transfers or promotions. High performers identified through the annual performance appraisal process are rewarded by way of bonuses, promotions and other career development opportunities.

90% of employees are covered by the annul performance evaluation.

Employee Category

	Employees benefiting from the performance appraisals		Employees receiving promotion	
	FY 2023/24		FY 2023/24	
	Male	Female	Male	Female
HOD and above	16	1	2	0
Manager	38	4	2	2
Executive	18	9	5	1
Non-Executive	106	5	5	0
Trainee	2	1	0	0

Apart from the annual performance appraisal, performance reviews are also performed upon completion of the probationary period, during the course of disciplinary issues or for the purpose of facilitating employee transfers / job rotations and interim promotions.

TRAINING AND DEVELOPMENT

GRI 404-1, 404-2

The Group's commitment to employee development includes ensuring all employees receive the necessary training needed to maintain maximum effectiveness in the performance of duties and responsibilities. Across all training interventions, the highest weightage is allocated to building technical capacity of employees, supported by a blended learning approach based on the 70:20:10 principle (70% of on-the-job experience, 20% mentoring and 10% classroom training). In recent years, special emphasis has also been placed on improving soft skills and developing leadership attributes to support employees to enhance their career prospects and grow within the Group.

All training is undertaken as per the annual training calendar prepared by the Group HR team, based on the training requirements indicated by the clusters and departments as well as the training needs analysis that form part of the annual performance appraisal process. Technical competency training is organised by the cluster HR Partners depending on the specific requirements, while all general training, including compliance, ethics, leadership and soft skills are all handled by the Group HR team.

Average Training Hours by Employee Category

	2023/24
Executive and above	150
Non-Executive	71

Average Training Hours by Gender

	2023/24
Male	59
Female	81

EMPLOYEE RELATIONS

GRI 2-30, 402-1

Employee relations play a pivotal role in the success and sustainability of the LAUGFS Gas Group. Establishing and maintaining positive relationships with employees fosters a conducive work environment where individuals feel valued, respected, and motivated to contribute their best efforts. Strong employee relations help to mitigate conflicts, minimise turnover rates, thereby contributing to higher levels of job satisfaction, engagement, and productivity which collectively drive the Group towards its strategic goals.

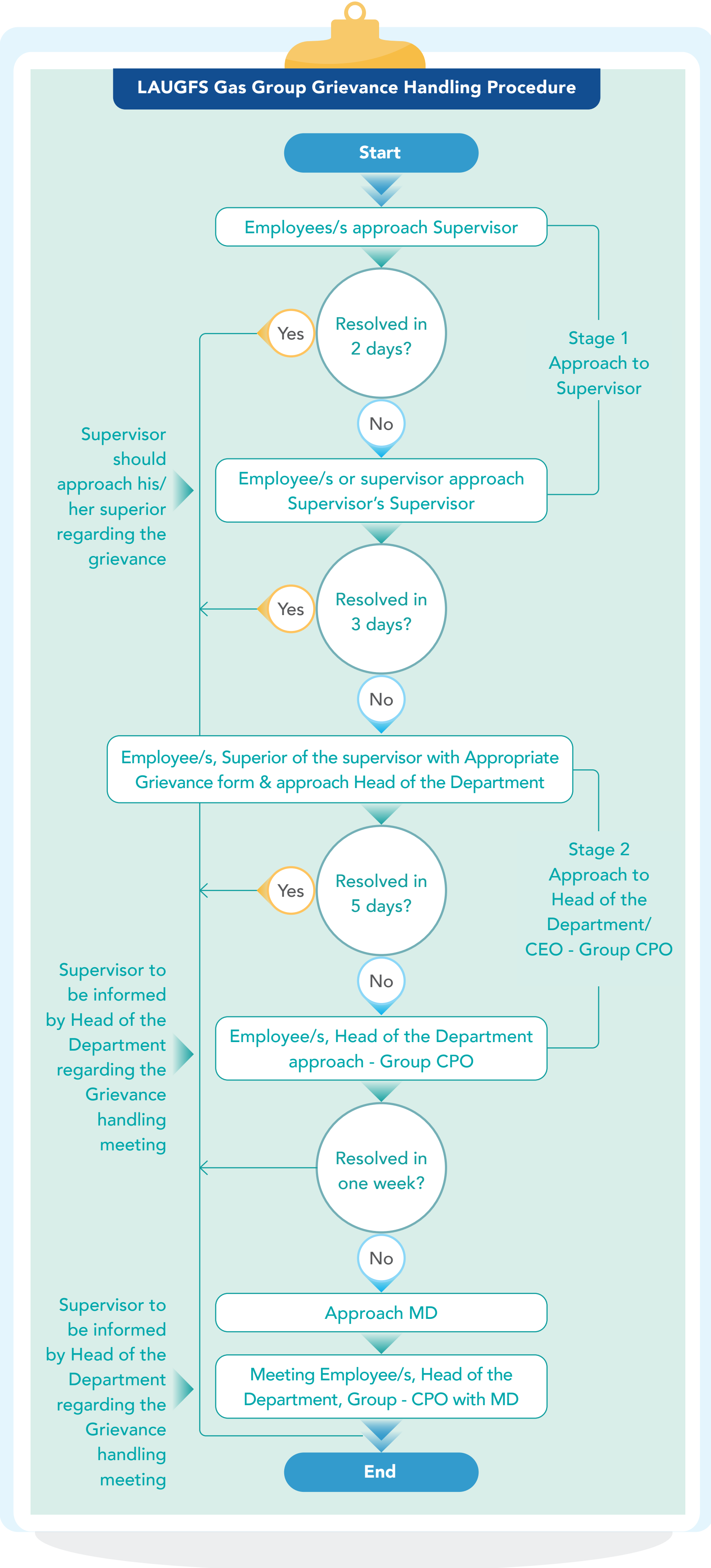
Accordingly, several formal mechanisms are in place to inform employees of operational changes. Executive employees are notified via email, while the bulletin board is used to inform site employees. Two weeks prior notice is given with regard to material operational changes.

Moreover, the LAUGFS Gas Group's open-door policy aims to promote greater transparency and fairness in addressing employee concerns. As part of this approach, managers at all levels are encouraged to make use of team briefings and other routine meetings to cultivate a culture of trust and collaboration based on open communication, transparency, and fairness. In the current financial year, cluster-wise monthly staff meetings were introduced to provide an opportunity for employees to connect with the leadership of their respective cluster to discuss issues of contention.

Meanwhile employees have the liberty to raise their concerns through the formal grievance process. All grievances are treated seriously and investigated immediately supported by an impartial review to ensure a fair and equitable resolution within the stipulated timeline.

The consistent application of these employee relations best practices has created a firm foundation for the LAUGFS Gas Group to gain the trust of its employees and secure their loyalty. Hence the need for collective agreements has not arisen.

Employee engagement also goes hand in hand with the Group's approach to employee relations. A robust annual event calendar allows employees to engage with their colleagues and the Group management in an informal setting as well as manage work stress and improve their work-life balance.



OCCUPATIONAL HEALTH AND SAFETY

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 40-3-6, 403-7, 403-8, 403-9, 403-10

Creating a safe working environment for employees is of paramount importance for the LAUGFS Group. To that end, the Group complies with all applicable regulations and global best practices to assure the safety of all Group employees, customers, visitors, and other stakeholders present at the Group's premises at a given time. All employees also have access to weekly consultations with a visiting physician at the onsite medical centre located at the LAUGFS Gas corporate office.

Further affirming its dedication to workplace safety, the Group has voluntarily embraced the ISO 45001:2018 Occupational Health and Safety Standard, which provides the framework for a robust Occupational Health and Safety (OHS) System for the management of health and safety risks across all work locations of the LAUGFS Gas Group.

The OHS system outlines clear protocols for hazard identification, including routine location-wise hazard identification and risk assessment procedures. Any hazards identified during these inspections are meticulously documented and serve as the basis for implementing appropriate risk mitigation measures.

A dedicated HSE department headed by the Head of HSE is the main internal body responsible for Group-wide safety and for providing oversight for the implementation of the OHS System. The HSE department is also in charge of deploying Special "Emergency Response Teams" to manage fire emergencies. As part of their duties, the HSE department is required to promulgate the safety culture to encourage employees to remain vigilant in identifying potential hazards during daily operations.

The HSE department works closely with cluster-wise HSE Managers to assist in carrying out routine safety audits, monitoring safety conditions across clusters, while a dedicated HSE officer has been appointed to handle ground safety matters at each location, in accordance with the location-wise safety checklist.

Every incident / injury is promptly documented and thoroughly investigated in line with established incident management protocols stipulated under the Group's OHS system. Additionally, the protocol provides guidelines for implementing corrective actions and updating incident reports, ensuring that lessons are learned for continuous improvement of the Group's OSH system.

Beyond efforts to assure internal safety systems, the Group also promotes road safety practices in the public interest. In this regard, the Group carries out vehicle safety inspections and deploys special training on defensive driving for drivers.

100% of employees are covered by the health and safety management system.

Our safety teams (2023/24)

HSE	5
HSE Steering	14
Joint Safety Committee	30
Emergency Team Leaders	14
Fire-Fighting Team	38
First Aid Team	29

Reported injuries (2023/24)

First aid injuries	56
Work-related injuries	3
Absentee rate	0
No. of lost work days	3
Work-related fatalities	0
Injury rate (No. of injuries per 100 people) was 6%	

Identified Safety Risks for the LAUGFS Gas Group

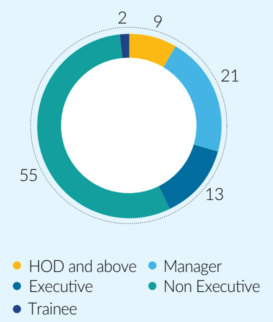
Risk Activity	Safety Measures Adopted
Fire & explosion	Approved firefighting system and firefighting team allocated.
LPG leaks & BLEVE	Periodically inspection carrying out and required test, accessory replacement is carried out on time. Providing appropriate PPE and conducting awareness & training sessions for all employees as per the category & requirement.
Falls, Trips and Slips	Ensure floors around benches and machinery are kept clean & tidy and extension leads off the ground using cable stands
Leakage of chemicals	Special storage infrastructure with secondary containment units

Safety regulations and best practices endorsed by the LAUGFS Gas Group

- WLPG Standard
- SLSI Standard
- Factory ordinance
- National Fire Regulations
- ISO 45001 Occupational Health and Safety Standard

There were no incidents of non-compliance with safety regulations reported in FY 2023/24

Employees by category (%)



Trainees & Interns data are included.

Future Plans

Short Term - Medium Term

Structured succession planning supported by leadership development programmes that emphasise effective communication, emotional intelligence, and adaptive thinking will ensure a robust leadership pipeline

Long Term

Invest in work-life balance activities focused on stress management, mental health support and prevention of noncommunicable diseases

Social and Relationship Capital

Social and Relationship Capital carries immense significance for the LAUGFS Gas Group as the strong social ties with stakeholders, including customers, suppliers, and communities, together form a supportive ecosystem to fuel growth and resilience.

Inputs

- Customer Experience
- Product Responsibility
- Marketing and Labelling
- Complaint Management
- Procurement Best Practices
- Channel Partner Development
- Community Support

Value Transformation

INITIATIVES FOR FY 2023/24

MANAGEMENT APPROACH

LAUGFS Gas Group maintains a comprehensive approach to foster genuine connections with all stakeholders through continuous and ongoing engagement to understand their expectations and respond proactively.

Stakeholder Outcomes

Assurance of high quality, safe, reliable products

Best-in-class customer experience, including 24/7, 365 day island-wide availability

Opportunities for sustained growth for distributors

Appointment of LIOC fuel stations as dealers of LAUGFS Gas for the retail market.

Re-launch of the short code 1345 to enhance customer service and delivery.

Rs. 25,014Mn paid to suppliers

Donations Rs. 9.7Mn

Distributor Network 30

Dealer Network 7,000+

Outputs for LAUGFS Gas Group and Impact on other Capitals

The support of loyal customers, suppliers and distributors and dealers help to enhance revenue generation and improve market share FC

Strong relationships with key stakeholders enhances brand reputation IC

Contribution to the SDG's

Social and Relationship Capital

KEY DRIVERS OF SOCIAL AND RELATIONSHIP CAPITAL DEVELOPMENT

CUSTOMERS

As a fully-integrated LPG supplier, LAUGFS Gas Group serves two distinct customer segments - the B2C market and the B2B segment. The Group has embraced a multifaceted approach to effectively and proactively recalibrate to meet the evolving customer needs, underscoring the aspiration to be recognised as the most trusted LPG supplier to the nation.

Customer Experience

At LAUGFS Gas, customer experience revolves around safety, reliability, and convenience. Safety is a top priority, underpinned by rigorous adherence to industry-leading safety standards and stringent quality control measures. The Group strives to ensure that every interaction with our products and services brings confidence and peace of mind in for all customers. Accessibility is another key priority, with a range of channels, including an island-wide network of dealers, and distributors, along with several digital channels, LAUGFS Gas works to ensure reliable and efficient delivery services, making it convenient for customers to access the Group's offerings from anywhere across the Country. The Group's commitment to providing the best-in-class customer experience also involves leveraging multiple communication channels, from traditional Above The Line (ATL) and Below The Line (BTL) methods to modern digital platforms, to engage with diverse customer segments effectively. As part of the overall approach to enhancing the customer experience, the Group promises prompt and efficient resolution of enquiries and complaints.

Commitment to Product Availability

Island-wide network of 7,000+ LAUGFS Gas authorised dealers and 30 authorised distributors	53 LIOC fuel stations across Sri Lanka
Customer service short code: 1345 Phone line for customer enquiries, support and Home Delivery within 1 hour	Website and social media (Facebook, Instagram, LinkedIn, Tik Tok): for information on promotions.

Product Responsibility

GRI 416 -1, 416-2

LAUGFS Gas Group's product responsibilities are anchored to the principles of safety, quality and sustainability at every stage across the product lifecycle. This commitment begins with rigorous quality control measures during filling, storage, and distribution processes to guarantee that the LPG cylinders that reach the customer comply with industry standards and regulatory requirements as outlined under the SLS 1196 and SLS 1178 as well as the global NFPA 58 standards for transport, storage and handling of liquefied petroleum gas.

Additionally, the Group's LPG filling and storage facilities are certified by the ISO 9001:2015 Quality Management Standards which provides further assurances regarding the best practices adopted by the Group to safeguard the quality and integrity of operations across the value chain.

The Group's overall commitment to product responsibility extends beyond delivery to encompass a holistic approach towards responsible refilling of LPG cylinders. Accordingly, all empty cylinders received are subject to a thorough inspection to assess their structural integrity and suitability for reuse. Cylinders that meet safety standards are then refilled with high-quality LPG under controlled conditions to prevent leaks and ensure accurate quantities. Throughout this process, strict adherence to safety protocols and regulations is prioritised to mitigate risks associated with handling pressurised gas. Once refilled, the cylinders are meticulously inspected again before being distributed for use. Meanwhile cylinders reaching the end of their lifespan are subject to a recycling process where they are safely decommissioned, and materials salvaged for reuse or recycling. This comprehensive approach to refilling and recycling LPG cylinders underscores LAUGFS Gas Group's commitment to sustainable practices and the well-being of both customers and the environment.

100% of the Group's products are subject to the above safety, quality and sustainability assessment standards.

There were no incidents of non-compliance concerning the health and safety impacts of products reported in the current financial year.

Customer Profiles

Retail (B2C)

Residential households: - The largest customer segment, using LPG primarily for cooking and other general household needs.

Commercial (B2B)

Restaurants, hotels, bakeries, and other business that utilise LPG for cooking and heating applications

Industrial (B2B)

Manufacturing facilities and other industries requiring LPG for various industrial processes.

Primary Need

Safe and reliable supply of LPG for various household and commercial applications, such as cooking, heating, and hot water.

Preference for

- **Convenience:** Easy access to refilling stations or delivery services.
- **Safety:** Assurance of high-quality and correctly-filled LPG cylinders.
- **Reliability:** Consistent supply and timely deliveries.
- **Brand reputation:** Trust in the LAUGFS Gas brand and its commitment to safety and quality

Social and Relationship Capital

Marketing and Labelling

As an LPG supplier, the Group's marketing and labelling responsibilities are defined by consumer safety, transparency, and regulatory compliance. Firstly, the Group ensures accurate and informative labelling on LPG cylinders and apparatus in compliance with the labelling regulations outlined in the relevant SLS product code. Consequently, all labelling includes necessary details product characteristics, user safety, and any other pertinent information prominently displayed to help consumers make informed decisions and understand proper handling procedures.

Moreover, distributors and dealers are also appropriately educated and charged with the responsibility of conveying the benefits of LPG usage, while highlighting safety features, and educating consumers on best practices for storage and usage.

Effective marketing strategies play a crucial role in promoting LPG products and services as well as encouraging safe and responsible usage of LPG. Accordingly, the Group ensures its marketing and promotional material is developed in conformity with all mandatory disclosure requirements and transparency best practices. In general, all promotional information is designed in the trilingual format and is published using a range of channels ranging from print and electronic media to social media and other digital platforms.

There were no incidents of non-compliance of product and service information and labelling and marketing communications reported in the current financial year.

Complaint Management

The Group sees customer complaints as a welcome opportunity for continuous improvement. Accordingly, customers can make a complaint by calling the dedicated customer contact centre which operates between 7.30am to 7pm on all 7 days with teams equipped to handle complaints promptly and effectively. In addition, the short code 1345 was introduced to enable customers to lodge complaints.

The process of addressing complaints is undertaken with utmost dedication and efficiency, aiming for swift resolution. Underscoring the Group's commitment to 100% customer satisfaction, transparent communication is maintained with the customer throughout the resolution process.

SUPPLIERS

Given the crucial role they play in the continuity of the Group's various businesses, LAUGFS Group operates on the premise that the Group Supply Chain (GSC) comprises Strategic Business Partners who contribute towards value creation, thereby enabling the Group to derive a sustainable competitive advantage for the business.

Procurement Best Practices

GRI 308-1,308-2, 414-1, 414-2

LAUGFS Gas Group is committed to ensure procurement activities are executed in a responsible manner in full compliance with the local and international laws and global best practices. The comprehensive Procurement Policy and 7-Step Strategic Procurement Model with its detailed SOPs for each stage of the procurement process, underpins all procurement activities and aims to ensure competitiveness and maximising synergy. All our purchases are subjected to the LAUGFS Strategic 7-step procurement model, which includes a series of SOP's for vendor evaluation which focus on a range of criteria meant to determine vendor compliance with stipulated legal and regulatory requirements as well as to establish the demonstrable commitment to social and environmental best practices.

While no formal supplier code of conduct exists at the moment, regular due diligence is performed to determine any negative social or environmental issues across the entire GSC (100%). Based on the assessments carried out in the current year, no negative impacts were detected in relation to environmental and social factors.

Additionally, the Group's Procurement team maintains continuous rapport with all suppliers and market intermediaries based on the principles of trust and shared value.

DISTRIBUTORS

Distributors serve as a crucial component in the LAUGFS Gas Group's value chain, acting as the vital link that facilitates the Group's products' journey to the market. Recognising this pivotal role, the Group has sought to cultivate an extensive island-wide network comprising 30 distributors through which to establish the LAUGFS Footprint across all 25 districts in Sri Lanka.

Channel Partner Development

Given the central role of channel partners in the business model, the Group's objective is to cultivate them as long-term business partners capable of supporting strategy and growth objectives over time.

Time frame	Percentage of distributors
>1 year	8%
1 - 5 years	15%
5 - 10 years	50%
20 - 15 years	12%
<15 years	15%

Accordingly, when the need arises to appoint a new distributor or replace an existing one, the process begins with a published press notice calling for expressions of interest while potential candidates required to complete the Distributorship Application Form will be provided to shortlisted applicants. Following the closing of applications, all applications are subjected to an unbiased evaluation based on SOP's established for the purpose, with prospective candidates graded (A-E) based on their capability vis-a-vis financial stability, capital investment capability, previous distribution experience, and adherence to minimum financial requirements. Final decisions are made by the LAUGFS Gas Group Management, while the formal appointment is conditional on the distributors' commitment to expedite infrastructure requirements within the given timeframe.

In the current financial year the Group's dealer network was significantly expanded following the Group's tie-up with LIOC to leverage LIOC's network of fuel stations to improve the island-wide availability of LAUGFS LPG for the retail market. Following LIOC's appointment, the entire dealer network was rationalised in line with the Group market objectives.

Partner Engagement

The Group endeavours to foster robust engagement with its LPG distributors through a multifaceted approach aimed at building strong partnerships. A range of communication channels have been established to facilitate open dialogue and information exchange, ensuring that distributors are well-informed about product developments, and market insights.

Regional Sales Managers are assigned the responsibility of engaging regularly with distributors in their respective area of operation. These routine interactions serve as an opportunity to determine performance gaps and understand distributor grievances which are then escalated to the management for appropriate action. Additionally, distributor performance is also monitored on a monthly basis by the Group Sales Administration Department based on the reports furnished by the Regional Sales Managers, with appropriate corrective action, including financial assistance and other capacity building activities mobilised as needed.

Community Support

The LAUGFS Gas Group considers community support to be an integral part of its corporate ethos. Driven by its steadfast commitment to corporate social responsibility, the Group engages in various initiatives aimed at uplifting communities and fostering sustainable development across Sri Lanka.

Future Plans

Short Term - Medium Term

- Leverage digital platforms to enhance customer experience
- Implement a formal Supplier Code of Conduct which spells out non-negotiable standards which our Suppliers should adhere to.

Long Term

- Implement a fully-fledged sales force automation system to introduce greater standardisation and support more efficient management of distributor/ dealer networks
- Introduce a reward scheme to encourage distributors to improve their performance, and give high performers the opportunity to benefit from a range of monetary and non-monetary rewards

Natural Capital

As an integrated LPG supplier, the LAUGFS Gas Group has a significant connectivity with nature through its reliance on natural resources, particularly natural gas.

Inputs

- MARPOL regulations
- IMO Sulphur Cap regulations
- EPL Licence issued by the Central Environmental Authority of Sri Lanka
- Scheduled Waste Management Licence issued by local environmental bodies
- Garbage Management Plan
- Ballast Water Management Plan
- Ship Energy Efficiency Plan
- Effluent Treatment System

Value Transformation

INITIATIVES FOR FY 2023/24

MANAGEMENT APPROACH

The LAUGFS Gas Group's approach to managing Natural Capital is firmly grounded in compliance with environmental regulations and adherence to best practices in sustainability. Additionally, the Group also engages in active dialogue with local communities and stakeholders to address environmental concerns and implement sustainable practices.

99% of material used (other than LPG) were recycled

4,788 m3 water recycled and discharged

77MT Materials used by segment

GHG Emissions Intensity 29

One of the two providers of clean, environmental friendly LPG to Sri Lankan consumers

Stakeholder Outcomes

Reduction in environmental pollution

Preservation of marine ecosystems

Outputs for LAUGFS Gas Group and Impact on other Capitals

Sustained commitment towards environmental stewardship enhances the Group's reputation — IC

Compliance with environmental regulations builds stakeholder trust — SC

Contribution to the SDG's

Natural Capital

KEY DRIVERS OF NATURAL CAPITAL DEVELOPMENT

COMPLIANCE AND BEST PRACTICES

The LAUGFS Gas Group demonstrates a strong commitment to compliance and best practices through its multifaceted management plans and adherence to international standards.

The Group's maritime sector complies with the MARPOL regulations underscoring efforts to minimise marine pollution, while adherence to the IMO Sulphur Cap regulations and the implementation of global emission standards contribute towards reducing air pollution and mitigating climate change impacts.

In line with these international regulations, the Group's maritime sector has implemented a comprehensive Garbage Management Plan that ensures systematic waste disposal and recycling, significantly reducing environmental pollution. Similarly, the Group's Ballast Water Management Plan aims to prevent the transfer of harmful aquatic organisms, thereby protecting marine biodiversity, while the Ship Energy Efficiency Plan focuses on optimising fuel use and enhancing operational efficiency to lower greenhouse gas emissions.

In addition, the LAUGFS Gas Group's LPG terminal operations in Sri Lanka are governed by the Environmental Protection License (EPL) issued by the Central Environmental Authority (CEA) and the scheduled waste management licences granted by local environmental bodies. In keeping with the Group's ZERO tolerance mandate for non-compliance, regular environmental audits to align with the CEA's requirements, demonstrating transparency and accountability.

There were no incidents relating to non-compliance of environmental regulations reported in the current financial year.

In June 2023, as part of their commitment to regenerating what they consume and promoting sustainability for future generations, LAUGFS Gas organised "Wana Ropa" plant distribution campaign. During this initiative, a total of 300 plants were distributed among the employees in the head office and Mabima plant. This thoughtful gesture symbolised LAUGFS Gas' dedication to being a futuristic and environmentally conscious company, demonstrating that their priorities extend beyond mere profits. They showcased their genuine concern for the well-being of the next generation and their commitment to responsible consumption.

RESOURCE EFFICIENCY

GRI 301-1, 301-2, 301-3

The LAUGFS Gas Group adopts a holistic approach to resource efficiency, emphasising sustainability across all facets of its operations, encompassing materials, energy, water and effluent management processes.

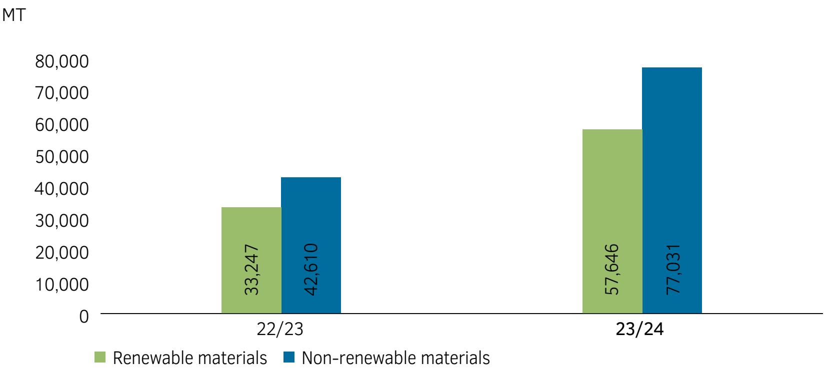
Materials

The Group uses both renewable and non-renewable materials in its day-to-day operations. To mitigate the environmental impact resulting from the use of non-renewable resources, the Group promotes recycling and reuse of materials wherever possible, reducing waste and conserving resources.

Recycling of LPG cylinders forms an important part of the Group's material recycling programme. Recycling of LPG cylinders is undertaken in strict compliance with regulations set forth by the Sri Lanka Standards Institution (SLSI). Accordingly, the process begins with the systematic collection of used cylinders from customers, ensuring that these cylinders are handled safely and efficiently. Standard Operating Procedures are in place to ensure each cylinder undergoes a thorough inspection to assess its condition and determine if it can be refurbished or needs to be decommissioned. Refurbishable cylinders are cleaned, tested for integrity, and refitted with new valves, adhering to SLSI safety and quality standards. Cylinders that cannot be reused are responsibly dismantled, with metal components recycled to minimise environmental impact.

The Group maintains meticulous records of cylinder lifecycles and recycling activities, demonstrating transparency and accountability in their operations. These initiatives reflect the Group's broader commitment to sustainability, resource efficiency, and regulatory compliance, positioning LAUGFS Gas as a leader in environmentally responsible practices within the local energy sector.

Material Usage



Material Usage	Unit	2023/24	2022/23
Material used by weight - Renewable	MT	57,646	33,247
Materials used by weight - Non-Renewable	MT	77,031	42,610
Recycled input materials used by weight	MT	57,646	33,247
% reclaimed products and their packaging materials	MT	None	None

Natural Capital

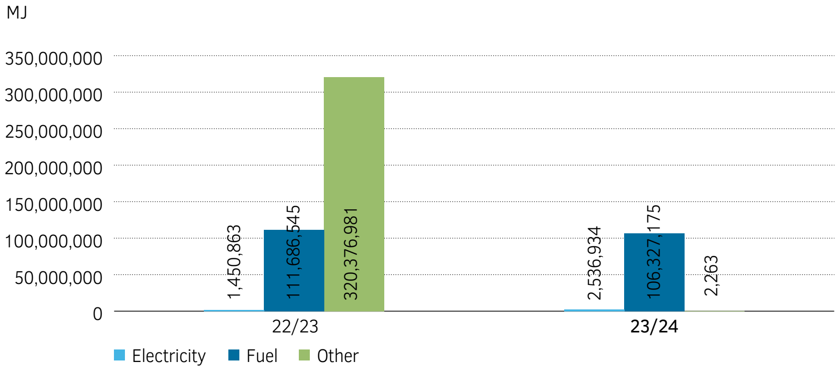
Energy

GRI 302-1, 302-2

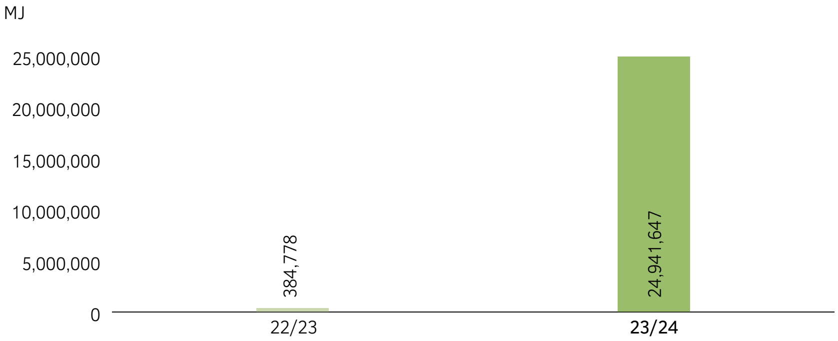
Electricity, diesel and renewable sources such as solar energy are the primary energy sources for the LAUGFS Gas Group. The Group has instituted comprehensive measures to capture energy consumption data across all sources as part of the proactive effort to reduce energy usage attributed to non-renewable sources. Additionally, the Group maintains a detailed record of energy consumption outside the organisation associated with the Group's LPG distribution model.

Energy Consumption	Unit	2023/24
Non-renewable Energy consumption - Electricity	MJ	2,536,934
Non-renewable Energy consumption - Fuel (Petrol)	MJ	15,491
Non-renewable Energy consumption - Fuel (Diesel)	MJ	106,327,175.54
Non-renewable Energy consumption - Other	MJ	2,263
Energy consumption outside of the organisation (Diesel)	Ltrs.	24,941,647

Energy Usage (Within the Organisation)



Energy Usage (Outside the Organization)



Water and Effluents

GRI 303-1, 303-2, 303-3, 303-4, 306-1, 306-2, 306-3

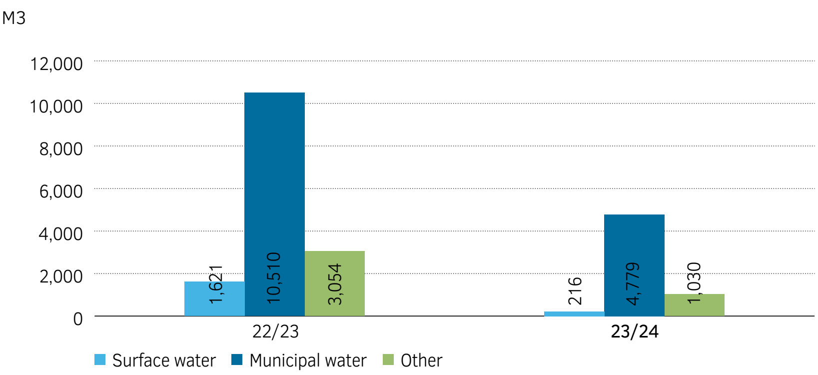
As a LPG supplier, the LAUGFS Gas Group uses water for the purpose of cleaning empty cylinders collected from customers, prior to being refilled. Additionally, water is also used for utility and sanitation requirements of employees. Water drawn from municipal lines remains the main source for all requirements.

In keeping with its commitment to water stewardship, the Group continuously monitors water consumption levels across all operations. As part of the overall efforts, the Group also invests in water saving technology, and is accompanied by continuous awareness among staff to minimise water wastage.

Further, in keeping with the EPL licence and the scheduled waste management licences, the Group's terminals in Colombo and Hambantota are both equipped with effluent treatment plants to ensure effective treatment of wastewater. Quality of effluents are rigorously monitored to ensure compliance with EPL standards.

Moreover, the volume of water withdrawn, consumed and discharged annually is monitored in line with the metrics outlined under the GRI standards.

Water Usage (Water withdrawn by source)



Water treatment plant at Mabima Cylinder filling facility.

Water Consumption	Unit	2023/24	2022/23
Water withdrawal by source - Surface Water	m3	6,246	216
Water withdrawal by source - Municipal Water	m3	5,276	4,779
Water withdrawal by source - Other (Rain Water etc.)	m3	0	1,030
Water recycled and reused	m3	None	None

Effluents and Waste	Unit	2023/24	2022/23
Waste water discharged - Location and volume	m3	4,788	3,955
Total weight of hazardous waste disposed & disposal method	Kg	0	0
Total weight of non-hazardous waste disposed & disposal method	Kg	79,982	2,619

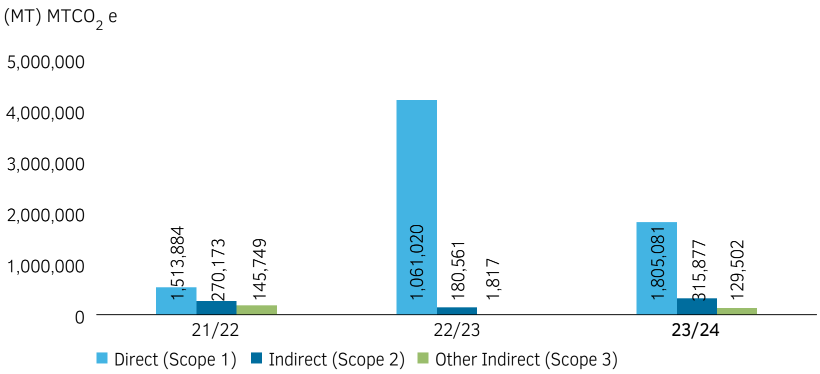
Emissions

GRI 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

In the current financial year, the LAUGFS Gas Group embarked on an ambitious project to compute the carbon footprint attributed to the Group operations encompassing Scope 1, Scope 2, and Scope 3 emissions. For Scope 1, which includes direct emissions from owned or controlled sources, the Group commenced tracking fuel combustion and other onsite activities while Scope 2 emissions, arising from the generation of purchased electricity, were quantified by assessing energy consumption and sourcing practices. Scope 3 emissions, which cover all other indirect emissions in the value chain, including those from the production of purchased goods and services, business travel, and waste disposal, were measured through detailed supply chain analysis and stakeholder engagement. The Group also evaluated its emission intensity by calculating the ratio of total emissions to units of output, such as per unit of energy produced or revenue generated, allowing for targeted strategies to improve efficiency and reduce overall environmental impact.

Air Emissions	Unit	2023/24
Direct (Scope 1) GHG emissions	MT	1,805,081
Energy indirect (Scope 2) GHG emissions	MT	315,877
Other indirect (Scope 3) GHG emissions	MT	129,502
GHG emissions intensity		29.19

Emissions



GRI Index

Statement of use	LAUGFS GAS PLC for the financial year ending 31st March 2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	[Titles of the applicable GRI Sector Standards]

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organisational details	Inner back Cover				
	2-2 Entities included in the organisation's sustainability reporting	8				
	2-3 Reporting period, frequency and contact point	8,10				
	2-4 Restatements of information	10				
	2-5 External assurance	10, 108 - 109				
	2-6 Activities, value chain and other business relationships	94 - 95, 26 - 27				
	2-7 Employees	83				
	2-8 Workers who are not employees	83				
	2-9 Governance structure and composition	113				
	2-10 Nomination and selection of the highest governance body	118				
	2-11 Chair of the highest governance body	117				
	2-12 Role of the highest governance body in overseeing the management of impacts	117				
	2-13 Delegation of responsibility for managing impacts	119				
	2-14 Role of the highest governance body in sustainability reporting	117				
	2-15 Conflicts of interest	119				
	2-16 Communication of critical concerns	115				
	2-17 Collective knowledge of the highest governance body	117				
	2-18 Evaluation of the performance of the highest governance body	120				
	2-19 Remuneration policies	120				
	2-20 Process to determine remuneration	120				
	2-21 Annual total compensation ratio			Confidentiality constraints	Information cannot report to the public	
	2-22 Statement on sustainable development strategy	14 -15				
	2-23 Policy commitments	77, 83				
	2-24 Embedding policy commitments	77				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
	2-25 Processes to remediate negative impacts	77				
	2-26 Mechanisms for seeking advice and raising concerns	77, 87				
	2-27 Compliance with laws and regulations	82				
	2-28 Membership associations	79				
	2-29 Approach to stakeholder engagement	28 - 30				
	2-30 Collective bargaining agreements	87				
Material topics						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	31				
	3-2 List of material topics	32				
Economic performance						
GRI 3: Material Topics 2021	3-3 Management of material topics			Information unavailable	The group is still in the process of implementing this process	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	246				
	201-2 Financial implications and other risks and opportunities due to climate change			Information unavailable	The group is still in the process of implementing this process	
	201-3 Defined benefit plan obligations and other retirement plans	85, 170 -171				
	201-4 Financial assistance received from government			Not applicable	No financial assistance received from the government	
Market presence						
GRI 3: Material Topics 2021	3-3 Management of material topics	85				
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	85				
	202-2 Proportion of senior management hired from the local community	84				
Anti-corruption						
GRI 3: Material Topics 2021	3-3 Management of material topics	77				
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	77				
	205-2 Communication and training about anti-corruption policies and procedures	77				
	205-3 Confirmed incidents of corruption and actions taken	82				

GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Tax						
GRI 3: Material Topics 2021	3-3 Management of material topics			Information unavailable	The group is still in the process of implementing this process	
GRI 207: Tax 2019	207-1 Approach to tax	163 - 164				
	207-2 Tax governance, control, and risk management	163 - 164				
	207-3 Stakeholder engagement and management of concerns related to tax	163 - 164				
	207-4 Country-by-country reporting	163 - 164				
Materials						
GRI 3: Material Topics 2021	3-3 Management of material topics	99				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	99				
	301-2 Recycled input materials used	99				
	301-3 Reclaimed products and their packaging materials	99				
Energy						
GRI 3: Material Topics 2021	3-3 Management of material topics	100				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	100				
	302-2 Energy consumption outside of the organisation	100				
	302-3 Energy intensity			Information unavailable	The group is still in the process of implementing this process	
	302-4 Reduction of energy consumption	100				
	302-5 Reductions in energy requirements of products and services			Information unavailable	The group is still in the process of implementing this process	
Water and effluents						
GRI 3: Material Topics 2021	3-3 Management of material topics	100, 101				
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	100				
	303-2 Management of water discharge-related impacts	100				
	303-3 Water withdrawal	101				
	303-4 Water discharge	101				
	303-5 Water consumption	100		Information unavailable	The group is still in the process of implementing this process	

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Emissions						
GRI 3: Material Topics 2021	3-3 Management of material topics	101				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	101				
	305-2 Energy indirect (Scope 2) GHG emissions	101				
	305-3 Other indirect (Scope 3) GHG emissions	101				
	305-4 GHG emissions intensity	101				
	305-5 Reduction of GHG emissions	101				
	305-6 Emissions of ozone-depleting substances (ODS)	101				
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	101				
Waste						
GRI 3: Material Topics 2021	3-3 Management of material topics	100				
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	100				
	306-2 Management of significant waste-related impacts	100				
	306-3 Waste generated	101				
	306-4 Waste diverted from disposal			Information unavailable	The group is still in the process of implementing this process	
	306-5 Waste directed to disposal			Information unavailable	The group is still in the process of implementing this process	
Supplier environmental assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	94				
	308-1 New suppliers that were screened using environmental criteria	94				
	308-2 Negative environmental impacts in the supply chain and actions taken	94				
Employment						
GRI 3: Material Topics 2021	3-3 Management of material topics	84				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	84				
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	85				
	401-3 Parental leave	85				
Labour/management relations						
GRI 3: Material Topics 2021	3-3 Management of material topics	87				
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	87				

GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Occupational health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	88				
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	88 - 89				
	403-2 Hazard identification, risk assessment, and incident investigation	88 - 89				
	403-3 Occupational health services	88				
	403-4 Worker participation, consultation, and communication on occupational health and safety	88				
	403-5 Worker training on occupational health and safety	88				
	403-6 Promotion of worker health	88				
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	88				
	403-8 Workers covered by an occupational health and safety management system	89				
	403-9 Work-related injuries	89				
	403-10 Work-related ill health	89				
Training and education						
GRI 3: Material Topics 2021	3-3 Management of material topics	86				
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	86				
	404-2 Programs for upgrading employee skills and transition assistance programs	86				
	404-3 Percentage of employees receiving regular performance and career development reviews	86				
Diversity and equal opportunity						
GRI 3: Material Topics 2021	3-3 Management of material topics	83				
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees			Information unavailable	The group is still in the process of implementing this process	
	405-2 Ratio of basic salary and remuneration of women to men	85				
Non-discrimination						
GRI 3: Material Topics 2021	3-3 Management of material topics	83				
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	82				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION			GRI SECTOR STANDARD REF. NO.
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION	
Child labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	83				
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	82				
Forced or compulsory labour						
GRI 3: Material Topics 2021	3-3 Management of material topics	83				
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	82				
Supplier social assessment						
GRI 3: Material Topics 2021	3-3 Management of material topics	94				
	414-1 New suppliers that were screened using social criteria	94				
	414-2 Negative social impacts in the supply chain and actions taken	94				
Customer health and safety						
GRI 3: Material Topics 2021	3-3 Management of material topics	93				
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	93				
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	93				
Marketing and labelling						
GRI 3: Material Topics 2021	3-3 Management of material topics	94				
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information and labelling	94				
	417-2 Incidents of non-compliance concerning product and service information and labelling	94				
	417-3 Incidents of non-compliance concerning marketing communications	94				
Customer privacy						
GRI 3: Material Topics 2021	3-3 Management of material topics			Information unavailable	The group is still in the process of implementing this process	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	39				

Independent Assurance Report

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Independent practitioner's assurance report to the Board of Directors of Laugfs Gas PLC on the Sustainability reporting criteria presented in the Integrated Annual Report FY 2023/24

Scope

We have been engaged by Laugfs Gas PLC to perform a 'limited assurance engagement,' as defined by Sri Lanka Standard on Assurance Engagements, here after referred to as the engagement, to report on Laugfs Gas PLC's Economic, Environment, Social and Governance (EESG) indicators (the "Subject Matter") contained in Laugfs Gas PLC's (the "Entity's") Integrated Annual Report/ Annual Report/ Sustainability Report for the year ended 31 March 2024 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Laugfs Gas PLC

In preparing the Subject Matter, Laugfs Gas PLC applied the following criteria ("Criteria"):

- The Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, publicly available at https://www.globalreporting.org

Such Criteria were specifically designed for the purpose of assisting you in determining whether Entity's Economic, Environment, Social and Governance (EESG) indicators contained in the Entity's Report is presented in accordance with the relevant criteria; As a result, the subject matter information may not be suitable for another purpose.

Laugfs Gas PLC's responsibilities

Laugfs Gas PLC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

Ernst & Young's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the Sri Lanka Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (SLSAE 3000 (Revised), and the terms of reference for this engagement as agreed with the Laugfs Gas PLC on 11 June 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our independence and quality management

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

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

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

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the subject matter and related information and applying analytical and other appropriate procedures.

Our procedures included:

- Validated the information presented and checked the calculations performed by the organisation through recalculation.
- Performed a comparison of the content given in the Report against the criteria given in the selected sustainability standards/frameworks.
- Conducted interviews with relevant organisation's personnel to understand the process for collection, analysis, aggregation and presentation of data. Interviews included selected key management personnel and relevant staff.
- Read the content presented in the Report for consistency with our overall knowledge obtained during the course of our assurance engagement and requested changes wherever required.
- Provided guidance, recommendations and feedback on the improvement of the sustainability reporting indicators to improve the presentation standard.

We also performed such other procedures as we considered necessary in the circumstances.

Emphasis of matter

Economic, Environment, Social management data/information are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data. Such inherent limitations are common in Sri Lanka.

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

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the information on the Economic, Environment, Social and Governance (EESG) contained in the Integrated Annual Report of Laugfs Gas PLC for the year ended 31 March 2024, in order for it to be in accordance with the Criteria.

Ernst & Young

12th June 2024

Colombo

Stewardship

PROGRESSIVE WITH PRINCIPLES

Corporate Governance

CHAIRMAN'S MESSAGE ON CORPORATE GOVERNANCE

At LAUGFS Gas PLC we recognise that fostering transparency, accountability, and integrity is not just a responsibility but a fundamental pillar of our corporate ethos. As such, I am pleased to convey the Board's steadfast commitment to upholding the highest standards of corporate governance, guided by best practices, regulatory compliance, and ethical conduct.

Our commitment to good governance extends beyond mere compliance; it is ingrained in the fabric of our organisational culture, informing our strategic decision-making, risk management processes, and interactions with all stakeholders. We believe that by adhering to these principles, we not only safeguard the interests of our shareholders but also nurture trust, confidence, and long-term sustainability in our relationships with employees, customers, suppliers, and the wider community.

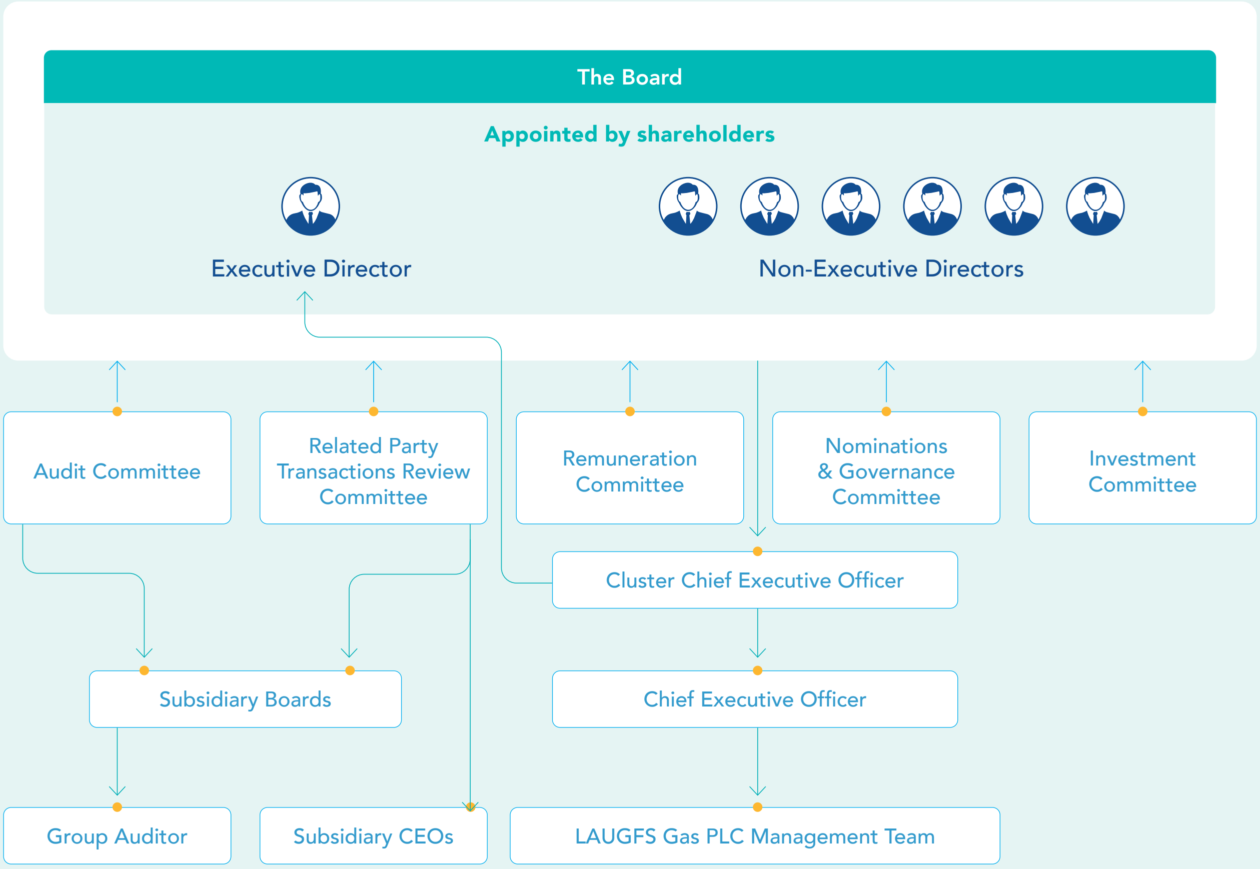
We recognise that our success is intertwined with our ability to embrace these principles wholeheartedly, and we are committed to continually evolving and adapting to meet the evolving expectations of our shareholders and society at large. As we navigate the complexities of today's business landscape, rest assured that the Board remains resolute in its dedication to promoting transparency, enhancing accountability, and driving value creation for all stakeholders.

In conclusion, I wish to confirm that LAUGFS Gas PLC has complied with the corporate governance directives set out under the new corporate governance rules issued by the CSE for listed entities as well as the covenants recommended in the Code of Best Practices on Corporate Governance, jointly issued by the Colombo Stock Exchange and the Institute of Chartered Accountants Sri Lanka. Furthermore, on behalf of the Board, I wish to declare that the Board of Directors, Corporate Management and employees of the Group have acted in good faith in conducting the affairs in compliance with code of conduct, the anti-bribery and corruption policy and all other relevant conduct policies.

LAUGFS GAS PLC GROUP CORPORATE GOVERNANCE PHILOSOPHY

LAUGFS Gas PLC Group's corporate governance philosophy embodies a steadfast commitment to principles of transparency, accountability, integrity, and ethical conduct in all facets of its operations. Grounded in the belief that sound Corporate Governance is fundamental to sustainable business success, the Group's philosophy emphasises the importance of upholding the highest standards of corporate behaviour and adhering to applicable laws, regulations, and best practices. Central to this philosophy is the recognition of the fiduciary duty owed to shareholders and stakeholders alike, necessitating rigorous oversight and prudent decision-making by the Board of Directors and senior management. Furthermore, the Group is dedicated to fostering a culture of open communication, respect for diverse perspectives, and responsible risk management, thereby promoting long-term value creation and trust among investors, employees, customers, and the wider community. Through continuous evaluation, refinement, and adherence to its Corporate Governance principles, the Group endeavours to maintain the confidence and support of its stakeholders while driving sustainable growth and prosperity.

Governance Structure



Regulatory Frameworks

- Companies Act No. 07 of 2007
- CSE Listing Rules
- Securities and Exchange Commission of Sri Lanka (SEC) ACT No. 19 of 2021
- Shop and Office Employees Act of 1954
- Factories Ordinance No. 45 of 1942
- Sri Lanka Accounting and Auditing standards
- Other applicable regulations

Voluntary Frameworks

- Code of Best Practices for Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka
- <IR> Framework issued by the IIRC
- Global Reporting Initiative (GRI)
- UN SDG's
- UN Global Compact (UNGC)

Internal Frameworks

- Articles of Association
- Board Charter
- Board Approved Sub Committee TOR's
- Code of Conduct
- Board approved internal policies and procedures

Compliance	Board Changes	Other
Rule 9.6.1	Executive Chairman stepped down as Non-Executive Chairman w.e.f 20th December 2023	-
Rule 9.6.1	Executive Deputy Chairman stepped down as Non-Executive Chairman w.e.f 20th December 2023	-

THE BOARD

LAUGFS Gas PLC Board is the apex governing body within the organisation. The Board is entrusted with the fundamental responsibility of ensuring the entity is well managed and in doing so operates as per the terms of reference set out under the Board Charter.

The composition of the Board is determined by the LAUGFS Gas PLC Articles of Association and the Listing Rules of the Colombo Stock Exchange. The current Board comprises of seven Directors, including Six Non-Executive Directors (NED's) and one Executive Director (ED), which is considered to be a fair balance of power, thus ensuring that no unfettered powers of decision making are vested with any particular member of the board of directors.

Acknowledging the critical role of diversity in fortifying the Board's efficacy, various dimensions are taken into account to strengthen the Board balance. These include gender, age, educational background, professional experience, skills, and knowledge, all contributing to the creation of an environment conducive to impartial decision-making aligned with corporate objectives.

ROLE OF THE BOARD

The Board bears the overarching responsibility for managing and overseeing the Group and its operations. This accountability encompasses various critical areas, including regulatory compliance, robust risk management, and effective internal control mechanisms. Additionally, the Board is tasked with ensuring the timely and accurate reporting of financial information, fostering ethical standards and values, integrating Environmental, Social, and Governance (ESG) considerations into decision-making and reporting, overseeing IT and HR governance, and nurturing positive stakeholder relationships. Through these multifaceted responsibilities, the Board maintains a steadfast commitment to the well-being and sustainability of the organisation and its broader ecosystem.

Board Oversight for Compliance

The Board holds the responsibility of ensuring the Group's adherence to all relevant laws, regulations, codes, and standards. This commitment is upheld through a zero-tolerance policy towards non-compliance. The internal audit team is specifically entrusted with providing ongoing assurance regarding the Company Compliance status. Through these measures, the Board reinforces a culture of strict adherence to legal and regulatory requirements, safeguarding the integrity and reputation of the Company.

Board Oversight for Risk

The Board assumes oversight in setting appropriate risk appetite limits and implementing robust risk management systems and internal controls to effectively manage these risks. Supported by the Integrated Risk Management Committee and other relevant risk-related committees, the Board has established a comprehensive framework for risk management and internal control, aligning with overarching business objectives. This comprehensive approach is designed to ensure that risks are identified, assessed, and mitigated proactively, contributing to the resilience and sustainability of Company operations.

For more details, please refer to the Risk Management Report on Page 36

Board Responsibility for Internal Control and Financial Reporting

The Board has instituted a robust system of internal control to ensure the efficient and effective management of day-to-day business activities in alignment with the Company's strategic objectives. In addition, the Board maintains an extensive reporting framework to convey to stakeholders the Company's performance and financial standing. As a publicly listed entity, the cornerstone of this reporting suite is the Board-approved Integrated Annual Report, which provides a balanced and transparent assessment of the Company's financial position, performance, and future prospects.

Furthermore, the Group releases quarterly financial reports and fulfills other mandatory disclosure requirements of the Colombo Stock Exchange (CSE) as necessary. All such information is first disclosed to the CSE and subsequently released to the public via press releases and publications on the corporate website, ensuring accessibility and transparency to all stakeholders.

For more details, please refer to the Directors' Responsibility Statement on Internal Control over Financial Reporting on page 144

Board Role in IT Governance

The Board plays a pivotal role in IT governance, recognising the critical importance of technology in modern business operations. With oversight responsibility, the Board ensures that the Group' IT strategy aligns with its overall objectives and risk appetite. This involves approving IT policies, investments, and initiatives, while also monitoring their implementation and effectiveness. Additionally, the Board is charged with overseeing cybersecurity measures to safeguard against potential threats and breaches, ensuring the protection of sensitive data and maintaining the trust of stakeholders. By staying informed about emerging technologies and industry best practices, the Board can provide valuable guidance and strategic direction to leverage IT resources for innovation and competitive advantage. Through regular reviews and assessments, the Board ensures that the Group's IT infrastructure remains robust, resilient, and capable of supporting its evolving needs.

The Board has appointed an IT Steering Committee to provide functional oversight for all IT related matters.

For more details, please refer to the Intellectual Capital section on page 74

Board Role in Promoting Ethics and Values

The Board sets the tone from the top for ethical conduct throughout the organisation, underscoring the importance of adhering to approved conduct policies and procedures. The comprehensive frameworks aim to cultivate a culture of integrity and fairness among employees, guiding them to fulfil their responsibilities with the highest ethical standards at all times. Regular training sessions are conducted to enhance employee awareness of these policies, to emphasise the importance of compliance and collective commitment to upholding these principles. Key conduct policies are;

Code of Conduct

The Code of Conduct serves as a guiding compass for every employee of the Group, outlining the principles, values, and behavioural standards expected in the workplace. It embodies the LAUGFS Gas Group's core beliefs and commitment to ethical conduct, professionalism, and respect for all stakeholders. The code articulates expectations regarding integrity, honesty, confidentiality, and compliance with laws and regulations. It also addresses aspects such as conflicts of interest, discrimination, harassment, and proper use of Group resources. By adhering to the Code of Conduct, employees and directors demonstrate their dedication to upholding the Group's reputation and fostering a positive work environment built on trust, accountability, and mutual respect. Regular training, communication, and reinforcement of the code ensure that it remains relevant and ingrained in the Group-wide culture, guiding employees in their daily interactions and decision-making processes.

Anti Bribery and Corruption Policy

The Group's anti-bribery and corruption policy stands as a cornerstone of its commitment to ethical business conduct and compliance with regulatory standards. Formulated with meticulous care and adherence to legal requirements, this policy articulates a steadfast stance against any form of bribery or corruption in all aspects of the Group's operations. The policy delineates clear guidelines and protocols for all employees, contractors, and business partners, emphasising the importance of integrity, transparency, and fairness in all business dealings. Through comprehensive training programs and ongoing awareness initiatives, the Group endeavours to instill a culture of compliance and ethical behaviour at every level of the organisation covering all employees (100%). Additionally, robust monitoring mechanisms and regular audits are implemented to detect and address any breaches of the policy swiftly and decisively.

Whistleblower Policy

The Group's whistleblower policy serves as a key tool for promoting transparency, accountability, and ethical behaviour. It provides employees, contractors, and other stakeholders with a platform to anonymously report any concerns or suspicions regarding unethical conduct, fraud, or violations of company policies or regulations. The policy is designed to assure whistleblowers of protection from retaliation and ensures that their reports are thoroughly investigated by designated authorities. By fostering a culture where individuals feel empowered to speak up without fear of reprisal, the whistleblower policy helps uncover potential issues early, allowing the Group to address them promptly and prevent further harm. Regular communication and training on the policy's procedures and protections reinforce its importance and encourage active participation in maintaining a culture of integrity and accountability within the Group.

Board Oversight for ESG Integration and Reporting

ESG has always been an important matter of consideration for the Board. All ESG matters are managed under the purview of the Board Appointed Sustainability Team. This team is charged with fostering an environment conducive to integrating ESG principles into the daily operations across all levels of the business. As part of the systematic approach to ESG integration, the sustainability team also engages in assessing Material Topics related to environmental, social, and governance considerations, further underlining the commitment to responsible and sustainable practices.

For more details, please refer to the section on Material Topics on page 31

Board Role in HR Governance

The Board plays a crucial role in human resource governance, ensuring that the Group's workforce is effectively managed and aligned with its strategic objectives. This entails oversight of key HR policies and practices, including recruitment, training, performance evaluation, and compensation. By setting the tone from the top, the Board establishes a culture that values employee development, diversity, and fair treatment. Additionally, the Board works closely with the Board Human Resources Committee to provide guidance and oversight on HR-related matters.

For more details, please refer to the Human Capital section on page 80 and the Nominations and Governance Committee Report on page 138

Board Responsibility to Shareholders and Other Stakeholders

The Board of Directors shoulders a significant responsibility to shareholders and other stakeholders, acting as custodians of the Group's interests and ensuring alignment with broader stakeholder expectations. Central to this responsibility is the duty to make decisions that enhance shareholder value while considering the impact on employees, customers, suppliers, and the community at large. By providing strategic guidance and oversight, the Board aims to foster sustainable growth, manage risks effectively, and uphold ethical standards across all aspects of the business. Moreover, the Board is entrusted with maintaining open communication channels to keep stakeholders informed about the Group's performance, challenges, and opportunities. The principle of fairness underpins the Group's communications with shareholders and other stakeholders, supported by strict policies and procedures that ensure impartial and ethical conduct.

Annual General Meeting

The Annual General Meeting (AGM) serves as the main forum for shareholders to connect directly with the Board to raise any concerns and make suggestions.

The Annual Report, notice of the AGM and any other resolution that require shareholder approval along with voting instructions are circulated to shareholders a minimum 15 working days prior to the AGM allowing for sufficient time for shareholders to review the documentation prior to attending the AGM.

LAUGFS Gas PLC's AGM is scheduled to be held on 17th July 2024.

Board Meetings

Board meetings take place at least once every quarter, or more often as needed. Attendance at Board meetings is mandatory for all Directors. Every Board member is expected to be well-prepared and actively engage in discussions on Board matters. During each Board meeting, the Chairman of each Board committee presents updates on significant topics deliberated in their respective sub-committee meetings, typically convened prior to the main Board session.

PLANNING OF BOARD MEETINGS

The Chairman sets the Board agenda, assisted by the Company Secretary. The agenda is prioritised and timed to ensure all items are discussed. Directors are allowed to make a written request to the Chairman detailing any additional matter to be included in the agenda.

The finalised agenda along with a comprehensive Board Pack containing relevant Board Papers are circulated among all Directors at least seven (07) working days prior to the meeting date, allowing Board members sufficient time to review the same.

All information and Board Papers are also uploaded to a secure portal to give Directors remote access.

Additionally, the Group Managing Director is required to provide an update on the Group's current business activities and operations, contextualising achievements within the broader landscape. Select business heads are also invited to present updates pertaining to their respective areas of responsibility. Specifically, the Chief Financial Officer provides insights into financial performance and notable highlights, while the Compliance Officer reports on compliance status with relevant statutes and regulations, along with any significant updates.

Directors' interests and related party transactions are also tabled at Board Meetings. If at any point during the meeting, a Director finds himself / herself in a situation which is construed as a conflict of interest, the Director in question is required to recuse him or herself from the discussions and refrain from participating in Board decisions on the particular matter.

The Company Secretary is required to maintain minutes of every Board meeting. Minutes are first presented to the Chairman for approval prior to being circulated among the Directors and other members of Corporate Management who were present at the particular meeting. Minutes of the meetings are typically circulated within two weeks after the meeting date.

A total of four (4) scheduled Board meetings were held in FY 2023/24.

Attendance at Meetings				
Director	Board Meetings	Audit Committee	Related Party Transactions Review Committee	Remuneration Committee
Mr W.K.H. Wegapitiya	4/4	6/6*	4/4*	2/2*
Mr U.K. Thilak De Silva	3/4	5/6*	3/4*	2/2*
Mr P. Kudabalage	4/4	6/6*	4/4*	2/2*
Mr P. M. B. Fernando	4/4	6/6	4/4	-
Prof. S. P. P. Amaratunge	4/4	6/6	4/4	2/2
Mr R. Selvaskandan	4/4	6/6	4/4	2/2
Mr K. R. Goonesinghe	4/4	5/6	4/4	2/2

* Attends by invitation.

ACCESS TO INFORMATION

In preparing for Board Meetings, Directors are allowed to reach out to Corporate Management to obtain necessary information or clarifications. Directors are also allowed to seek independent professional advice at the Group's expense, as needed.

DIFFERENTIATING THE ROLE OF THE CHAIRMAN AND THE MANAGING DIRECTOR / CEO

The roles of the LAUGFS Group Chairman and that of the Group Managing Director / CEO are distinctly different. While the Group Chairman focuses on governance and board dynamics, the Group Managing Director/CEO is more hands-on in steering the Group towards its goals, managing its daily affairs, and representing it externally. Clear differentiation between these roles fosters effective decision-making, accountability, and balanced corporate leadership.

DESHABANDU W. K. H. WEGAPITIYA, PhD

Group Chairman

The Group Chairman typically presides over the Board of Directors, providing strategic direction, leadership, and ensuring effective governance, vis-a-vis.;

- Ensuring the Board meets regularly to discuss relevant matters
- Maintaining the appropriate balance of power between Executive Director's (ED) and Non-Executive Director's (NED)
- Securing the effective participation of both ED's and NED's in all Board matters
- Implementing decisions/directions of the regulator
- Preparing the agenda for each Board Meeting or delegate such function and to maintain minutes in an orderly manner to the Company Secretary
- Ensuring appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the Board
- Overseeing the annual assessment on the performance and the contribution during the past 12 months of the Board and the MD/CEO

MR. PIYADASA KUDABALAGE

Group Managing Director/GCEO

The Group Managing Director (MD)/CEO is responsible for the day-to-day operations and overall management of the Group. In this capacity the MD/CEO is required to;

- Implement business and risk strategies in order to achieve the Group's strategic objectives.
- Establish an appropriate management structure that promotes accountability, and transparency throughout Group operations, and preserves the effectiveness and independence of control functions.
- Promote, together with the Board, a sound corporate culture to reinforce ethical, prudent and professional behaviour.
- Ensure implementation of proper compliance culture and being accountable for accurate submission of information to the regulator.
- Strengthen the regulatory and supervisory compliance framework.
- Address the supervisory concerns and non-compliance with regulatory requirements or internal policies in a timely and appropriate manner.

Further the MD/CEO is required to fully dedicate their professional time to the service of the Group and as such is not permitted to engage in any other business, except as a Non-Executive Director of another entity.

COMPANY SECRETARY

Corporate Advisory Services (Private) Limited

The Company Secretary guides the Board in discharging their duties and responsibilities and in doing so is required to:

- Advise Directors individually and the Board collectively about carrying out their duties and responsibilities in compliance with relevant regulations and the articles of association.
- Coordinate necessary requirements to ensure Board meetings are conducted smoothly, including liaising with the Board Chairman to work out the agenda, issue of proper notices of meetings, and circulation of board papers.
- Maintain minutes of general meetings and Board meetings and all subcommittee meetings
- Maintain the register of all shareholders, containing details of past and present and their shareholdings.
- Ensure the Group operates in compliance with the CSE Listing Rules, including in regard to related party disclosures.
- Informing regulators of any changes in the Group's governance structure owing to the appointment or resignation of Directors.
- Coordinate necessary requirements to facilitate the AGM, including circulation of notices and the circulation of the annual report in adherence to CSE Listing Rules.
- Assist in the induction of new Directors and facilitating the ongoing professional development of Directors, including training and knowledge development to keep them updated on the latest developments in legislation and regulations in the local banking industry.
- Serve as the custodian for the Group's legal documents, including the Certificate of Incorporation and Memorandum and Articles of Association.

RESPONSIBILITIES OF INDIVIDUAL DIRECTORS

LAUGFS Gas PLC boasts a capable Board where every Director understands the importance of dedicating ample time to the Group's affairs. As part of their responsibilities, Directors are expected to come fully prepared and engage actively in Board meetings, leveraging their expertise, insights, and independent judgement to inform decision-making. Directors are also obligated to disclose any potential conflicts of interest and abstain from relevant discussions. Furthermore, all Board members are required to participate in the annual self-assessment to evaluate their contributions.

ROLE OF THE COMPANY SECRETARY

The Company Secretary performs an important role guiding the Board in discharging their duties and responsibilities. Directors have the right to reach out individually to the Company Secretary, to seek out advice or guidance on relevant matters. The Company secretary is also required to facilitate any training requirements of Directors in order to keep them updated on the latest developments in legislation and regulations applicable to the Group.

APPOINTMENT/ RETIREMENT/ RE-ELECTION OF DIRECTORS

Board appointments are conducted through a formal and transparent process, which includes verifying that Directors fulfil the fit and proper test requirements. The Nominations and Governance Committee assumes a pivotal role in evaluating the suitability of potential appointees. Typically, candidates are assessed based on their skills, expertise, and how these complement the existing balance of the LAUGFS Gas PLC Board. Additionally, the Nomination and Remuneration Committee evaluates the number of external directorships held by candidates to ensure they can effectively fulfil their duties as a member of the LAUGFS Gas Board. Following thorough vetting, suitable candidates are recommended to the Board for appointment, subject to ratification by shareholders at the subsequent Annual General Meeting. New appointments are communicated to the CSE and publicly announced through a press release.

As per the Articles of Association 1/3 of the NED's are required to retire from office at each Annual General Meeting and remain eligible to stand for re-election by the shareholders at the Annual General Meeting. A Director appointed by the Board to fill a casual vacancy that may have arisen since the previous AGM, is also entitled to offer himself / herself for re-election at the next AGM.

Resignations by Directors and the reasons for the same are promptly informed to the CSE.

CONFLICTS OF INTEREST

In fulfilment of their fiduciary responsibility, all Directors are obliged to demonstrate the highest standards of good faith, honesty, and integrity in their capacities as members of the LAUGFS Gas PLC Board. This obligation encompasses the disclosure of actual or potential conflicts to the Board. Each Director is mandated to provide an annual formal declaration to the Related Party Transaction Review Committee, outlining their interests in other entities and the Directorships they hold elsewhere.

Annually, the Board conducts an evaluation of Directors' independence, utilising the information supplied in the annual declarations and other pertinent data, adhering to the criteria delineated in the Listing Rules of the Colombo Stock Exchange.

Furthermore, in alignment with the best practices delineated in the Code, any Director with a vested interest is expected to exercise due diligence by abstaining from participation in meetings where matters pertinent to their interest are deliberated upon.

Director	Directorship Status	No of Board seats held in Listed Companies	
		Executive Capacity	Non-Executive Capacity
Mr. W.K.H. Wegapitiya	NED	None	1
Mr. U.K. Thilak De Silva	NED	None	1
Mr. P. Kudabalage	ED	1	None
Mr. P. M.B. Fernando	INED	None	4
Prof. S.P.P. Amaratunge	INED	None	4
Mr. R. Selvaskandan	INED	None	3
Mr. K.R. Goonesinghe	INED	None	1

BOARD SUB COMMITTEES

Board Sub Committees play a vital role in the efficient functioning and oversight of corporate governance. These Sub Committees are appointed by the Board to address specific areas of responsibility, such as audit, compensation, nomination, and governance and related party transactions. Each Sub Committee operates under Board-approved terms of reference, which outline its objectives, authority, and decision-making processes. By delegating tasks to Sub Committees, the Board can focus on strategic direction while ensuring that key operational and compliance matters receive dedicated attention. Regular reviews and updates of Sub Committee terms of reference help maintain alignment with the Group's evolving needs and regulatory requirements and in assisting the Board in the discharge of its duties.

Mandatory Sub Committees

Four (04) mandatory Sub Committees have been constituted under regulatory requirements.

1. Audit Committee
2. Nominations and Governance Committee
3. Remunerations Committee
4. Related Party Transaction Review Committee

Audit Committee

Mr. P. M. B. Fernando (Chairman)
Prof. S. P. P. Amaratunge
Mr. R. Selvaskandan
Mr. K. R. Goonesinghe

Areas of Oversight

- Monitor and review adequacy and effectiveness of internal controls, governance process and financial reporting process.
- Exercise independent oversight of the Company's assurance functions including internal and external audits.
- Review compliances with relevant legal regulatory and accounting standards in the preparation of financial statements.

Pls refer page 133 for the full report

Nominations and Governance Committee

The Remuneration and Nomination Committee which was functioning as a Board Sub Committee of the company continued only as the Remuneration Committee since 29th May 2024 whilst a new Board Sub Committee was established from 29th May 2024 as Nominations and Governance Committee as per the requirements of new Listing Rules.

Compositions as at 31st March 2024

Prof. S. P. P. Amaratunge (Chairman)
Mr. R. Selvaskandan
Mr. K. R. Goonesinghe

Areas of oversight

- Selection and appointment of directors, GMD/CEO and key management personnel
- Identify skills gap and recommending to the Board new appointment of directors and KMP
- Review succession plans to directors, KMP and bank's critical roles
- Review the bank's adequacy of corporate governance framework, policies and skills required to achieve strategic goals

Pls refer page 138 for the full report

Remunerations Committee

Mr. R. Selvaskandan (Chairman)
Prof. S. P. P. Amaratunge
Mr. K. R. Goonesinghe

Areas of Oversight

- 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, Chief Executive Officers and KMPs and to ensure that management development plans and succession plans are in place for Executive Directors and KMPs

Pls refer page 132 for the full report

Related Party Transaction Review Committee

Mr. P. M. B. Fernando (Chairman)
Prof. S. P. P. Amaratunge
Mr. R. Selvaskandan
Mr. K. R. Goonesinghe

Areas of Oversight

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;

Pls refer page 136 for the full report

BOARD AND BOARD SUB-COMMITTEE EVALUATION

To guarantee effective governance within the LAUGFS Gas Group, it is mandatory that all Directors participate in an annual self-assessment, which they must submit to the Nomination and Governance Committee. The Nomination and Governance Committee, in conjunction with the Board Chairman, scrutinizes all self-assessments against predefined benchmarks derived from the Board's charter and duties. The outcomes of this evaluation serve as the foundation for identifying any deficiencies in skills among Board members and for ascertaining the requisite training necessities for Directors.

EVALUATING THE PERFORMANCE OF THE MANAGING DIRECTOR

The Board conducts a biannual assessment of the Group Managing Director's performance, referencing the goals and objectives for the respective financial year set at its outset. Subsequent to the year-end evaluation of the Group Managing Director's performance, the Board formulates recommendations to the Remuneration Committee regarding suitable adjustments to compensation packages.

DIRECTORS' REMUNERATION

The remuneration structure for Executive Directors, including the Group Managing Director/CEO and Corporate Management, encompasses both fixed and variable components, aiming to attract distinguished professionals possessing the requisite skills and experience. Aligned with Schedule B of the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka, the remuneration packages for Executive Directors and Key Management Personnel (KMP) consist of fixed and variable elements, with the variable component tied to the attainment of predefined performance targets established by the Board.

The Nomination and Remuneration Committee is tasked with evaluating industry benchmarks and proposing to the Board benchmark salary scales for Executive Directors' remuneration and for fixing the remuneration packages of individual directors and for remuneration of KMPs. Moreover, considering prevailing market norms, the Board determines the remuneration paid to Independent Non-Executive Directors (INEDs) and Executive Directors (EDs) in acknowledgment of the time and responsibilities associated with their positions on the LAUGFS Group Board. INEDs do not receive performance-related or incentive payments.

INDUCTION AND TRAINING FOR DIRECTORS

Every new Director undergoes a structured induction process, wherein they are provided with an orientation package containing pertinent external and internal documents. This comprehensive briefing ensures that they receive necessary knowledge of the Group and its operations.

All Directors also benefit from regular training interventions throughout their tenure to support ongoing knowledge enhancement and also to inform them of economic, regulatory and industry trends.

MANAGEMENT COMMITTEE

Management Committee is instrumental in facilitating effective decision-making and operational management within the Group. Management Committees are appointed in consultation with the Group Chairman and the Group MD, and usually consist of key executives and department heads representing a wide range of areas, including finance, legal & compliance, supply chain, human resources, marketing, IT, audit and risk and operations. Management committees provide a forum for collaborative problem-solving, ensuring that decisions are made with input from various perspectives and expertise. Through their regular meetings and discussions, these committees help streamline communication, coordinate efforts across different departments, and drive alignment with the Group's overall goals and objectives. Additionally, management committees play a crucial role in monitoring performance metrics, identifying areas for improvement, and implementing strategic initiatives to enhance effectiveness and efficiency.

Statement of Compliance

Appendix I: Statement of Compliance pertaining to Companies Act No. 7 of 2007

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
168 (1) (a)	The nature of the business together with any change thereof.	Yes	About the Report	7
168 (1) (b)	Signed financial statements of the Group and the Company.	Yes	Financial Statements	147 - 236
168 (1) (c)	Auditors' Report on financial statements.	Yes	Independent Auditor's Report	147
168 (1) (d)	Accounting policies and any changes therein.	Yes	Notes 1 to 3 to the Financial Statements	158 - 173
168 (1) (e)	Particulars of the entries made in the Interests Register.	Yes	Annual Report of the Board of Directors	142
168 (1) (f)	Remuneration and other benefits paid to Directors of the Company.	Yes	Note 29 to the Financial Statements Annual Report of the Board of Directors	228 142
168 (1) (g)	Corporate donations made by the Company	Yes	Note 5.5 to the Financial Statements	79
168 (1) (h)	Information on the Directorate of the Company and its subsidiaries during and at the end of the accounting period.	Yes	Annual Report of the Board of Directors	140 - 143
168 (1) (i)	Amounts paid/payable to the External Auditor as audit fees and fees for other services rendered.	Yes	Note 5.5 the Financial Statements	79
168 (1) (j)	Auditors' relationship or any interest with the Company and its Subsidiaries.	Yes	Audit Committee Report	134
168 (1) (k)	Acknowledgement of the contents of this Report and signatures on behalf of the Board.	Yes	Statement of Director's Responsibility	144

Appendix II- Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange (CSE) on Annual Report Disclosures

MANDATORY PROVISIONS - FULLY COMPLIANT

Rule	Requirement	Complied	Reference (within the Report)	Page
(i)	Names of persons who were Directors of the entity.	Yes	Annual Report of the Board of Directors	141
(ii)	Principal activities of the entity and its subsidiaries during the year, and any changes therein.	Yes	About the Report	8
(iii)	The names and the number of shares held by the 20 largest holders of voting shares and the percentage of such shares held.	Yes	Share Information	240
(iv)	The float adjusted market capitalisation, public holding percentage (%), number of public shareholders and under which option the listed entity complies with the Minimum Public Holding requirement.	Yes	Share Information	242
(v)	A statement of each Director's holding in shares of the entity at the beginning and end of each financial year.	Yes	Annual Report of the Board of Directors	142
(vi)	Information pertaining to material foreseeable risk factors of the entity.	Yes	Risk Management	36 - 40
(vii)	Details of material issues pertaining to employees and industrial relations of the entity.	Yes	Human Capital Material Topics	80 - 89 31 - 32
(viii)	Extents, locations, valuations and the number of buildings of the entity's land holdings and investment properties.	Yes	Real Estate Portfolio	239

Rule	Requirement	Complied	Reference (within the Report)	Page
(ix)	Number of shares representing the entity's stated capital.	Yes	Note 21 to the Financial Statements	214
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings.	Yes	Share Information	241 and 244
(xi)	Financial ratios and market price information.	Yes	Five year summary Financial Highlights Share Information	237 12 245
(xii)	Significant changes in the Company's or its subsidiaries' fixed assets, and the market value of land, if the value differs substantially from the book value as at the end of the year.	Yes	Note 8 - Property, Plant and Equipment to the Financial Statements	185
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the years.	Not Applicable		
(xiv)	Information in respect of Employee Share Ownership or Stock Option Schemes.	Not Applicable		
(xv)	Disclosures pertaining to Corporate Governance practices in terms Section 9 of the Listing Rules.	Yes	Corporate Governance	112 - 129
(xvi)	Related Party transactions exceeding 10% of the equity or 5% of the total assets of the entity as per audited financial statements, whichever is lower.	Yes	Report of the Related Party Transaction Review Committee	136 - 137

Appendix III - Statement of Compliance with Colombo Stock Exchange (CSE) Listing Rules – Section 09 on Corporate Governance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.1	Corporate Governance Rules		
9.1.1 9.1.2 9.1.3	Extent of Compliance with Corporate Governance Rules	The extent of compliance with Corporate Governance Section 09 of the Listing rules issued by the CSE is tabulated below	01 October 2023
9.2	Policies		
9.2.1	Availability of Policies	The following policies which are mandated by the revised CSE listing rules are currently in place	01 October 2024
		The below mentioned policies are uploaded in the Corporate website and are currently being reviewed those to ensure whether all criteria specified in the revised CSE Listing Rules are covered within those policies. – Policy on matters relating to the Board of Directors – Policy on Board Sub Committees – Policy on Corporate Governance, Nominations and Re-election – Policy on Remuneration – Policy on Risk Management and Internal Controls – Policy on Relations with Shareholders and Investors – Policy on Environmental, Social and Governance Sustainability – Policy on Corporate Disclosure – Policy on Whistle Blowing – Policy on Internal Code of Business Conduct and Ethics for all Directors and Employees, including policies on trading in the entities listed securities – Policy on Anti-Bribery and Corruption	
9.2.2	Waivers and Exemptions	At present there are no waivers and exemptions applicable to the Company	01 October 2024

Statement of Compliance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.2.3	Disclosures in the Annual Report	Please refer pages 112 to 139	01 October 2024
9.2.4	Requesting Policies by shareholders	A formal procedure is being developed to facilitate providing of any of the above policies to the shareholders upon a written request	01 October 2024
9.3	**Board Committees**		
9.3.1	Establishment of Board Committees	The Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transaction Review Committee are in place.	01 October 2023
9.3.2	Board Composition, Responsibilities and Disclosures	The Composition of all Board committee are in line with the revised Listing Rules of CSE. Each Sub Committee is governed by its own Terms of Reference. The Secretary to the Committee arranges the meetings and maintains minutes and records under the supervision of the Chairperson of the respective Sub Committee.	01 October 2023
9.3.3	Chairperson of Board Committees	The Chairperson of the Board Sub committees is not the Chairperson of the Board.	01 October 2024
9.4	**Adherence to principles of democracy in the adoption of meeting procedures and the conduct of all General Meetings with Shareholders**		
9.4.1	Record Maintenance	The Company Secretary maintains records of all resolutions and information (appointment of proxy number of votes in favour and against and number of shares in respect of vote was directed to be abstained) of general meetings.	01 October 2023
9.4.2	Communication and relation with shareholders and investors	The Company has an established policy on communication. Further, it is in the process of revising the communication policy incorporating the provisions of the revised CSE Listing Rules for effective communication and relations with shareholder and investors.	01 October 2023
9.5	**Policy on matters relating to the Board of Directors**		
9.5.1	Availability of policy on governing matters relating to the board of directors	The requirements are currently captured in the board charter and several other policies. The company is in the process of updating the board charter with provisions of the revised CSE listing rules	01 October 2024
9.5.2	Disclosure in the Annual Report	Disclosures are made in the annual report of the Board of Directors given on page 140 .	01 October 2024
9.6	**Chairperson and CEO**		
9.6.1	Chairperson and CEO	The chairperson is a non-executive director and the position of chairperson and CEO is not held by the same individual.	01 October 2023
9.6.2	Disclosure of non compliance	Not applicable	01 October 2023
9.6.3	Appointment of Senior Independent Director	The chairperson and the CEO are not the same person or the chairperson and CEO's are not close family members nor related parties. The designation of the senior independent director does not arise under the revised CSE Listing Rules.	01 October 2023
9.6.4	Disclosure of non-compliance in the Annual Report	Not applicable	01 October 2023
9.7	**Fitness of Directors and CEO**		
9.7.1 9.7.2	Appointment of Fit and Proper Persons	The Board has a formal and transparent process in place for the succession and appointment of directors. The Nominations and Governance Committee processes and short-lists candidates and makes recommendations to the Board for approval. All appointments were duly notified to CSE. In any future appointments the criteria stated in the revised CSE Listing Rules will also be taken into account.	01 October 2023

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.7.3	Fit and Proper Assessment Criteria – Honesty Integrity and Reputation – Competence and Capability – Financial Soundness	The assessment criteria detailed in the revised CSE Listing Rules have been incorporated into the annual declaration of the directors and CEO.	01 October 2024
9.7.4	Annual declaration from Directors and CEO	Annual declarations from Directors confirming that each of them have continuously satisfied the fit and proper assessment criteria set out in the CSE revised Listing Rules were obtained as at 31st March 2024.	01 October 2023
9.7.5	Disclosures in the annual report	Disclosures are made in the annual report of the Board of Directors given on page 140.	01 October 2023
9.8	**Board Composition**		
9.8.1	Board at minimum to consist of five directors	The company is complying with the requirement the Board of Directors of the Company consisted of seven Directors as at 31st March 2023	01 October 2024
9.8.2	Minimum number of Independent Directors (Min.2 or 1/3 of total number whichever is higher)	The Company is complied with the minimum number of Independent Directors. The Board of Directors of the company consisted of four (04) Independent Directors as at 31st March 2024.	01 October 2024
9.8.3 9.8.4	Criteria for determining independence	The Company is complied with the criteria for determining Independence of a Director. The Company take into account the provisions of the Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2017) and the revised the criteria for determining the Independence of a Director taking into account on the revised CSE Listing Rules.	01 October 2023
9.8.5	Declarations	Annual Declaration was obtained from the Board of Directors incorporating the provisions made under the revised CSE Listing Rules as at 31st March 2024.	01 October 2023
9.9	**Alternate Directors**		
9.9	Appointment of Alternate Directors	No Alternate Directors were appointed to represent non-executive Directors.	01 January 2024
9.10	**Disclosures relating to Directors**		
9.10.1	Policy on the maximum number of directorships	20 directorships	01 October 2023
9.10.2	Appointment of new director	Nominations and Governance Committee reviews all new appointments.	01 October 2023
9.10.3	Changes to the composition	There were no changes to the composition of the Board Committees after the effective date of the revised CSE Listing Rules	01 October 2023
9.10.4	Disclosure in the Annual Report.	Please refer page 22 for profiles of Directors	01 October 2023
9.11	**Nominations and Governance Committee**		
9.11.1	Availability of Nominations and Governance Committee	The Nominations and Remunerations Committee was renamed as the Nomination and Governance Committee effective from 29th May 2024	01 October 2024
9.11.2	Appointment and re-election of directors	The Committee follows Article of Association in appointment and re-election of directors	01 October 2024
9.11.3	Terms of Reference	The Committee has adopted a Terms of Reference which define the scope, authority and duties	01 October 2023

Statement of Compliance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.11.4(1)	Composition -minimum of three (03) directors out of which a minimum of two (02) members shall be independent directors	The Company is in compliance with the revised CSE Listing Rules	01 October 2024
9.11.4(2)	Composition - Independent Director shall be appointed as the chairperson of the committee	An Independent Director functioned as the chairman of the committee	01 October 2024
9.11.4(3)	Composition - The Chairperson and the members of the Committee shall be identified in the Annual Report	The Chairman and the members of the committee are defined in the Nominations and Governance Committee Report given on page 138	01 October 2024
9.11.5	Functions	The Company documented the functions of the committee in the terms of reference. All functions are effectively discharged by the committee. Please refer Nominations and Governance Committee report on page 138	01 October 2024
9.11.6	Disclosing the Annual Report	Disclosure requirements are covered in the Nominations and Governance Committee report given on page 138	01 October 2024
9.12	Remunerations Committee		
9.12.1	Definition of Remuneration	The Company has established a formal transparent policy on remuneration and defined remuneration in terms of cash and non-cash benefits	01 October 2024
9.12.2	Remuneration Committee	The Remuneration Committee was in place	01 October 2024
9.12.3 9.12.4	Remuneration Policy Executive Directors/ Non-Executive directors	The remuneration policy of the company has been amended incorporating following sections and same has been approved by the Board – Remuneration policy for Non-executive members of the Board of Directors – Remuneration policy for Executive members of the Board of Directors	01 October 2024
9.12.5	Terms of Reference	The Committee has adopted a Terms of Reference which defined the scope, authority and duties in compliance with the revised CSE Listing Rules	01 October 2024
9.12.6 (1) & (2)	Composition - Minimum of three (03) Directors out of which a minimum of two (02) directors shall be independent Directors	The Committee consists of three (03) Independent Directors	01 October 2024
9.12.6 (3)	Composition - Independent Director shall be appointed as the chairperson of the committee	An Independent Director functions as the Chairman of the Committee throughout the year	01 October 2023
9.12.7	Functions	The Company has documented the functions of the Committee in terms of reference. All functions are effectively discharged by the Committee please refer Remuneration Committee report on page 132	01 October 2023
9.12.8	Disclosures in the Annual Report	Disclosure requirements are covered in the Remuneration Committee Report given on page 132	01 October 2023

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.13	**Audit Committee**		
9.13.1	Audit Committee	The Company has established the Audit Committee to perform audit and risk functions	01 October 2023
9.13.2	Terms of Reference	The committee has adopted a Terms of Reference which define the scope, authority and duties	01 October 2023
9.13.3 (1) & (4)	Composition A minimum of three (3) Directors, out of which a minimum two (02) or majority of the members, whichever higher shall be Independent Directors	The company is in compliance throughout the year with the revised CSE listing rules.	01 October 2024
9.13.3 (2)	Composition The quorum for a meeting of the audit committee shall require that the majority of those in attendance to be Independent Directors	The quorum for the Meeting is three (03). The Audit Committee Charter is in line with the revised CSE Listing Rules.	01 October 2024
9.13.3 (3)	Composition The Audit Committee may meet as often as required provided that the Audit Committee compulsory meets on a quarterly basis prior to recommending the financials to be released to the market	The Committee met four (04) times during the year. The Committee reviewed the quarterly and annual financial statements and recommended same to the Board of Directors prior to publication.	01 October 2024
9.13.3 (5)	Composition Independent Director shall be appointed as the Chairperson of the Committee	An Independent Director functioned as the Chairman of the Committee throughout the year.	01 October 2024
9.13.3 (6)	Composition The CEO and the CFO shall attend the Audit Committee Meetings by invitation	The Chairman, GMD, Cluster CEO, CEO, CFO, Group Finance Director, Chief Internal Auditor and a representative of the External Auditor are typically invited to attend meetings. Other board members may also attend meetings upon invitation.	01 October 2024
9.13.3 (7)	Composition The Chairperson of the Audit Committee shall be a member of a recognised professional accounting body	The Chairman of the Audit Committee is an Independent Non-Executive Director, a Fellow Member of the Institute of Chartered Accountants of Sri Lanka.	01 October 2024
9.13.4	Functions	The Company has documented the functions of the Committee in the Audit Committee Charter. The Company is in the process of making further improvements to the Audit Committee Charter in order to be in line with the revised CSE Listing Rules. Functions are effectively discharged by the Committee. Please refer Audit Committee Report on page 133.	01 October 2024
9.13.5	Disclosures in the Annual Report	Disclosure requirements are covered in the annual Audit Committee report given on page 133.	01 October 2024

Statement of Compliance

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.14	Related Party Transactions Review Committee		
9.14.1	Availability of Related Party Transactions Review Committee	Related Party Transactions Review Committee is in place.	01 October 2023
9.14.2	Composition A minimum of three (03) directors out of which two members (02) shall be Independent Directors. Committee may also include executive directors. An independent director shall be appointed as the Chairperson of the Committee	The Company in compliance throughout the year with the revised CSE Listing Rules an Independent Director functioned as the chairman of the committee throughout the year.	01 April 2024
9.14.3	Functions	The Related Party Transactions Review Committee is responsible for reviewing the Related Party Transactions to ensure the interests of shareholders as a whole are taken into account when entering into Related Party Transactions. The Committee has established and maintained a policy, procedure and process for the identification, clarification and reporting the Related Party Transactions on an end to end basis across the operations. The Company is in the process of improving the policy in line with the revised CSE Listing Rules. Please refer Related Party Transactions Review Committee report on page 136.	01 October 2023
9.14.4 (1)	General requirements The committee shall meet at least once a calendar year	The committee met four (04) times during 2023/24. The minutes of all meetings are properly documented and tabled at the subsequent board meetings for ratification.	01 October 2023
9.14.4 (2)	General requirements The Committee should ensure that they have all have access to enough knowledge or expertise to assess all aspects of proposed Related Party Transactions	The Committee has adequate knowledge and expertise to assess all aspects of Related Party Transactions.	01 October 2023
9.14.4 (3)	General requirements Approval by Board of Directors	Where necessary, the Committee shall request the Board of Directors to approve the Related Party Transactions which have been reviewed by the Committee	01 October 2023

Code Ref.	Requirement	Extent of Compliance	Effective date of Compliance
9.14.4(4)	General requirements Conflict of Interest	The Related Party Transactions Review Committee oversees the process relating to the said subject. Steps have been taken by the board to avoid any conflicts of interest that may arise in transacting with related parties. Directors provide declarations to the Board about their material interest in business transactions at the time of appointment and thereafter on quarterly basis. Directors do not participate in, an excuse themselves from the meeting when the Board considered any matters in which transactions with related entities are discussed and where a conflict in interest may arise.	01 October 2023
9.14.5	Review of Related Party Transactions by the Related Party Transactions Review Committee	The committee takes into account the provisions of the said list and rules when reviewing Related Party transactions.	01 October 2023
9.14.6	Shareholder Approval	A situation to obtain the shareholder approval as per revised CSE Listing Rules has not arisen during the year	01 October 2023
9.14.7	Immediate Disclosures	A situation has not arisen where immediate disclosures is required to be made as per revised CSE Listing Rules.	01 October 2023
9.14.8	Disclosures in the Annual Report	Disclosure requirements are covered in the Related Party Transactions Review Committee report given on page 136	01 October 2023
9.14.9	Acquisition and Disposal of assets from/to related parties	The Company has not acquired/disposed substantial assets from/to related parties	01 October 2023
9.16	Additional disclosures		
9.16	(i) Declaration of all material interests (ii) Review of internal controls and compliance controls (iii) Compliance with laws rules and regulations (iv) material non compliances	Disclosure requirements are covered in the Annual Report of the Board of Directors given on page 140. Material non-compliance with any Law or Regulation has not arisen during the year 2024	01 October 2023

Investment Committee Report

The Investment Committee as at 31st March 2024 comprised Mr. U.K. Thilak De Silva (Chairman) - Non-Independent/ Non-Executive Director, Mr. W.K.H. Wegapitiya - Non-Independent / Non-Executive Director, Mr. P. Kudabalage - Non-Independent/ Executive Director, Mr. R. Selvaskandan - Independent/ Non-Executive Director, Mr. P. M. B. Fernando - Independent/ Non-Executive Director and Mr. K. R. Goonesinghe - Independent/ Non-Executive Director.

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

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

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

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

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

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

vi. Review and recommend investment policies to the Group.

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

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

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

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

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

U. K. Thilak De Silva
Chairman
Investment Committee

12th June 2024

Management Committee Report

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

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

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

12th June 2024

Remuneration Committee Report

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COMPOSITION

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

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

CHARTER OF THE COMMITTEE

The Remuneration Committee operates under a Charter that is reviewed annually, outlining its objectives, duties, responsibilities, and composition. This Charter defines the Committee's role in guiding the company's strategic HR practices, ensuring they deliver quality service to employees. It aims to create a supportive environment where employees can work with trust and confidence, aligning their efforts with company goals while also achieving their Individual aspirations. By adhering to this Charter, the Committee ensures that HR policies and remuneration strategies are effective, equitable, and aligned with both organisational and individual objectives.

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
- Communication with shareholders on the remuneration policy and the Committee's work on behalf of the Board through a Remuneration Committee Report.
- To make recommendations at the appropriate service contracts are available for Executive Directors.
- To review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive
- To ensure that no Director or any of his associates is involved in deciding his own remuneration
- To review from time to time as appropriate the Terms of Reference and the effectiveness of the Remuneration Committee and recommend to the Board any necessary changes

EMPLOYEE ENGAGEMENT AND MOTIVATION

LAUGFS Gas initiated activities enhancing employee engagement and motivation to address key challenges such as low engagement levels, work-life balance issues, and lack of recognition. Strategies to overcome these challenges included establishing open communication channels to ensure employees feel heard and valued, implementing regular recognition programs to boost morale, providing career development opportunities and creating a positive workplace environment focused on well-being can significantly improve job satisfaction. Team-building activities were organised which strengthens relationships and collaboration, while feedback mechanisms help understand and address employee concerns. Together, these initiatives fostered a more engaged, motivated, and productive workforce.

MANAGING DIVERSITY AND INCLUSION

LAUGFS Gas implement diverse recruitment practices to attract a broader talent pool and to thereby reduce biases. Providing unconscious bias training for all employees can further mitigate prejudices, promoting a more inclusive workplace. Strong leadership commitment to these initiatives demonstrates the organisation's dedication to fostering a genuinely inclusive culture. Together, these strategies enhance diversity and inclusion, leading to a more innovative, satisfied, and high-performing workforce.

LEADERSHIP COACHING

Leadership coaching is a dynamic process aimed at unlocking leaders' potential and enhancing their effectiveness in guiding teams and driving organisational success. Through personalised assessment, goal-setting, and skill development, leadership coaches work closely with individuals to identify strengths, weaknesses, and areas for growth. Coaching sessions focus on building essential leadership competencies such as communication, emotional intelligence, and strategic thinking, while also fostering qualities such as confidence, adaptability, and accountability. Leadership coaching was done with the view of cultivating resilient, visionary, and influential leaders who can navigate complexity and lead their teams to greater heights of achievement.

R. Selvaskandan
Chairman
Remuneration Committee

12th June 2024

Audit Committee Report

REPORT OF THE BOARD AUDIT COMMITTEE

The Audit Committee serves as a formally constituted Sub Committee of the Board of Directors. This report highlights the Committee's activities throughout the year, focusing on its financial and other reporting responsibilities, risk management, internal control, the Internal Audit function, and the nature of relationship & interaction with the External Auditor.

The committee's primary function is to oversee the preparation, presentation, and adequacy of disclosures in the financial statements of LAUGFS Gas PLC and its subsidiaries. This oversight is conducted in accordance with Sri Lanka Accounting Standards, aiming to provide additional assurance to the Board of Directors regarding the reliability of financial statements and processes.

ROLE OF THE COMMITTEE

The role of the Audit Committee is to support the Board in fulfilling its oversight responsibilities concerning various aspects, including the integrity of the Company's and Group's financial statements, internal control and risk management systems, compliance with legal and regulatory requirements, the suitability, performance, and independence of External Auditors, and the adequacy and performance of the Internal Audit function conducted by the Group Risk & Control Division. These functions and responsibilities are clearly outlined in the committee's charter, which has been approved by the Board.

AUDIT COMMITTEE CHARTER

The Board approved charter of the Audit Committee is in place and clearly defines the terms of reference of the Committee. The Audit Committee Charter is reviewed annually to ensure all new developments related to the Audit Committee are duly incorporated.

MANDATE

To review and monitor:

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

- 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. 07 of 2007.
- Review & evaluate the performance of the Company's internal audit function. Ensuring the efficiency, effectiveness and adequacy of the Company's internal controls and risk management measures.
- Maintaining an effective system of internal control, and compliance with legal and regulatory requirements that may have a material impact on the Company and its financial statements.
- Ensuring that high standards of Corporate Governance are in place by adopting and adhering to policies and procedures of the Company which are in compliance with 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).
- Evaluating and reviewing the independence of the External Auditors. Making a recommendation to the Board on the appointment or re-appointment, dismissal, service period and audit fee of the External Auditor.
- Review and evaluate all auditing and non-audit services performed by External Auditors to ensure that their independence is not impaired.

COMPOSITION OF THE AUDIT COMMITTEE

During the year, the Board Audit Committee was comprised of four Non-Executive Directors, who are independent, and in compliance with regulatory composition requirements.

Name of the KMP	Directorship status
Mr. P.M.B. Fernando	Chairman/ Non-Executive Independent Director
Prof. S.P.P. Amaratunge	Member/ Non-Executive Independent Director
Mr. R. Selvaskandan	Member/ Non-Executive Independent Director
Mr. K.R. Goonesinghe	Member/ Non-Executive Independent Director

The Board is content that the Committee members, detailed in their biographical information on pages 23 and 24, collectively possess a diverse array of pertinent skills, experience, and expertise derived from various industries and backgrounds. As a whole, they exhibit competence relevant to the sectors in which the Group operates. Mr. Prasenna Balachandran, the Chief Internal Auditor, serves as the Secretary to the Committee.

Audit Committee Report

MEETING ATTENDANCE

Name of the KMP	Attendance
Mr. P.M.B. Fernando	6/6
Prof. S.P.P. Amaratunge	6/6
Mr. R. Selvaskandan	6/6
Mr. K.R. Goonesinghe	5/6

COMMITTEE MEETINGS

The Audit Committee meets as often as may be deemed necessary or appropriate in its judgment, and at least quarterly each year. During the year under review, there were six (6) meetings attended by the Committee members. The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Executive Officer-Cluster, Chief Executive Officer-LAUGFS Gas, Chief Operating Officer-LAUGFS Gas and Chief Internal Auditor, attend meetings at the invitation of the Committee. Representatives of the External Auditors are invited to attend the meetings of the Committee as well. Other key executives and senior management are invited to attend to present and provide deeper insight on various topics as required by the Committee to discharge its duties.

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

COMMITTEE ACTIVITIES DURING THE FINANCIAL YEAR

Financial Reporting

The Committee assisted the Board of Directors in the discharge of its duties by reviewing the company`s financial reporting system. The Committee ensured that accounting policies, practices and internal controls are adequate to provide reasonable assurance that the financial reporting system is effective and efficient in providing reliable and timely information.

The Audit Committee thoroughly reviewed the Interim Management Statements, as well as the Interim and Annual Consolidated Financial Statements, along with all formal announcements related to these statements. Following this review, the Committee submitted them to the Board of Directors, accompanied by a recommendation for approval. During the consideration of annual financial statements, the External Auditors were also invited to attend discussions and provide clarifications as needed.

Furthermore, in its assessment of the financial reporting system, the Committee acknowledged the sufficiency of the content and quality of periodic management information reports forwarded to its members.

Internal Audit, Risks and Controls

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

- Reviewed significant issues raised by GIA and the External Auditor, management's response to their recommendations, and follow-up remedial actions and improvement plans;
- Reviewed and approved the Group Internal Audit function's charter, strategy and annual plan;
- Considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- Considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- Received quarterly updates from the Internal Audit function on the delivery of the 2023/24 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- The Group Internal Audit team regularly reported to the Committee on the adequacy and effectiveness of internal controls in the Group and compliance with laws and regulations and established policies and procedures of the Group.
- The Committee reviews the update of the digital forensic tool to be used by the Group Risk & Control Division
- Key audit matters received related to LAUGFS Gas PLC were reviewed keenly.

External Audit

The External Auditors' Letter of Engagement, including the scope of the audit, was reviewed, and discussed by the Committee with the External Auditors and management prior to the commencement of the audit.

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

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

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

The performance of the External Auditors and the quality of their work has been evaluated and discussed with the senior management of the Company and the Committee has recommended to the Board that Messer Ernst & Young be re-appointed as the auditors of the Group for the financial year ending 31st March 2025, subject to approval by the shareholders at the Annual General Meeting, at a remuneration to be decided by the Management.

Training on Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance

The Committee chair and key management personnel of the Group participated in a training session conducted by an industry expert on the "Listing Rules of the Colombo Stock Exchange (CSE) on Corporate Governance."

Whistleblowing Policy

The Committee is content with the current status of the Whistleblowing Policy of the Group, ensuring it remains an active and up-to-date framework that all employees and incidents can rely on. Employees are encouraged to utilise whistleblowing channels if they suspect any wrongdoing. Senior Management periodically conducts awareness programs to promote a culture where staff feel empowered to raise genuine concerns.

P. M. B. Fernando
Chairman
Audit Committee

12th June 2024

Report of the Related Party Transaction Review Committee

The Related Party Transactions Review Committee of LAUGFS Gas PLC was established by the Board of Directors in 2016, In accordance with the Code of Best Practice on Related Party Transactions issued by the Securities & Exchange Commission of Sri Lanka and Section 9 of the Listing Rules of the Colombo Stock Exchange.

PURPOSE OF THE COMMITTEE COMPOSITION AND ATTENDANCE

The Committee comprises with four Non-Executive Directors; who are independent. The Chairman of the Committee is an Independent Non-Executive Director.

Names of the RPTR Committee Members	Membership Status
Mr. P.M.B Fernando	Chairman /INED
Mr. R. Selvaskandan	Member /INED
Mr. K.R. Goonesinghe	Member/INED
Prof. S.P.P. Amaratunge	Member/INED

Regular attendees by invitation	
Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Cluster CEO/ LAUGFS Gas PLC
Group Director – Finance	Chief Executive Officer –LAUGFS Gas PLC
AGM Finance – LAUGFS Gas PLC	Chief Legal Officer

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

The Committee met four (04) times during the financial year ended March 31, 2024, and the proceedings of the Committee meetings have been regularly reported through verbal briefings, and by tabling the minutes of the Committee's meetings.

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

Name of the Board Committee member	Attended/ Eligibility
Mr. P.M.B Fernando	4/4
Mr. R. Selvaskandan	4/4
Mr. K.R. Goonesinghe	4/4
Prof. S.P.P. Amaratunge	4/4

DUTIES AND RESPONSIBILITIES

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

- Reviewing Related Party Transactions of the Company except those explicitly exempted under the Listing Rules;
- Adopting policies and procedures to review Related Party Transactions of the Company and set out guidelines and methods for the capturing and reviewing of Related Party Transactions,
- Assessing whether the Related Party Transactions are in the best interests of the Company and its shareholders as a whole;
- Defining and establishing threshold values for listed companies as per the Code, which requires discussion in detail; 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.
- Establishing guidelines in respect of Recurrent Related Party Transactions, for senior management to follow in its ongoing dealings with the relevant related party.
- Where necessary, escalate matters to the Board for review, prior to the execution of any Related Party Transaction.
- To review and recommend the acquisition or disposal of substantial assets between related parties, including but not limited to, obtaining 'competent advice' from independent professional experts on valuations and related aspects as deemed required.
- Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

METHODOLOGY ADOPTED BY THE COMMITTEE

The members of the Company's Board of Directors have been identified as Key Management Personnel. The declarations are requested from each Key Management Personnel of the Company in compliance with the Related Party Transaction Policy in order to identify parties related to them. The Company retrieves data on related party transactions from its database based on the information provided in these declarations.

KEY FUNCTIONS PERFORMED DURING THE YEAR UNDER REVIEW

During the year the Committee reviewed the process and recognised the adequacy of the content and quality of the information forwarded to its members by the management. The committee quarterly monitored the recurrent transactions and their compliance with the approved values and where required directed them to the relevant Boards for further directions. The company organised two comprehensive training sessions with industry experts to update the Key Management Personnel on the amended listing rules.

The Committee reviewed the recurrent RPTs entered into by the Company and related parties at the end of every quarter that all transactions entered into during the quarter were recurrent transactions, which have been entered into on an arms-length basis where no favourable terms have been offered to related parties during the quarter under review.

While no non-recurrent transactions that exceeded the threshold values, were brought to the notice of the committee, listed below are recurrent transactions that exceeded the threshold values during the period under review, treated under section 9.14.8. Disclosures in the Annual Report.

RECURRENT RELATED PARTY 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	A subsidiary of LAUGFS Gas PLC	Purchase of LPG and Freight chargers	13,368,381,355	59%	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 the necessary processes in place to identify, review, disclose and monitor Related Party Transactions in accordance with the provisions in Section 09 of the Listing Rules and in so far as to the knowledge of the Committee, such transactions submitted for review have been verified for compliance.

P. M. B. Fernando
Chairman
Related Party Transaction Review Committee

12th June 2024

Nominations and Governance Committee Report

OBJECTIVE OF THE COMMITTEE

The Objective of the Nomination and Governance Committee (the Committee) is to review the structure and the composition of the Board annually and ensure that the combined knowledge and experience complement the corporate strategy, and also to review, evaluate and recommend changes to the Company's Corporate Governance Framework in line with the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance ("Code").

ACTIVITIES IN 2023/24

The Remuneration and Nomination Committee which was functioning as a Board subcommittee of the company continued only as the Remuneration Committee since 29th May 2024 whilst a new board subcommittee was established from 29th May 2024 as Nominations and Governance Committee as per the requirements of new listing rules.

Improve Board effectiveness During the year, the Committee reviewed the Governance Roadmap of the Group and ways to improve Board effectiveness within the Group. Further, the Committee reviewed the composition of the Board and the Board sub-committees with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange, effective 1st October 2023. Necessary changes were proposed to the Board by the Committee.

KEY RESPONSIBILITIES

The Nominations and Governance Committee is responsible for reviewing the composition of the Board and Board Sub - Committees to ensure that they are appropriately constituted in line with the required skills, experience and diversity.

In addition, the Committee is entrusted with the responsibility of:

- Recommending to the Board the appointment of new Directors and Key Management Personnel (KMP) and ensuring the implementation of the approved procedure in selecting such Directors and Key Management Personnel;
- Recommending the re-election of current Directors to the Board of Directors, taking into account the performance and contribution made by such Directors towards the overall discharge of responsibilities by the Board;
- Reviewing criteria such as qualifications, experience and key attributes required to be considered for the appointment or promotion to the post of Managing Director/ CEO and/or the Key Management positions;
- Ensuring that the Directors, Managing Director/CEO and the Key Management Personnel are fit and proper persons to hold office as required by the Corporate Governance Rules of the CSE and other applicable statutes;
- Assessing from time to time the requirements of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel with a view to providing advice and recommendations to the Board on any such appointment;
- Overseeing the process by which the Board, its Committees and individual Directors assess their effectiveness, and report to the Board on findings and recommendations

REVIEW THE STRUCTURE AND THE COMPOSITION OF THE BOARD

The Committee reviewed the structure and composition of the Company with respect to the recent amendments to the Listing Rules of the Colombo Stock Exchange. New candidates were proposed by the Committee.

BOARD EVALUATION

The Board of Directors performs an annual self-evaluation of its own performance and effectiveness. The Committee reviewed the results of the Board Evaluation and discussed the governing structure of the Company. Further, the Board identified and reviewed the Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance. The Board discussed major issues in terms of the Listing Rules of the Colombo Stock Exchange and Board Governance.

BOARD SUCCESSION

During the year under review, the progress and performance of the Cluster Chief Executive Officer and the Chief Executive Officer and the heads of businesses was regularly reviewed by the Committee. The Committee continues to regularly evaluate candidates for the Board and for the position of CEO.

RE-ELECTION OF DIRECTORS

In terms of the Articles of Association of the Company all directors are required to offer themselves for re-election at regular intervals. Every year, not exceeding 1/3 of the Board shall retire by rotation. The Committee decided to recommend Mr.P.M.B. Fernando and Mr K.R.Goonesinghe, who retire in terms of Article 81 of the Company's Articles of Association, to be re-elected to the Board at the Annual General Meeting to be held on 17th July 2024.

ATTENDANCE

The Committee comprises of four Independent Non- Executive Directors. The Board Chairman attends the meetings by invitation. The Committee met two times during the year and the committee members' attendance at these meetings is as follows.

Members	Attendance
Prof. S.P.P. Amaratunge	02/02
Mr. R. Selvaskandan	02/02
Mr. K.R. Goonesinghe	02/02

The profiles of the Directors are found on pages 23 to 24 of this Annual Report.

The Committee members' date of first appointment to the Committee is as follows.

Member	Date of first appointment to the Committee
Prof. S.P.P. Amaratunge	9th June 2022
Mr. R. Selvaskandan	9th June 2022
Mr. K.R. Goonesinghe	29th May 2023

Secretary:

The Group Chief People Officer acts as the Secretary to the Committee.

Board Member	Directorship Status	Date of Appointment to the Board	Date of last reappointment to the Board	Directorships in other listed entities
Prof. S.P.P. Amaratunge	INED/NED	25th May 2018	21st September 2023	– Raigam Wayamba Saltern PLC – Citizens Development Business Finance PLC – Sanasa Development Bank PLC – LAUGFS Power PLC
Mr. P.M.B. Fernando	INED/NED	9th June 2022	27th September 2022	– LAUGFS Power PLC – Lanka Hospitals Corporation PLC – Renuka Hotels PLC – PGP Glass Ceylon PLC
Mr. K.R. Goonesinghe	INED/NED	9th June 2022	27th September 2022	– LAUGFS Power PLC
Mr. R. Selvaskandan	INED/NED	9th June 2022	21st September 2023	– CT Land Development PLC – Abans PLC – Abans Electricals PLC.

INDUCTION PROGRAMME

Induction programmes are conducted for newly appointed Directors on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations along with the familiarisation on the key focus areas of LAUGFS GAS PLC.

The Board of Directors are periodically apprised on Corporate Governance, Listing Rules of the Colombo Stock Exchange, securities market regulations and other applicable laws and regulations as appropriate.

EVALUATION OF THE COMMITTEE

The Committee carried out a self-evaluation of the performance and effectiveness of the Committee and was satisfied that it had carried out its responsibilities in an effective manner during the year under review.

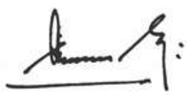
DECLARATION BY THE COMMITTEE

The Committee maintains a suitable process for the periodic evaluation of the performance of the Board of Directors and the Group Managing Director/Group Chief Executive Officer to ensure that their responsibilities are satisfactorily discharged. The Independent Non-Executive Directors of the Company meet the criteria for determining independence in terms of the Listing Rules of the Colombo Stock Exchange.

The Company is in compliance with the Corporate Governance requirements stipulated under the Listing Rules of the Colombo Stock Exchange (CSE) Further, with the oversight of NAGC, the Company is in the process of adopting the latest amendments to the Listing Rules of CSE to ensure the overall compliance with the aforementioned regulations by the time lines stipulated by Listing Rules.

CONCLUSION

The Committee will continue to assist the Board in selecting the right candidates with the necessary skills, knowledge and experience, ensuring the desired diversity of the Board to meet the strategic demands of the Company and compliance with the Listing Rules of the Colombo Stock Exchange. In addition, the Committee ensures standardised Governance mechanisms exist to enhance transparency and accountability.



Prof. S.P. P. Amaratunge

Chairman

Nominations and Governance Committee Report

12th June 2024

Annual Report of the Board of Directors

The Board of Directors of LAUGFS Gas PLC has pleasure in presenting the Annual Report and the Audited Financial Statements of the Company and its subsidiaries for the financial year ended 31st March 2024. 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 the 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, SLOGAL Energy DMCC, which is incorporated in the UAE, is engaged in energy trading business activities, LAUGFS Terminals Ltd. is operating a LPG transshipment and storage facility at the Port of Hambantota, and LAUGFS Property Developers (Pvt) Ltd. is the owning company of the Head Office building. The Company underwent a major restructuring process on 31st March 2018 where its former subsidiaries, namely; LAUGFS Leisure Ltd. engaged in the leisure sector, LAUGFS Power Ltd. engaged in the renewable energy sector, and LAUGFS Eco Sri Ltd. engaged in vehicle emission testing, were vested with the shareholders of LAUGFS Gas PLC by way of a scheme of arrangement as per section 256 of the Companies Act No. 7 of 2007, whereby the LAUGFS Gas Group transformed itself into a pure play energy company in order to enhance its business operations. Whilst initial approval to proceed with this process was granted by the Commercial High Court under case bearing number HC (Civil) 01/2018/CO on 10th January 2018, the Company managed to obtain requisite shareholder approval for the same at the Extraordinary General Meeting held on 20th March 2018, whereby the final order approving the process by the Commercial High Court was granted on 23rd March 2018. As a result of this restructuring process the stated capital of the Company was also reduced to Rs. 1Bn after following all requisite formalities. The said three companies, which were a part of the said scheme of arrangement, namely; LAUGFS Leisure Ltd., LAUGFS Power Ltd. and LAUGFS Eco Sri Ltd. have made their respective listing applications to the Colombo Stock Exchange, where LAUGFS Power Ltd. now known as LAUGFS Power PLC was listed in the Diri Savi Board of the Colombo Stock Exchange on 30th October 2019, whereas the listing applications of LAUGFS Eco Sri Ltd. and LAUGFS Leisure Ltd. are currently pending the approval of the Colombo Stock Exchange.

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

BUSINESS REVIEW

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

RESULTS AND APPROPRIATIONS

Revenue generated by the Company for the year under review amounted to Rs. 22.5Bn whilst Group revenue amounted to Rs. 31.2Bn 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 2024 as approved by the Board of Directors on 12th June 2024 are given on pages 147 to 236. The Auditor's Report on the Financial Statements of the Company and the Group is given on page 147.

ACCOUNTING POLICIES

A note on the Accounting Policies adopted in the preparation and presentation of the Financial Statements are given on pages 158 to 173. 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. 9.7Mn 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. 24.8Bn. 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. 12Bn and Rs. 31.4Bn for the Company and Group respectively. Total capital expenditure during the year for acquisition of property, plant and equipment by the Company and the Group amounted to Rs. 43Mn and Rs. 301Mn respectively. Details of property, plant and equipment are given in Note 8 to the Financial Statements.

STATED CAPITAL AND RESERVES

The stated capital of the Company remains at Rs. 1Bn with effect from 31st March 2018 as per the scheme of arrangement. The stated capital of the Company consists of 335,000,086 ordinary voting and 52,000,000 ordinary non-voting shares. The total Group Equity was Rs. 3.5Bn.

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 12th June 2024.

HUMAN RESOURCES

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

BOARD OF DIRECTORS

The Board of Directors of the Company and their brief profiles are given on the pages 21 to 24. Accordingly, the following persons were the Directors of the Company as at 31st March 2024.

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

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

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

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

(e) Mr. R. Selvaskandan
Independent Non-Executive Director

(f) Mr. K. R. Goonesinghe
Independent Non-Executive Director

(g) Mr. P. M. B. Fernando
Independent Non-Executive Director

In terms of Article 81 of the Articles of Association of the Company Mr.P.M.B.Fernando and Mr. K.R. Goonesinghe retire by rotation and being eligible are recommended by the Board for re-election at the ensuing Annual General Meeting.

BOARD COMMITTEES

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

AUDIT COMMITTEE

Audit Committee as at 31st March 2024 comprised four members namely,

Mr. P. M. B. Fernando, Mr. R. Selvaskandan, Mr. K. R. Goonesinghe 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 as at 31st March 2024 comprised of Mr. P. M. B. Fernando, Mr. R. Selvaskandan, Mr. K. R. Goonesinghe and Prof. S.P.P. Amaratunge.

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.

NOMINATIONS AND GOVERNANCE COMMITTEE

The Remuneration and Nomination Committee which was functioning as a Board subcommittee of the company continued only as the Remuneration Committee since 29th May 2024 whilst a new board subcommittee was established from 29th May as Nominations and Governance Committee as per the requirements of new listing rules.

Compositions as at 31st March 2024

Prof. S.P.P. Amaratunge (Chairman)
Mr. R. Selvaskandan
Mr. K.R. Goonesinghe

INVESTMENT COMMITTEE

The Investment Committee as at 31st March 2024 comprised Mr. U. K. Thilak De Silva (Chairman of the Investment Committee), Mr. W. K. H. Wegapitiya, Mr. P. Kudabalage. Mr. P. M. B. Fernando, Mr. R. Selvaskandan and Mr. K. R. Goonesinghe. 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.

Annual Report of the Board of Directors

REMUNERATION COMMITTEE

The Remuneration Committee as at 31st March 2024 comprised Mr. R. Selvaskandan (Chairman of the Committee), Prof. S.P.P. Amaratunge and Mr. K. R. Goonesinghe. This committee recommends the remuneration payable to the Executive Directors and sets guidelines for the remuneration of the senior management of the Company.

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

MANAGEMENT COMMITTEE

The Management Committee comprises Mr. W. K. H. Wegapitiya (Chairman), Mr. U. K. Thilak De Silva, Mr. P. Kudabalage and Mr. R. Selvaskandan. 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 29 to the Financial Statements.

DIRECTORS SHAREHOLDING

The shareholdings of the Directors of the Company as at 31st March 2024 and as at 31st March 2023, as defined under the Listing Rules of Colombo Stock Exchange are as follows.

Name of Director	As at 31st March 2024				As at 1st April 2023			
	Voting Shares		Non-voting Shares		Voting Shares		Non-voting Shares	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. W.K.H. Wegapitiya	1,549,416	0.463	NIL	-	1,411,536	0.421	NIL	-
Mr. U.K. Thilak De Silva	1,077,897	0.322	NIL	-	1,077,897	0.322	NIL	-
Mr. P. Kudabalage	NIL	-	NIL	-	NIL	-	NIL	-
Prof. S.P.P. Amaratunge	NIL	-	NIL	-	NIL	-	NIL	-
Mr. R. Selvaskandan	NIL	-	NIL	-	NIL	-	NIL	-
Mr. K.R. Goonesinghe	NIL	-	NIL	-	NIL	-	NIL	-
Mr P.M.B. Fernando	100	0.00	NIL	-	100	-	-	-

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

DIRECTORS' REMUNERATION

Directors' remuneration is established within a framework approved by the Remuneration Committee. Directors' remuneration in respect of the Company for the year is given in Note 29 to the Financial Statements.

SHARE INFORMATION

Information relating to earnings, dividends and net assets per share are given on page 12. The market value per share is given on pages 242 and 245. The distribution and the composition of shareholding are given on pages 241 and 244 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 240 and 243 of the Annual Report.

CORPORATE GOVERNANCE

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

ENVIRONMENT

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

STATUTORY PAYMENTS

The Board of Directors confirm that to the best of its knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of the employees of the Company and its subsidiaries, and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the balance sheet date have been paid or, where relevant, provided for, except as specified in Note 27 to 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 29 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 31st March 2023 to 31st March 2024 are at arm's length and not prejudicial to the interests of the Company. The transactions are entered into on the basis of a transfer pricing policy adopted by the company. All transactions have been submitted to the Independent Auditors for audit. No adverse remarks have been made in their report on the audit of such transactions.

AUDITORS

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

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 17th July 2024 at 10.00 a.m. at the Head office of LAUGFS Holdings Ltd. as a virtual meeting. The notice of meeting appears in the supplementary information section of the comprehensive Annual Report. This Annual Report is signed for and on behalf of the Board of Directors.

By Order of the Board,

W. K. H. Wegapitiya
Director

U. K. Thilak De Silva
Director

Corporate Advisory Services (Private) Limited
Secretaries

12th June 2024

Statement of Directors' Responsibilities

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

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

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

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

COMPLIANCE REPORT

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

Corporate Advisory Services (Private) Limited

Secretaries

12th June 2024

Financial Statements

STEADFAST IN SUCCESS

Financial Calendar

FINANCIAL CALENDAR FOR 2023/2024

– First Quarter ended 30th June 2023	– Published on 14th August 2023
– Second Quarter ended 30th September 2023	– Published on 06th November 2023
– Third Quarter ended 31st December 2023	– Published on 15th February 2024
– Fourth Quarter ended 31st March 2024	– Published on 29th May 2024
– Annual Report for 2023/2024	– Published on 25th June 2024
– Annual General Meeting	– Will be held on 17th July 2024 at 10.00 a.m.

Independent Auditor's Report

Ernst & Young
Chartered Accountants
Rotunda Towers
No. 109, Galle Road
P.O. Box 101
Colombo 03, Sri Lanka

Tel : +94 11 246 3500
Fax : +94 11 768 7869
Email: eysl@lk.ey.com
ey.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF LAUGFS GAS PLC

Report on the audit of the consolidated Financial Statements

Opinion

We have audited the financial statements of LAUGFS Gas PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31 March 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Company and Group give a true and fair view of the financial position of the Company and Group as at 31 March 2024, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue Group's revenue for the year ended 31 March 2024 amounted to Rs. 31,199.5Mn as disclosed in notes 5.1,4 and 2.11 to the financial statements. Revenue was a key audit matter due to: – the materiality of the revenue reported during the year coupled with the significant increase of 38% from the previous year; and – the diversity of the operating segments that generated the Group's revenue for the year.	Our audit procedures included the following key procedures: – assessed whether the Group's accounting policy for revenue recognition has been appropriately applied – evaluated the design and tested the relevant key controls over revenue. Our procedures included testing the general IT control environment and the relevant key IT application controls relating to the most significant IT systems relevant to revenue – performed analytical procedures to understand and assess the reasonableness of the reported revenue – tested revenue transactions to relevant supporting documents. Our procedures included testing revenue transactions at the year-end to determine whether transactions have been recorded in the proper period and to the proper accounts and testing journal entries recognised to revenue – assessed the reasonableness of the revenue reported by the operating segments of the Group. We also assessed the adequacy of the disclosures in respect of revenue in notes 5.1, 4 and 2.11 to the financial statements

Independent Auditor's Report

Key Audit Matter	How our audit addressed the Key Audit Matter
Interest Bearing Loans and Borrowings As of the reporting date, the Group reported total interest-bearing loans and borrowings of Rs. 29,769 Million, of which Rs. 15,955 Million is reported as current liabilities and the balance of Rs. 13,814 Million is reported as non-current liabilities, as disclosed in Notes 17.2. and 31 to the financial statements. This was a key audit matter due to: – the materiality of the reported interest-bearing loans and borrowings balance which represents 72% of the Group's total liabilities as of the reporting date; and – the existence of several financial and non-financial covenants, the breach of which could impact the classification of the interest-bearing loans and borrowings in the financial statements.	Our audit procedures included the following; – obtained an understanding of the terms and conditions attached to interest bearing loans and borrowings, by perusing the loan agreements – assessed the management's assessment of compliance with long term covenants – agreed additions to and repayments of loans and borrowings made during the year to source documents – obtained direct confirmations from banks for outstanding amounts as of the reporting date. We also assessed the adequacy of disclosures in Note 17.2 and 31 to the financial statements.

Other information included in the 2024 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditors' report thereon. The management is responsible for the other information.

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 management and those charged with governance

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

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

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

Auditors' responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

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

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

Ernst & Young

12 June 2024

Colombo

Statement of Profit or Loss

Year ended 31 March 2024	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Continuing Operations					
Revenue	5.1	31,199,516,961	22,526,749,864	22,475,780,265	18,533,538,170
Cost of Sales		(26,693,702,466)	(16,097,194,516)	(18,396,930,380)	(13,343,708,670)
Gross Profit		4,505,814,495	6,429,555,348	4,078,849,885	5,189,829,500
Other Operating Income	5.2	110,092,336	273,217,416	106,774,524	271,456,558
Selling and Distribution Expenses		(669,771,376)	(380,154,066)	(669,575,716)	(380,154,066)
Administrative Expenses		(1,056,007,956)	(1,072,714,057)	(751,469,143)	(406,532,101)
Foreign Currency Exchange Gain/(Losses)		146,158,183	(705,641,715)	261,799,956	(668,117,817)
Fair Value Gain on Investment Properties	10	180,100,000	245,000,000	126,800,000	91,000,000
Operating Profit		3,216,385,682	4,789,262,926	3,153,179,507	4,097,482,074
Finance Costs	5.3	(4,005,583,122)	(5,719,296,700)	(2,533,107,361)	(4,055,704,227)
Finance Income	5.4	12,068,218	45,933,576	2,290,410	12,610,559
Profit/ (Loss) Before Tax		(777,129,222)	(884,100,198)	622,362,555	54,388,406
Income Tax Expense	6.1	(181,629,483)	(316,614,638)	(158,728,481)	(169,492,381)
Profit/ (Loss) for the Year from Continuing Operations		(958,758,705)	(1,200,714,836)	463,634,074	(115,103,975)
Discontinued Operations:					
Profit after Tax for the Year from Discontinued Operations	15.1	-	3,439,245,039	-	-
Profit/ (Loss) for the Year		(958,758,705)	2,238,530,203	463,634,074	(115,103,975)
Attributable to:					
Equity Holders of the Parent		(975,640,199)	2,221,678,891	463,634,074	(115,103,975)
Non-Controlling Interests		16,881,495	16,851,312	-	-
		(958,758,705)	2,238,530,203	463,634,074	(115,103,975)
Earnings/(Loss) Per Share					
Basic/Diluted Earnings/(Loss) Per Share	7	(2.52)	5.74	1.20	(0.30)
Earnings/(Loss) Per Share from Continuing Operations					
Basic/Diluted Earnings/(Loss) Per Share	7	(2.52)	(3.15)	1.20	(0.30)

The accounting policies and notes on pages 158 to 236 form an integral part of these financial statements.

Statement of Comprehensive Income

Year ended 31 March 2024	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Profit/ (Loss) for the Year		(958,758,705)	2,238,530,203	463,634,074	(115,103,975)
Other Comprehensive Income					
Other Comprehensive Income that may be Reclassified to Profit or Loss in Subsequent Period :					
Transfer of Translation Reserve on Disposed Foreign Subsidiary	23.2	-	(4,066,313,126)	-	-
Foreign Exchange Translation Differences	23.2	64,409,427	234,499,133	-	-
Net Other Comprehensive Income to be Reclassified to Profit or Loss in Subsequent Periods		64,409,427	(3,831,813,993)	-	-
Other Comprehensive Income that will not be Reclassified to the Profit or Loss :					
Gains/(Losses) on Financial Assets at FVTOCI	5.6	(343,206)	686,412	(1,563,372,096)	(2,978,990,620)
Actuarial Gains/(Losses) on Defined Benefit Liability	5.6	(21,397,556)	80,880,278	(15,785,926)	12,961,991
Income Tax Effect	6.2	4,401,316	(222,350,093)	544,311,883	(1,990,555,857)
Net Other Comprehensive Income that will not be Reclassified to the Profit or Loss in Subsequent Periods		(17,339,446)	(140,783,402)	(1,034,846,138)	(4,956,584,486)
Other Comprehensive Income/(Loss) for the Year, Net of Tax		47,069,980	(3,972,597,396)	(1,034,846,138)	(4,956,584,486)
Total Comprehensive Income/(Loss) for the Year, Net of Tax		(911,688,724)	(1,734,067,193)	(571,212,064)	(5,071,688,461)
Attributable to:					
Equity Holders of the Parent		(928,530,431)	(1,750,906,285)	(571,212,064)	(5,071,688,461)
Non-Controlling Interests		16,841,707	16,839,093	-	-
		(911,688,724)	(1,734,067,193)	(571,212,064)	(5,071,688,461)

The accounting policies and notes on pages 158 to 236 form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2024	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	8	31,427,640,624	34,576,115,891	12,087,960,798	13,000,338,894
Right of Use Assets	9.1	1,155,722,998	1,365,082,347	24,210,534	40,767,914
Investment Properties	10	3,905,606,662	3,725,506,662	1,294,000,000	1,167,200,000
Intangible Assets	11	10,059,009	14,521,639	53,648	74,415
Investments in Subsidiaries	14	-	-	24,804,529,130	26,367,558,019
Other Non-Current Financial Assets	17.1	18,838,196	19,181,402	18,838,196	19,181,402
		36,517,867,489	39,700,407,941	38,229,592,306	40,595,120,644
Current Assets					
Inventories	18	2,502,610,403	2,312,319,353	605,827,782	2,040,216,921
Trade and Other Receivables	19	5,115,435,524	2,394,133,694	1,655,793,734	1,532,910,486
Prepayments	13	149,271,303	116,756,490	25,987,636	24,598,199
Income Tax Recoverable		184,310,565	176,459,534	157,051,543	159,462,812
Other Current Financial Assets	17.1	10,747,997	11,833,963	10,747,997	11,833,963
Cash and Cash Equivalents	20.1	427,214,978	991,765,113	116,806,676	333,383,662
		8,389,590,770	6,003,268,147	2,572,215,368	4,102,406,043
Total Assets		44,907,458,259	45,703,676,088	40,801,807,674	44,697,526,687
EQUITY AND LIABILITIES					
Equity					
Stated Capital	21	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	22	(21,475,020)	(21,131,814)	15,814,984,855	16,837,202,252
Revaluation Reserve	23.1	4,955,079,294	5,608,274,942	4,210,225,310	4,596,802,958
Foreign Currency Translation Reserve	23.2	526,580,625	462,171,198	-	-
Accumulated Losses		(3,524,140,741)	(3,184,739,737)	(1,047,099,178)	(1,884,682,159)
Equity attributable to Equity Holders of the Parent		2,936,044,158	3,864,574,589	19,978,110,987	20,549,323,051
Non-Controlling Interests		607,292,513	590,450,806	-	-
Total Equity		3,543,336,671	4,455,025,395	19,978,110,987	20,549,323,051

As at 31 March 2024	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Non-Current Liabilities					
Interest Bearing Loans and Borrowings	17.2	15,075,734,609	16,224,681,228	4,559,411,114	3,439,897,294
Employee Benefit Liability	24	100,752,894	70,631,190	78,895,952	54,910,497
Refundable Deposits Liability	25	2,115,015,386	2,019,459,588	2,115,015,386	2,019,459,587
Deferred Tax Liabilities	6.5	1,232,354,426	1,071,077,307	2,634,730,623	3,036,265,073
		18,523,857,315	19,385,849,313	9,388,053,075	8,550,532,451
Current Liabilities					
Trade and Other Payables	26	6,519,733,534	4,596,262,216	1,642,658,057	1,623,042,068
Interest Bearing Loans and Borrowings	17.2	16,085,529,030	17,042,154,765	9,557,983,846	13,750,244,718
Refundable Deposits Liability	25	235,001,709	224,384,399	235,001,709	224,384,399
		22,840,264,273	21,862,801,380	11,435,643,612	15,597,671,185
Total Equity and Liabilities		44,907,458,259	45,703,676,088	40,801,807,674	44,697,526,687

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

Kamantha Lukshika
Assistant General Manager Finance

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

W. K. H. Wegapitiya
Director

U.K. Thilak De Silva
Director

The accounting policies and notes on pages 158 to 236 form an integral part of these financial statements.

12 June 2024
Colombo

Statement of Changes in Equity

Year ended 31 March 2024 Group	Note	Attributable to Equity Holders of the Parent Stated Capital Rs.	Fair Value Reserve of Financial Assets at FVTOCI Rs.	Revaluation Reserve Rs.
As at 31 March 2022		1,000,000,000	(21,818,226)	7,474,518,723
Profit/(Loss) For the Year		-	-	-
Other Comprehensive Income/(Loss)		-	686,412	(201,230,988)
Total Comprehensive Income/(Loss)		-	686,412	(201,230,988)
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-	-	(653,195,648)
Realisation of Revaluation Reserve on Disposal of Subsidiary		-	-	(1,011,817,145)
As at 31 March 2023		1,000,000,000	(21,131,814)	5,608,274,942
Profit/(Loss) For the Year		-	-	-
Other Comprehensive Income/(Loss)		-	(343,206)	-
Total Comprehensive Income/(Loss)		-	(343,206)	-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-	-	(653,195,648)
As at 31 March 2024		1,000,000,000	(21,475,020)	4,955,079,294

Year ended 31 March 2024 Company	Note	Stated Capital Rs.
As at 31 March 2022		1,000,000,000
Loss For the Year		-
Other Comprehensive Income/(Loss)		-
Total Comprehensive Income /(Loss)		-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-
Disposal of Financial Assets at FVTOCI	22.1	-
As at 31 March 2023		1,000,000,000
Profit for the Year		-
Other Comprehensive Income/(Loss)		-
Total Comprehensive Income/(Loss)		-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	23.1	-
As at 31 March 2024		1,000,000,000

The accounting policies and notes on pages 158 to 236 form an integral part of these financial statements.

Foreign Currency Translation Reserve	Accumulated Losses	Total	Non-Controlling Interests	Total Equity
Rs.	Rs.	Rs.	Rs.	Rs.
4,293,985,191	(7,131,204,812)	5,615,480,877	573,611,713	6,189,092,590
-	2,221,678,891	2,221,678,891	16,851,312	2,238,530,203
(3,831,813,993)	59,773,391	(3,972,585,178)	(12,219)	(3,972,597,396)
(3,831,813,993)	2,281,452,282	(1,750,906,287)	16,839,093	(1,734,067,193)
-	653,195,648	-	-	-
-	1,011,817,145	-	-	-
462,171,198	(3,184,739,737)	3,864,574,589	590,450,806	4,455,025,395
-	(975,640,199)	(975,640,199)	16,881,495	(958,758,705)
64,409,427	(16,956,452)	47,109,769	(39,788)	47,069,980
64,409,427	(992,596,651)	(928,530,430)	16,841,707	(911,688,724)
-	653,195,648	-	-	-
526,580,625	(3,524,140,741)	2,936,044,158	607,292,513	3,543,336,671

Fair Value Reserve of Financial Assets at FVTOCI	Revaluation Reserve	Accumulated Losses	Total Equity
Rs.	Rs.	Rs.	Rs.
24,863,276,720	4,983,380,606	(5,225,645,814)	25,621,011,512
-	-	(115,103,975)	(115,103,975)
(4,966,954,079)	-	10,369,593	(4,956,584,486)
(4,966,954,079)	-	(104,734,382)	(5,071,688,461)
-	(386,577,648)	386,577,648	-
(3,059,120,389)	-	3,059,120,389	-
16,837,202,252	4,596,802,958	(1,884,682,159)	20,549,323,051
-	-	463,634,074	463,634,074
(1,022,217,397)	-	(12,628,741)	(1,034,846,138)
(1,022,217,397)	-	451,005,334	(571,212,064)
-	(386,577,648)	386,577,648	-
15,814,984,855	4,210,225,310	(1,047,099,178)	19,978,110,987

Statement of Cash Flows

Year ended 31 March 2024	Note	Group 2024 Rs.	Group 2023 Rs.	Company 2024 Rs.	Company 2023 Rs.
Cash Flows Generated from/(Used in) Operating Activities					
Cash Flows from Operating Activities					
Profit/(Loss) Before Tax from Continuing Operations		(777,129,222)	(884,100,198)	622,362,555	54,388,406
Profit Before Tax from Discontinued Operations		-	3,672,853,582	-	-
Profit/(Loss) Before Tax		(777,129,222)	2,788,753,384	622,362,555	54,388,406
Non-Cash Adjustment to Reconcile Profit/(Loss) Before Tax to Net Cash Flows:					
Amortisation of Intangible Assets	11	4,328,638	30,450,543	20,767	3,335
Decrease/(Increase) in Fair Value of Quoted Equity Securities		1,085,966	2,061,574	1,085,966	2,061,574
Depreciation of Property, Plant and Equipment	8	1,784,757,219	2,191,770,852	952,452,605	958,637,000
Amortisation of Right of Use Assets	9.1	78,617,902	132,543,163	11,024,195	16,557,380
Fair Value Gain on Investment Properties	10	(180,100,000)	(245,000,000)	(126,800,000)	(91,000,000)
Finance Costs	5.3/15.1	4,005,583,122	5,865,331,394	2,533,107,361	4,055,704,227
Finance Income	5.4/15.1	(12,068,218)	(46,773,055)	(2,290,410)	(12,610,559)
Disposal Gain/(Loss) on Disposal of Quoted Equity Securities		-	(19,831)	-	(19,831)
Dividend Income	5.2	(166,167)	(178,492)	(166,167)	(178,492)
Provision for Employee Benefit Liability	24.1	23,417,654	49,787,904	18,211,199	14,145,209
Transfer of Employee Benefit Liability	24.5	(5,053,247)	338,536	(1,763,648)	913,757
(Profit)/Loss on Disposal of Property, Plant and Equipment		(5,609,184)	113,286	(5,609,184)	113,286
Exchange Differences		572,243,759	(595,769,443)	-	-
Gain on Disposal of Investment in subsidiary		-	(4,498,097,598)	-	-
Operating Profit before Working Capital Changes		5,489,908,222	5,675,312,217	4,001,635,241	4,998,715,291
Working Capital Adjustments:					
(Increase)/Decrease in Inventories		(190,291,050)	(371,655,769)	1,434,389,139	(1,600,393,022)
(Increase)/Decrease in Trade and Other Receivables and Prepayments		(2,753,816,643)	1,079,840,134	(124,272,684)	(304,602,885)
Increase/(Decrease) in Trade and Other Payables		1,923,471,319	(1,758,809,398)	19,615,989	(2,950,808,773)
Cash Flows Generated from Operating Activities		4,469,271,847	4,624,687,184	5,331,367,684	142,910,611

Year ended 31 March 2024	Note	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Employee Benefit Liability Costs Paid	24.5	(8,969,165)	(19,276,071)	(8,248,022)	(13,174,186)
Finance Costs Paid		(4,005,583,122)	(5,865,331,394)	(2,533,107,361)	(4,055,704,227)
Income Tax Paid		(23,802,077)	(1,317,902)	(13,539,779)	-
Refund/Transfers of Refundable Deposits	25	(76,876,968)	(263,621,269)	(76,876,968)	(222,294,959)
Refundable Deposits Received	25	183,050,077	118,753,810	183,050,077	54,515,098
Net Cash Flows Generated from/(Used in) Operating Activities		537,090,593	(1,406,105,642)	2,882,645,631	(4,093,747,663)
Cash Flows from/(Used in) Investing Activities					
Acquisition of Intangible Assets	11	-	(77,750)	-	(77,750)
Acquisition of Property, Plant and Equipment	8.3	(300,719,144)	(30,288,838)	(42,685,357)	(3,681,377)
Dividend Income		166,167	178,492	166,167	178,492
Finance Income	5.4/15.1	12,068,218	46,773,055	2,290,410	12,610,559
Proceeds from Disposal of Property, Plant and Equipment		8,220,032	500,000	8,220,032	500,000
Proceeds from Disposal of Investments in Subsidiaries	15.4	-	8,191,961,140	-	5,657,051,735
Proceeds from Disposal of Quoted Equity Securities		-	378,239	-	378,239
Net Cash Flows from/ (Used in) Investing Activities		(280,264,727)	8,209,424,338	(32,008,747)	5,666,959,898
Cash Flows from/(Used in) Financing Activities					
Proceeds from Interest Bearing Loans and Borrowings	17.2	14,050,005,097	21,274,238,073	1,500,475,720	3,729,381,576
Repayment of Lease Liabilities	9.2	(157,140,486)	(171,290,544)	(13,664,216)	(17,367,478)
Repayment of Interest Bearing Loans and Borrowings	17.2	(14,993,751,646)	(27,496,449,798)	(4,544,596,742)	(4,498,378,115)
Net Cash Flows from/(Used in) Financing Activities		(1,100,887,035)	(6,393,502,269)	(3,057,785,237)	(786,364,017)
Net Increase/(Decrease) in Cash and Cash Equivalent		(844,061,169)	409,816,424	(207,148,354)	786,848,216
Cash and Cash Equivalent at the Beginning of the Year	20	(619,854,949)	(1,029,671,372)	323,955,030	(462,893,186)
Cash and Cash Equivalent at the End of the Year	20	(1,463,916,118)	(619,854,949)	116,806,676	323,955,030

The accounting policies and notes on pages 158 to 236 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 2024 encompasses the Company and its subsidiaries (together referred to as the "Group").

1.3 Principal Activities and Nature of Operations

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

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

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 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 12 June 2024.

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 lands, Cylinders in hand and in circulation, 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 except shown below 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);

Continuing Operations within the group;

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

Discontinued Operations within the group;

Company	Country of incorporation	Functional currency
LAUGFS Gas (Bangladesh) Ltd	Bangladesh	Bangladeshi Taka (BDT)

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 2024.

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.

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, 17 and 24)
- Quantitative disclosures of fair value measurement hierarchy (Note 17)
- Investment properties (Note 10)
- Financial instruments (including those carried at amortised cost) (Note 14 and Note 17)

2.11 Revenue

2.11.1 Revenue from contracts with customers

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

- Sale of Goods

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

- Rendering of Services

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

- Freight Income

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

Contract Balances

Contract Assets

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

Contract Liabilities

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

2.11.2 Income from Refundable Deposits

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

2.11.3 Rental Income

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

2.11.4 Dividend

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

2.11.5 Gains and Losses

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

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

2.11.6 Finance Income and Finance Costs

Finance Income

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

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

Finance Costs

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

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

2.11.7 Others

Other Income is recognised on an accrual basis.

2.12 Refundable Deposits

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

LAUGFS Gas PLC liable to refund the deposit subject to a minimum refund of Rs.1,000/- for 12.5kg, Rs.1,700/- for 37.5kg, Rs. 485/- 5kg & Rs. 450/- for 2kg respectively 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.

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 are included as a part of receivables or payables in the statement of financial position.

2.14.4 IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affect 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 Company 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 Company applies significant judgement in identifying uncertainties over income tax treatments and it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Company considered whether it has any uncertain tax positions, particularly those relating to transfer pricing.
The Company's tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Company determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the financial statements of the Company.

2.15 Property, Plant and Equipment

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

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

Items of property, plant & equipment including construction in progress are measured at cost net of cost of day to day servicing, accumulated depreciation and accumulated impairment, if any, except for Freehold lands, vessels and cylinders in hand and in circulation which is measured at fair value.

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

Freehold Land, vessels, and cylinders in hand and in circulation are measured at fair value less accumulated depreciation , and impairment charged subsequent to the date of the revaluation.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Where land and buildings, vessels and cylinders in hand and in circulation are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

The group has adopted a guideline of revaluing assets by a professional valuer at least once every three years and reviewing them annually for any significant changes.

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

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

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

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

The estimated useful lives for the current and comparative periods are disclosed in Note 8.4.

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

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

2.16 Leases

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

Group as a lessee

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

i) Right-of-Use Assets

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

Land	3 to 21 years
Building	3 years
Motor vehicle	5 years

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

2.16.1 Company as a Lessee

Right-of-Use Assets

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

Land	8 to 15 years
Building	5 years
Motor vehicle	5 years

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

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

Lease liabilities

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

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 -of-use- Lease Liabilities (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 and other operating income in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Investment Properties

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

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

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

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

2.18 Intangible Assets

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

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

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

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

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

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

2.19 Research and Development Costs

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

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

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

2.20 Investment in Subsidiaries - Company

Investment in subsidiaries is initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries is immediately recognised in the income statement. After the initial recognition, Investments in subsidiaries are accounted in accordance with SLFRS 9 - Financial Instruments.

The Company measures the Investment in Subsidiaries at fair value at each balance sheet date using Discounted Cash Flow methodology (DCF) and Net Assets methodology.

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.

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 17.3 and Note 17.4.

2.22 Inventories

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

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

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

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

2.23 Impairment of Non-Financial Assets

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

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

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

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

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

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

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

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

2.24 Cash and Short-Term Deposits

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

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

2.25 Borrowing Costs

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

2.26 Provisions

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

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

2.27 Employee Benefits

2.27.1 Defined Benefit Plan – Gratuity

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

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related liability. The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Key assumptions used in determining the defined retirement benefit obligations are given in Note

24.3. 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 Discontinuing Operations

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss". Disclosures are re–presented for prior periods presented in the financial statements so that the disclosures relate to operations that have been discontinued by the reporting date for the latest period presented. Accordingly, adjustments to the comparative information as originally reported will be necessary for those disposal groups categorised as discontinued operations.

2.29 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.

2.30 Statement of Cash Flows

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

2.31 Changes In Accounting Policies And Disclosures

2.31.1 New and amended standards and interpretations

There are no significant changes to the accounting standards for the financial year under review.

2.31.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

These amendments to various standards are effective for the annual reporting periods beginning on or after 01 January 2024.

Classification of Liabilities as Current or Non-current - Amendment to LKAS 1

Amendments to LKAS 1 relate to classification of liabilities with covenants as current or non-current. The amendments clarify that if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants only at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. The requirements apply only to liabilities arising from loan arrangements.

Disclosures: Supplier Finance Arrangements - Amendments to LKAS 7 and SLFRS 7

The amendments clarify the characteristics of supplier finance arrangements and require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements.

Lease Liability in a Sale and Leaseback - Amendment to SLFRS 16

The amendments to SLFRS 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with LKAS 8 to sale and leaseback transactions entered into after the date of initial application

SLFRS 17 Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4) that was issued in 2005. SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

International Tax Reform—Pillar Two Model Rule - Amendments to LKAS 12

The amendments to LKAS 12 introduce a mandatory exception in LKAS 12 from recognising and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. An entity is required to disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Use of Judgements, Estimates and Assumptions

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

3.1 Going Concern

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

In determining the basis of preparing the financial statements for the year ended 31 March 2024, based on available information, the management has assessed the prevailing macroeconomic conditions and its effect on the Group companies and the appropriateness of the use of the going concern basis. In March 2024, the Company evaluated the resilience of its businesses considering a wide range of factors, relating to expected revenue, cost management, profitability, ability to defer non-essential capital expenditure, debt repayment and potential sources of financing facilities.

3.2 Classification of Property

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

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

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

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

3.3 Operating Lease Commitments - Group as Lessor

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

3.4 Impairment of Non-Financial Assets

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

3.5 Fair-Valuation of Investment Properties and Property Plant & Equipment

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair values as at 31 March 2024.

The Group carries its freehold lands, vessels and cylinders in hand and in circulation at revaluation model, with changes in fair value being recognised in the statement of other comprehensive income. The Group engaged an independent valuation specialist to assess fair values once in every three years and reviewing those annually for any significant changes.

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.

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.

Operating Segments

Year ended 31 March	Energy		Property	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue				
External Customers	22,475,780,265	18,533,538,170	96,614,660	74,686,764
Inter-Segment	-	-	14,760,620	24,643,553
Total Revenue	22,475,780,265	18,533,538,170	111,375,280	99,330,318
Results				
Operating Profit/(Loss)	3,153,179,508	4,097,482,074	130,469,930	235,725,730
Finance Costs	(2,533,107,361)	(4,055,704,227)	(24,574,907)	(35,031,083)
Finance Income	2,290,410	12,610,559	7,413,530	25,705,146
Profit/(Loss) Before Tax	622,362,556	54,388,405	113,308,552	226,399,793
Income Tax Expense	(158,728,481)	(169,492,381)	(45,782,573)	(179,393,104)
Profit/(Loss) for The Year from Continuing Operations	463,634,075	(115,103,976)	67,525,980	47,006,689
Profit/(Loss) for The Year from Discontinued Operations	-	3,439,245,039	-	-
Profit/(Loss) for the Year	463,634,075	3,324,141,063	67,525,980	47,006,689
Gains/(Losses) on Financial Assets at FVTOCI	(343,206)	686,412	-	-
Transfer of Translation Reserve on Disposed Foreign Subsidiary	-	(4,066,313,126)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(15,785,926)	81,518,755	(227,362)	110,175
Foreign Exchange Translation Differences	-	179,779,360	-	-
Income Tax Effect	3,157,185	16,291,517	68,209	(159,053)
Total Comprehensive Income/(Loss) for the Year, Net of Tax	450,662,128	(463,896,020)	67,366,826	46,957,812
Assets & Liabilities				
Total Non-Current Assets	13,425,063,176	14,227,562,625	2,838,483,268	2,788,469,050
Total Current Assets	2,572,215,367	4,102,406,043	414,512,228	411,752,945
Total Assets	15,997,278,543	18,329,968,668	3,252,995,496	3,200,221,995
Total Non-Current Liabilities	9,388,053,075	8,550,532,451	695,852,972	697,817,960
Total Current Liabilities	11,435,643,612	15,597,671,185	127,972,478	140,600,813
Total Liabilities	20,823,696,687	24,148,203,636	823,825,450	838,418,773
Other Disclosures				
Depreciation for the Year	952,452,605	1,329,705,112	6,185,782	5,103,155
Purchase of Property, Plant and Equipment, and Investment Properties	42,685,357	24,121,337	-	5,155,919
Provision for Employee Benefit Liability	18,211,199	53,253,243	422,743	302,075
Deferred Tax Liabilities	2,634,730,623	3,036,265,073	648,649,759	602,935,395

Adjustments/eliminations column reflected consolidation elimination and adjustments.

Transportation & Logistics

Operation of vessels and providing marine cargo services.

Operation of LPG storage terminal.

Trading

Trading and export of Liquified Petroleum Gas and other related products.

No operating segments have been aggregated to form the above reportable operating segments. The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, financing (including finance costs and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner to transactions with third parties.

Transportation & Logistics		Trading		Eliminations/Adjustments		Group	
2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
2,393,453,833	3,578,035,028	6,233,668,203	340,489,902	-	-	31,199,516,961	22,526,749,864
772,217,937	244,163,700	13,368,381,355	10,438,583,737	(14,155,359,912)	(10,707,390,990)	-	-
3,165,671,770	3,822,198,728	19,602,049,558	10,779,073,638	(14,155,359,912)	(10,707,390,990)	31,199,516,961	22,526,749,864
(27,362,980)	158,375,678	1,043,239	264,022,903	(40,944,014)	33,656,541	3,216,385,682	4,789,262,926
(1,362,448,071)	(1,394,775,278)	(86,908,572)	(237,605,102)	1,455,789	3,818,989	(4,005,583,122)	(5,719,296,700)
2,364,279	2,768,104	-	4,849,767	-	-	12,068,218	45,933,576
(1,387,446,772)	(1,233,631,495)	(85,865,333)	31,267,568	(39,488,225)	37,475,530	(777,129,222)	(884,100,198)
19,295,486	24,946,828	-	-	3,586,084	7,324,018	(181,629,483)	(316,614,638)
(1,368,151,286)	(1,208,684,667)	(85,865,333)	31,267,568	(35,902,141)	44,799,548	(958,758,705)	(1,200,714,836)
-	-	-	-	-	-	-	3,439,245,039
(1,368,151,286)	(1,208,684,667)	(85,865,333)	31,267,568	(35,902,141)	44,799,548	(958,758,705)	2,238,530,203
-	-	-	-	-	-	(343,206)	686,412
-	-	-	-	-	-	-	(4,066,313,126)
(5,384,268)	(748,650)	-	-	-	-	(21,397,556)	80,880,278
(92,667,940)	508,978,691	157,077,367	(547,047,790)	-	92,788,873	64,409,427	234,499,133
1,175,922	(237,996,558)	-	-	-	(486,000)	4,401,316	(222,350,093)
(1,465,027,572)	(938,451,184)	71,212,034	(515,780,222)	(35,902,141)	137,102,421	(911,688,724)	(1,734,067,193)
20,351,869,207	22,778,348,860	2,191,381	3,704,536	(99,739,546)	(97,677,130)	36,517,867,489	39,700,407,941
2,491,465,159	2,916,067,895	4,710,820,537	682,703,047	(1,799,422,520)	(2,109,661,779)	8,389,590,770	6,003,268,147
22,843,334,365	25,694,416,755	4,713,011,918	686,407,583	(1,899,162,066)	(2,207,338,909)	44,907,458,259	45,703,676,088
10,780,993,128	13,017,086,528	7,292,167	6,315,015	(2,348,334,028)	(2,885,902,643)	18,523,857,315	19,385,849,313
7,691,800,428	6,841,761,860	5,354,309,461	1,399,894,312	(1,769,461,703)	(2,117,126,785)	22,840,264,273	21,862,801,380
18,472,793,556	19,858,848,388	5,361,601,628	1,406,209,327	(4,117,795,731)	(5,003,029,428)	41,364,121,589	41,248,650,693
823,919,353	866,634,636	1,246,405	1,359,302	953,074	(11,031,353)	1,784,757,219	2,191,770,852
258,033,787	534,717	-	476,865	-	-	300,719,144	30,288,838
3,135,465	2,885,695	1,648,247	(5,261,158)	-	-	23,417,654	51,179,855
297,308,071	317,779,480	-	-	(2,348,334,028)	(2,885,902,643)	1,232,354,425	1,071,077,307

4. SEGMENT INFORMATION (CONTD.)

Geographic Information

	Sri Lanka		Bangladesh	
Year ended 31 March	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revenue				
Inter-Segment	786,978,556	268,807,253	-	-
External Customers	24,965,848,758	22,186,259,962	-	-
Total Revenue	25,752,827,314	22,455,067,215	-	-
Results				
Operating Profit	3,256,286,457	4,491,583,482	-	-
Finance Costs	(3,920,130,339)	(5,485,510,588)	-	-
Finance Income	12,068,218	41,083,809	-	-
Profit/(Loss) Before Tax	(651,775,664)	(952,843,297)	-	-
Income Tax Expense	(185,215,568)	(323,938,656)	-	-
Profit/(Loss) for The Year from Continuing Operations	(836,991,231)	(1,276,781,953)	-	-
Profit/(Loss) for The Year from Discontinued Operations	-	-	-	3,439,245,039
Profit/(Loss) for the Year	(836,991,231)	(1,276,781,953)	-	3,439,245,039
Gains/(Losses) on Financial Assets at FVTOCI	(343,206)	686,412	-	-
Transfer of Translation Reserve on Disposed Foreign Subsidiary	-	(4,066,313,126)	-	-
Actuarial Gains/(Losses) on Defined Benefit Plans	(21,397,556)	12,323,515	-	68,556,763
Foreign Exchange Translation Differences	(92,667,940)	508,978,691	-	272,568,232
Income Tax Effect	4,401,316	(203,496,984)	-	(18,853,110)
Total Comprehensive Income for the Year, Net of Tax	(946,998,618)	(5,024,603,445)	-	3,761,516,925
Assets & Liabilities				
Total Non-Current Assets	36,615,415,651	39,794,380,535	-	-
Total Current Assets	5,478,192,753	7,430,226,879	-	-
Total Assets	42,093,608,404	47,224,607,414	-	-
Total Non-Current Liabilities	20,864,899,174	22,265,436,938	-	-
Total Current Liabilities	19,255,416,518	22,580,033,859	-	-
Total Liabilities	40,120,315,692	44,845,470,797	-	-
Other Disclosures				
Depreciation for the Year	1,782,557,740	1,830,374,791	-	371,068,112
Purchase of Property, Plant and Equipment, and Investment Properties	300,719,144	9,372,013	-	20,439,960
Provision for Employee Benefit Liability	21,769,407	17,332,980	-	39,108,034
Deferred Tax Liabilities	3,580,688,453	3,956,979,948	-	-

Adjustments/eliminations column reflects consolidation eliminations and adjustments.

United Arab Emirates		Eliminations/Adjustments		Group	
2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
13,368,381,355	10,438,583,737	(14,155,359,912)	(10,707,390,990)	-	-
6,233,668,203	340,489,902	-	-	31,199,516,961	22,526,749,864
19,602,049,558	10,779,073,638	(14,155,359,912)	(10,707,390,990)	31,199,516,961	22,526,749,864
1,043,239	264,022,903	(40,944,014)	33,656,541	3,216,385,682	4,789,262,926
(86,908,572)	(237,605,102)	1,455,789	3,818,989	(4,005,583,122)	(5,719,296,700)
-	4,849,767	-	-	12,068,218	45,933,576
(85,865,333)	31,267,568	(39,488,225)	37,475,530	(777,129,222)	(884,100,198)
-	-	3,586,084	7,324,018	(181,629,483)	(316,614,638)
(85,865,333)	31,267,568	(35,902,141)	44,799,548	(958,758,705)	(1,200,714,836)
-	-	-	-	-	3,439,245,039
(85,865,333)	31,267,568	(35,902,141)	44,799,548	(958,758,705)	2,238,530,203
-	-	-	-	(343,206)	686,412
-	-	-	-	-	(4,066,313,126)
-	-	-	-	(21,397,556)	80,880,278
157,077,367	(547,047,790)	-	-	64,409,427	234,499,133
-	-	-	-	4,401,316	(222,350,093)
71,212,034	(515,780,222)	(35,902,141)	44,799,548	(911,688,724)	(1,734,067,193)
2,191,381	3,704,536	(99,739,546)	(97,677,130)	36,517,867,489	39,700,407,941
4,710,820,537	682,703,047	(1,799,422,520)	(2,109,661,779)	8,389,590,770	6,003,268,147
4,713,011,918	686,407,583	(1,899,162,066)	(2,207,338,909)	44,907,458,259	45,703,676,088
7,292,167	6,315,015	(2,348,334,028)	(2,885,902,643)	18,523,857,315	19,385,849,313
5,354,309,461	1,399,894,312	(1,769,461,703)	(2,117,126,785)	22,840,264,273	21,862,801,380
5,361,601,628	1,406,209,327	(4,117,795,731)	(5,003,029,428)	41,364,121,589	41,248,650,693
1,246,405	1,359,302	953,074	(11,031,353)	1,784,757,219	2,191,770,852
-	476,865	-	-	300,719,144	30,288,838
1,648,247	(5,261,158)	-	-	23,417,654	51,179,855
-	-	(2,348,334,028)	(2,885,902,643)	1,232,354,425	1,071,077,307

5. REVENUE/OTHER INCOME AND EXPENSES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
5.1 Revenue				
Sale of Goods	28,709,448,468	18,874,028,072	22,475,780,265	18,533,538,170
Freight Income	1,316,814,487	2,912,606,894	-	-
Rendering of Services	1,076,639,345	665,428,134	-	-
Revenue from Contracts with Customers	31,102,902,301	22,452,063,100	22,475,780,265	18,533,538,170
Rent Income	96,614,660	74,686,764	-	-
Total Revenue	31,199,516,961	22,526,749,864	22,475,780,265	18,533,538,170
5.2 Other Operating Income				
Rent Income	19,883,731	17,426,143	19,883,731	17,426,143
Expiration of Refundable Deposits Liability	66,281,566	196,200,851	66,281,566	196,200,851
Sundry Income	23,760,872	21,634,122	20,443,061	19,873,265
Loan Write-off	-	37,757,976	-	37,757,976
Dividend Income	166,167	178,492	166,167	178,492
Gain from disposal of Equity Securities	-	19,831	-	19,831
	110,092,336	273,217,416	106,774,524	271,456,558
5.3 Finance Costs				
Interest Expense on Overdrafts	102,463,765	163,228,820	1,144,012	63,747,766
Interest Expense on Loans and Borrowings	2,989,656,524	3,909,156,795	1,827,386,084	2,719,036,335
Finance Charges on Lease Liabilities	124,322,110	140,332,244	2,345,114	3,946,387
Interest on Dealer Refundable Deposits	-	3,224,410	-	3,224,410
Interest on Import Loans	789,140,722	1,503,354,431	702,232,150	1,265,749,329
	4,005,583,122	5,719,296,700	2,533,107,361	4,055,704,227
5.4 Finance Income				
Interest Income	12,068,218	45,933,576	2,290,410	12,610,559
	12,068,218	45,933,576	2,290,410	12,610,559

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
5.5 Profit/(Loss) Before Tax				
Stated after Charging/(Crediting)				
Included in Cost of Sales				
Depreciation of Property, Plant and Equipment	1,737,185,147	1,771,656,900	915,618,379	919,884,381
Amortisation of Intangible Assets	721,736	4,030,841	-	-
Employees Benefits including the following;	1,034,792,352	1,121,340,693	115,344,922	78,235,119
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	7,962,941	8,081,754	4,236,608	5,007,636
Included in Administration Expenses				
Employees Benefits including the following;	240,478,176	265,365,452	183,403,870	119,018,997
Employee Benefit Plan Costs - Gratuity (Included in Employee Benefits)	23,417,652	24,954,091	18,211,199	14,145,209
Defined Contribution Plan Costs - EPF and ETF (Included in Employees Benefits)	19,649,085	18,972,991	16,281,324	10,027,750
Depreciation of Property, Plant and Equipment	15,567,432	33,006,218	4,829,587	22,713,130
Amortisation of Intangible Assets	3,606,902	17,246,111	20,767	3,335
Auditor's Remuneration				
Audit	2,664,094	2,307,630	1,638,168	1,638,168
Non-audit	5,509,521	1,678,353	4,145,383	755,453
Donations	9,702,241	2,605,046	9,702,241	2,605,046
Included in Selling and Distribution Expenses				
Employees Benefits including the following;	55,562,145	61,342,393	55,562,145	61,342,393
Defined Contribution Plan Costs - EPF and ETF (Included in Employee Benefits)	6,416,580	6,398,234	6,416,580	6,398,234
Depreciation of Property, Plant and Equipment	32,004,640	32,596,869	32,004,640	32,596,869
Advertising and Promotion	90,193,207	12,092,562	89,997,546	12,092,562
5.6 Components of Other Comprehensive Income				
Fair Value Through OCI Financial Assets				
Gains/(Losses) arising during the Year	(343,206)	686,412	(1,563,372,096)	(2,978,990,620)
Employee Benefit Liability				
Actuarial Gains/(Losses) arising during the Year	(21,397,556)	80,880,278	(15,785,926)	12,961,991

6. INCOME TAX

The major components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are as follows:

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
6.1 Statement of Profit or Loss				
Current Income Tax:				
Current Income Tax Expense (Note 6.3)	16,004,595	8,071,206	16,004,595	8,071,206
Under/(Over) Provision of Current Taxes in respect of Prior Year	(53,547)	-	(53,547)	-
	15,951,048	8,071,206	15,951,048	8,071,206
Deferred Tax:				
Deferred Taxation Charge/(Reversal) (Note 6.4)	165,678,435	194,900,769	142,777,433	151,821,174
Due to change in Tax rate Charge/(Reversal) (Note 6.4)	-	113,642,663	-	9,600,000
	165,678,435	308,543,432	142,777,433	161,421,174
Income Tax Expense Reported in the Statement of Profit or Loss	181,629,483	316,614,638	158,728,481	169,492,381
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	-	-	541,154,698	(1,415,339,398)
Gain on Revaluation of Property,Plant and Equipment	-	(402,270,267)	-	-
Actuarial Gain/(Loss) on Retirement Benefit Liability	4,401,316	(21,119,105)	3,157,185	(2,592,398)
Due to change in Tax rate Charge/(Reversal)	-	201,039,279	-	(572,624,061)
Income Tax Charged Directly to Other Comprehensive Income	4,401,316	(222,350,093)	544,311,883	(1,990,555,857)

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 2024 and 31 March 2023 are as follows:

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Accounting Profit/(Loss) Before Tax	(777,129,222)	(884,100,198)	622,362,555	54,388,406
Adjustments in respect to Current Income Tax				
Aggregate Disallowed Items	4,130,999,212	5,940,052,289	2,823,842,956	5,094,419,459
Aggregate Allowable Expenses	(988,973,985)	(2,329,398,435)	(361,830,261)	(1,720,536,148)
Tax Exempt Income	719,479,245	(527,976,655)	-	(106,744,616)
Business Losses Claimed During the Year	(3,037,613,490)	(3,321,527,101)	(3,037,613,490)	(3,321,527,101)
Taxable Business Income	46,761,760	-	46,761,760	-
Other Sources of Income	31,951,950	58,132,352	22,174,141	30,215,193
Business Losses Claimed During the Year	(9,777,809)	(27,917,159)	-	-
Total Taxable Income	68,935,901	30,215,193	68,935,901	30,215,193
At the Statutory Income Tax Rate				
Business Profit	20% - 30%	20% - 30%	20%	20%
Other Income	30%	24% -30%	30%	24% - 30%
Current Income Tax Expenses				
Business Profit	9,352,353	-	9,352,353	-
Other Income	6,652,242	8,071,206	6,652,242	8,071,206
Income Tax Expense reported in the Statement of Profit or Loss	16,004,595	8,071,206	16,004,595	8,071,206

Notes to the Financial Statements

6. INCOME TAX (CONTD.)

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

Group	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	3,405,965,355	3,448,463,279	(40,397,349)	123,170,552	-	201,230,988
Right of Use Assets	4,869,120	3,611,465	(842,921)	5,493,200	-	-
	3,410,834,475	3,452,074,744	(41,240,270)	128,663,752	-	201,230,988
Deferred Tax Assets						
Employee Benefit Liability	(18,723,538)	(13,175,715)	(1,146,507)	(868,396)	(4,401,316)	21,119,105
Provision for Impairments	(4,770,880)	(4,805,848)	34,968	(350,569)	-	-
Provision for Inventories	-	(8,134,430)	8,134,430	(8,134,430)	-	-
Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost *	(2,113,031,794)	(2,333,867,453)	220,835,659	59,843,263	-	-
Unrealised Exchange Gains/ (Losses)	(41,953,837)	(21,013,992)	(20,939,845)	129,389,811	-	-
	(2,178,480,049)	(2,380,997,438)	206,918,705	179,879,679	(4,401,316)	21,119,105
Deferred Tax Expense			165,678,435	308,543,432	(4,401,316)	222,350,093
Net Deferred Tax Liability	1,232,354,426	1,071,077,307				

* In respect of deductible temporary differences associated with Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Company	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Deferred Tax Liabilities						
Property, Plant and Equipment and Investment Properties	2,354,948,295	2,446,475,902	(91,527,607)	(74,476,113)	-	-
Investment in Subsidiaries	2,321,965,609	2,863,120,307	-	-	(541,154,698)	1,987,963,459
Right of Use Assets	2,719,473	2,191,469	528,004	6,061,946	-	-
Unrealised Exchange Gains/ (Losses)	2,444,138	2,961,102	(516,964)	153,364,905	-	-
	4,682,077,515	5,314,748,780	(91,516,566)	84,950,738	(541,154,698)	1,987,963,459
Deferred Tax Assets						
Employee Benefit Liability	(15,779,190)	(10,982,099)	(1,639,906)	(376,956)	(3,157,185)	2,592,398
Provision for Impairments	(4,219,428)	(4,254,396)	34,968	187,821	-	-
Provision for Inventories	-	(8,134,430)	8,134,430	(8,134,430)	-	-
Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost*	(2,027,348,273)	(2,255,112,781)	227,764,508	84,794,002	-	-
	(2,047,346,892)	(2,278,483,707)	234,294,000	76,470,436	(3,157,185)	2,592,398
Deferred Tax Expense			142,777,433	161,421,174	(544,311,883)	1,990,555,857
Net Deferred Tax Liability	2,634,730,623	3,036,265,073				

* In respect of deductible temporary differences associated with Losses Available for Offsetting Against Future Taxable Income & Unclaimed Finance Cost, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

6.5 Reconciliation of Net Deferred Tax Liability

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 1 April	1,071,077,307	1,386,232,605	3,036,265,073	884,288,041
Exchange Differences	-	9,856,473	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss	165,678,435	308,543,432	142,777,433	161,421,174
Tax (Reversal)/Expense during the Year recognised in the Statement of Profit or Loss from Discontinued Operations	-	171,968,368	-	-
Tax (Reversal)/Expense during the Year recognised in the Statement of Other Comprehensive Income	(4,401,316)	222,350,093	(544,311,883)	1,990,555,857
On Disposal of Subsidiary	-	(1,027,873,663)	-	-
As at 31 March	1,232,354,426	1,071,077,307	2,634,730,623	3,036,265,073

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, 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 30% during year of assessment 2023/2024 (Y/A 2022/23 - 30% - 24%).

6.6.2 Exemptions / Concessions Granted Under the Board of Investment Law

Company	Nature of the Exemption / Concession	Current Tax	Applicable Period
LAUGFS Gas PLC	Profit of the Company is exempt from Income Tax for a period of 3 years commencing from 2005/2006, at 10% for next 2 years and 20% thereafter.	20%	Open-ended
LAUGFS Terminals Ltd	Profit of the Company is exempt from Income Tax as per Sec. 17A of Inland Revenue Act.	Exempt	Open-ended
LAUGFS Maritime Services (Pvt) Ltd	Profit of the Company is exempt from Income Tax for a period of 8 years, as per Sec. 17A of Inland Revenue Act.	Exempt	8 Years ending 2023/2024

Slogal Energy DMCC is a Company operating within the Dubai Multi Commodities Centre (DMCC) which is a tax 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	
	2024 Rs.	2023 Rs.
Amount Used as the Numerator:		
Net Profit/(Loss) attributable to ordinary equity holders of the parent for Basic/Diluted Earnings/(Loss) Per Share	(975,640,199)	2,221,678,891
Net Profit/(Loss) from the continuing operations attributable to equity holders of the parent for basic Earnings /(Loss) per share	(975,640,199)	(1,217,566,148)

	Group	
	2024 Number	2023 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

	Balance As at 01.04.2023 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2024 Rs.
8.1.1 Gross Carrying Amounts						
At Cost						
Freehold Land	-	17,049,000	-	-	-	17,049,000
Buildings on Freehold Land	234,697,800	3,960,000	-	-	-	238,657,800
Buildings on Leasehold Land	1,999,294,322	-	-	-	(181,979,476)	1,817,314,846
Plant, Machinery and Equipment	20,063,208,013	20,594,042	121,694	(9,926,723)	(1,706,806,371)	18,367,190,655
Office Equipment	90,585,379	205,797	-	(383,500)	(516,912)	89,890,764
Furniture and Fittings	198,358,950	16,102	-	-	(3,714,101)	194,660,951
Gas Point Dealer Huts	195,248,114	735,766	-	-	-	195,983,880
Motor Vehicles	308,598,002	-	-	-	(2,904,480)	305,693,522
Dry Docking Cost of Vessels	-	258,033,787	-	-	-	258,033,787
Gas Stock in Tank	1,903,653	-	-	-	-	1,903,653
	23,091,894,234	300,594,494	121,694	(10,310,223)	(1,895,921,340)	21,486,378,859
At Valuation						
Freehold Land	919,400,000	-	-	-	-	919,400,000
Vessels	3,124,506,110	-	-	-	-	3,124,506,110
Cylinders in Hand and in Circulation	12,066,000,000	-	-	-	-	12,066,000,000
	16,109,906,110	-	-	-	-	16,109,906,110
Total Value of Depreciable Assets	39,201,800,344	300,594,494	121,694	(10,310,223)	(1,895,921,340)	37,596,284,969
8.1.2 In the Course of Construction						
Tank and Cylinder Bank Installation Project	7,101,868	124,650	(121,694)	-	-	7,104,824
	7,101,868	124,650	(121,694)	-	-	7,104,824
Total Gross Carrying Amount	39,208,902,212	300,719,144	-	(10,310,223)	(1,895,921,340)	37,603,389,794

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.1 Group (Contd.)

8.1.3 Depreciation

	Balance As at 01.04.2023 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Exchange Differences Rs.	Balance As at 31.03.2024 Rs.
At Cost						
Buildings on Freehold Land	49,447,868	5,901,460	-	-	-	55,349,328
Buildings on Leasehold Land	193,233,229	48,419,383	-	-	(19,991,785)	221,660,827
Plant, Machinery and Equipment	2,743,932,933	602,408,322	-	(7,495,208)	(208,401,240)	3,130,444,807
Office Equipment	80,324,270	3,665,877	-	(204,167)	(408,691)	83,377,288
Furniture and Fittings	165,811,874	10,176,435	-	-	(2,711,880)	173,276,429
Gas Point Dealer Huts	128,120,514	30,800,753	-	-	-	158,921,267
Motor Vehicles	229,305,470	15,441,580	-	-	(2,581,400)	242,165,651
Dry Docking cost of Vessels	-	27,236,900	-	-	-	27,236,900
Gas Stock in Tank	1,903,653	-	-	-	-	1,903,653
	3,592,079,811	744,050,709	-	(7,699,375)	(234,094,995)	4,094,336,150
At Valuation						
Vessels	232,122,239	232,122,239	-	-	-	464,244,477
Cylinders in Hand and in Circulation	808,584,271	808,584,271	-	-	-	1,617,168,542
	1,040,706,510	1,040,706,510	-	-	-	2,081,413,019
Total Depreciation	4,632,786,321	1,784,757,219	-	(7,699,375)	(234,094,995)	6,175,749,170

8.1.4 Net Book Values

	2024 Rs.	2023 Rs.
At Cost		
Freehold Land	17,049,000	-
Buildings on Freehold Land	183,308,472	185,249,932
Buildings on Leasehold Land	1,595,654,018	1,806,061,093
Plant, Machinery and Equipment	15,236,745,848	17,319,275,080
Office Equipment	6,513,476	10,261,109
Furniture and Fittings	21,384,522	32,547,076
Gas Point Dealer Huts	37,062,613	67,127,600
Motor Vehicles	63,527,871	79,292,531
Dry Docking Cost of Vessels	230,796,887	-
	17,392,042,708	19,499,814,422
At Valuation		
Freehold Land	919,400,000	919,400,000
Vessels	2,660,261,633	2,892,383,872
Cylinders in Hand and in Circulation	10,448,831,458	11,257,415,729
	14,028,493,091	15,069,199,601
In the Course of Construction		
Tank Installation Project	7,104,824	7,101,868
	7,104,824	7,101,868
Total Carrying Amount of Property, Plant and Equipment	31,427,640,624	34,576,115,891

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.2 Company

8.2.1 Gross Carrying Amounts

	Balance As at 01.04.2023 Rs.	Additions during the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2024 Rs.
At Cost					
Freehold Land	-	17,049,000	-	-	17,049,000
Buildings on Freehold Land	131,623,714	3,960,000	-	-	135,583,714
Building on Leasehold Land	6,121,851	-	-	-	6,121,851
Plant, Machinery and Equipment	1,374,357,156	20,594,042	121,694	(9,926,723)	1,385,146,169
Office Equipment	68,683,698	205,797	-	(383,500)	68,505,995
Furniture and Fittings	130,001,191	16,102	-	-	130,017,293
Gas Point Dealer Huts	195,248,114	735,766	-	-	195,983,880
Motor Vehicles	276,786,013	-	-	-	276,786,013
Total Value of Depreciable Assets	2,182,821,737	42,560,707	121,694	(10,310,223)	2,215,193,916
At Valuation					
Freehold Land	871,000,000	-	-	-	871,000,000
Cylinders in Hand and in Circulation	12,066,000,000	-	-	-	12,066,000,000
	12,937,000,000	-	-	-	12,937,000,000
Total Value of Depreciable Assets	15,119,821,737	42,560,707	121,694	(10,310,223)	15,152,193,916
In the Course of Construction					
Tank Installation Project	7,101,868	124,650	(121,694)	-	7,104,824
	7,101,868	124,650	(121,694)	-	7,104,824
Total Gross Carrying Amount	15,126,923,606	42,685,357	-	(10,310,223)	15,159,298,740

8.2.2 Depreciation

	Balance As at 01.04.2023 Rs.	Charged for the Year Rs.	Transfers In/(Out) Rs.	Disposals during the Year Rs.	Balance As at 31.03.2024 Rs.
At Cost					
Buildings on Freehold Land	32,899,647	3,376,808	-	-	36,276,455
Buildings on Leasehold Land	4,407,605	437,100	-	-	4,844,706
Plant, Machinery and Equipment	757,539,573	97,149,422	-	(7,495,208)	847,193,787
Office Equipment	66,777,084	903,895	-	(204,167)	67,476,812
Furniture and Fittings	123,393,566	1,856,825	-	-	125,250,391
Gas Point Dealer Huts	128,120,514	30,800,753	-	-	158,921,267
Motor Vehicles	204,862,451	9,343,531	-	-	214,205,982
	1,318,000,440	143,868,334	-	(7,699,375)	1,454,169,399
At Valuation					
Cylinders in Hand and in Circulation	808,584,271	808,584,271	-	-	1,617,168,542
	808,584,271	808,584,271	-	-	1,617,168,542
Total Depreciation	2,126,584,712	952,452,605	-	(7,699,375)	3,071,337,942

8.2.3 Net Book Values

	2024 Rs.	2023 Rs.
At Cost		
Freehold Land	17,049,000	-
Buildings on Freehold Land	99,307,259	98,724,067
Building on Leasehold Land	1,277,145	1,714,246
Plant, Machinery and Equipment	537,952,382	616,817,583
Office Equipment	1,029,182	1,906,613
Furniture and Fittings	4,766,903	6,607,626
Gas Point Dealer Huts	37,062,613	67,127,600
Motor Vehicles	62,580,032	71,923,563
	761,024,516	864,821,297
At Valuation		
Freehold Land	871,000,000	871,000,000
Cylinders in Hand and in Circulation	10,448,831,458	11,257,415,729
	11,319,831,458	12,128,415,729
In the Course of Construction		
Tank Installation Project	7,104,824	7,101,868
	7,104,824	7,101,868
Total Carrying Amount of Property, Plant and Equipment	12,087,960,798	13,000,338,894

8.3 During the financial year, the Group and Company acquired property, plant and equipment to the aggregate value of Rs.300,719,144/- and Rs.42,685,357/- respectively (2023 - Rs.30,288,838/- and Rs.3,681,377/-). Cash payment amounting Rs.300,719,144/- and Rs.42,685,357/- respectively. (2023 - Rs.30,288,838/- and Rs.3,681,377/-).

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

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

	2024	2023
Group		
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 - 20 Years	14 - 20 Years
Plant, Machinery and Equipment	3 - 40 Years	3 - 40 Years
Office Equipment	4 - 5 Years	4 - 5 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
Vessels	5 - 8 Years	5 - 8 Years
Dry Docking Cost of Gas Vessels	3 - 5 Years	3 - 5 Years
Gas Stock in Tank	3 Years	3 Years

*or period of the lease, whichever is shorter.

	2024	2023
Company		
Buildings on Freehold Land	40 Years	40 Years
Buildings on Leasehold Land*	14 Years	14 Years
Plant, Machinery and Equipment	3 - 30 Years	3 - 30 Years
Office Equipment	4 Years	4 Years
Furniture and Fittings	10 Years	10 Years
Gas Point Dealer Huts	5 - 10 Years	5 - 10 Years
Motor Vehicles	3 - 30 Years	3 - 30 Years
Cylinders in Hand and in Circulation	20 Years	20 Years

*or period of the lease, whichever is shorter.

8.5 Property, plant and equipment of the Group and the Company includes fully depreciated assets having a gross carrying amount of Rs.551,199,731/- and Rs.437,598,109/- respectively (2023 -Rs 431,487,624/- and Rs.402,635,952/-).

8.6 The carrying amount of revalued assets that would have been included in the financial statements had that been carried at cost less depreciation is as follows:

Class of the asset	Cost Rs.	Cumulative Depreciation if Assets were carried at Cost Rs.	Net Carrying Amount 2024 Rs.	Net Carrying Amount 2023 Rs.
Group				
Vessels	2,126,070,744	(1,346,343,635)	779,727,110	943,991,764
Cylinders in Hand and in Circulation	9,239,339,043	(4,143,434,653)	5,095,904,390	5,557,871,342
Company				
Cylinders in Hand and in Circulation	9,239,339,043	(4,143,434,653)	5,095,904,390	5,557,871,342

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 Messrs T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Maritime Services (Pvt) Ltd			
Gas Challenger	Net Current Replacement Cost Method	Price per vessel	Rs.1,195,983,200
		Depreciation rate	85%
		Sensitivity	+ 10% - Rs.1,315,581,520
			- 10% - Rs.1,076,384,880
Gas Success	Net Current Replacement Cost Method	Price per vessel	Rs.1,270,732,150
		Depreciation rate	80%
		Sensitivity	+ 10% - Rs.1,397,805,365
			- 10% - Rs.1,143,658,935
Gas Courage	Net Current Replacement Cost Method	Price per vessel	Rs.657,790,760
		Depreciation rate	75%
		Sensitivity	+ 10% - Rs.723,569,836
			- 10% - Rs.592,011,684

Based on an internal assessment, the Management has decided that there was no significant fair value change as at 31.03.2024 since the last revaluation date.

8. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

8.8 Fair value related disclosures of the Lands

Fair Value Hierarchy

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

Lands are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Land - Mabima	Direct Capital Comparison Method	Price per perch for land	Rs.37,000 - Rs.1,000,000
		Sensitivity	+ 5% - Rs.914,000,000
			- 5% - Rs.827,000,000

Based on an internal assessment, the Management has decided that there was no significant fair value change as at 31.03.2024 since the last revaluation date.

8.9 Fair value related disclosures of Cylinders in Hand and in Circulation

Fair Value Hierarchy

The fair value of the Group's Cylinders in Hand and in Circulation are categorised into Level 3 of the fair value hierarchy.

Cylinders in Hand and in Circulation are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga an accredited independent valuer , as at 31 March 2022. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Cylinders in Hand and in Circulation	Net Current Replacement Cost Method	Price per Cylinder	Rs. 3,750 -15,500
		Depreciation rate	5%-85%
		Sensitivity	+ 10% - Rs.13,272,000,000
			- 10% - Rs.10,859,000,000

Based on an internal assessment, the Management has decided that there was no significant fair value change as at 31.03.2024 since the last revaluation date.

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

9.1 Right-of-Use-Assets

9.1.1 Group

	2024 Motor Vehicles Rs.	2024 Land & Buildings Rs.	2024 Total Rs.	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.
Cost						
As at 1 April	36,122,000	1,565,943,738	1,602,065,738	36,122,000	1,649,342,693	1,685,464,693
Lease Modification	-	(1,971,499)	(1,971,499)	-	(10,615,740)	(10,615,740)
Addition and Improvement	-	1,798,995	1,798,995	-	339,748,465	339,748,465
On Disposal of Subsidiary	-	-	-	-	(571,976,310)	(571,976,310)
Exchange Differences	-	(142,809,216)	(142,809,216)	-	159,444,630	159,444,630
As at 31 March	36,122,000	1,422,962,018	1,459,084,018	36,122,000	1,565,943,738	1,602,065,738
Accumulated Amortisation						
As at 1 April	10,234,567	226,748,824	236,983,391	6,622,367	375,463,104	382,085,471
Charge for the year	3,612,200	75,005,702	78,617,902	3,612,200	128,930,963	132,543,163
Lease Modification	-	14,152,518	14,152,518	-	-	-
On Disposal of Subsidiary	-	-	-	-	(292,613,739)	(292,613,739)
Exchange Differences	-	(26,392,791)	(26,392,791)	-	14,968,496	14,968,496
As at 31 March	13,846,767	289,514,252	303,361,019	10,234,567	226,748,824	236,983,391
Net Book Value as at 31 March	22,275,233	1,133,447,765	1,155,722,998	25,887,433	1,339,194,914	1,365,082,347

9.1.2 Company

	2024 Motor Vehicles Rs.	2024 Land & Buildings Rs.	2024 Total Rs.	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.
Cost						
As at 1 April	36,122,000	68,609,159	104,731,159	36,122,000	68,609,159	104,731,159
Lease Modification	-	(65,672,841)	(65,672,841)	-	-	-
As at 31 March	36,122,000	2,936,318	39,058,318	36,122,000	68,609,159	104,731,159
Accumulated Amortisation						
As at 1 April	10,234,567	53,728,678	63,963,245	6,622,367	40,783,498	47,405,865
Charge for the Year	3,612,200	7,411,995	11,024,195	3,612,200	12,945,180	16,557,380
Lease Modification	-	(60,139,656)	(60,139,656)	-	-	-
As at 31 March	13,846,767	1,001,017	14,847,784	10,234,567	53,728,678	63,963,245
Net Book Value as at 31 March	22,275,233	1,935,301	24,210,534	25,887,433	14,880,481	40,767,914

9. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (CONTD.)

9.2 Lease Liabilities

9.2.1 Group

	2024 Motor Vehicles Rs.	2024 Land & Buildings Rs.	2024 Total Rs.	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.
As at 1 April	10,626,991	1,528,753,545	1,539,380,536	14,828,215	1,372,156,541	1,386,984,756
Additions	-	23,816,823	23,816,823	-	263,706,892	263,706,892
Accretion of Interest	875,057	123,447,053	124,322,110	1,326,689	139,127,437	140,454,125
Payments	(5,527,911)	(151,612,575)	(157,140,486)	(5,527,912)	(165,762,632)	(171,290,544)
On Disposal of Subsidiary	-	-	-	-	(210,025,348)	(210,025,348)
Exchange Differences	-	(139,000,005)	(139,000,005)	-	129,550,655	129,550,655
As at 31 March	5,974,137	1,385,404,841	1,391,378,978	10,626,991	1,528,753,544	1,539,380,536

9.2.2 Company

	2024 Motor Vehicles Rs.	2024 Land & Buildings Rs.	2024 Total Rs.	2023 Motor Vehicles Rs.	2023 Land & Buildings Rs.	2023 Total Rs.
As at 1 April	10,626,991	19,183,577	29,810,568	14,828,215	32,349,831	47,178,046
Additions/Modifications	-	(5,533,186)	(5,533,186)	-	-	-
Accretion of Interest	875,057	1,470,057	2,345,114	1,326,689	2,619,704	3,946,393
Payments	(5,527,911)	(10,481,419)	(16,009,330)	(5,527,912)	(15,785,958)	(21,313,870)
As at 31 March	5,974,137	4,639,029	10,613,167	10,626,991	19,183,577	29,810,568

9.3 Short-Term Leases

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Expense relating to short-term leases	13,848,686	18,997,833	-	-

9.4 Maturity Analysis of Lease Liability

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Not later than one month	526,659	11,205,949	526,659	1,776,155
Later than one month and not later than three months	14,707,240	22,406,349	1,053,319	3,552,311
Later than three months and not later than one year	159,016,604	102,474,536	4,739,933	15,985,399
Later than one year and not later than five years	895,633,754	574,529,060	4,426,998	10,389,371
Later than five years	838,306,130	2,432,260,009	-	1,653,750
	1,908,190,387	3,142,875,902	10,746,909	33,356,985
Finance charges allocated to future periods	(516,811,409)	(1,603,495,366)	(133,743)	(3,546,417)
	1,391,378,978	1,539,380,536	10,613,167	29,810,568

10. INVESTMENT PROPERTIES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 1 April	3,725,506,662	3,480,506,662	1,167,200,000	1,076,200,000
Fair Value Gain	180,100,000	245,000,000	126,800,000	91,000,000
As at 31 March	3,905,606,662	3,725,506,662	1,294,000,000	1,167,200,000

Rental Income derived from Investment Properties	115,155,878	91,121,028	18,541,218	16,434,264
Direct Operating Expenses (including Repair and Maintenance) that generated Rental Income	13,706,039	11,910,182	-	-
Direct Operating Expenses (including Repair and Maintenance) that did not generate Rental Income	72,000	54,500	72,000	54,500

10. INVESTMENT PROPERTIES (CONTD.)

10.1 Fair value related disclosures of the Investment Properties

Fair Value Hierarchy

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

Investment properties are stated at fair value, which have been determined based on valuations performed by Messrs. T. W. M. L. Wijayatunga, an accredited independent valuer, as at 31 March 2024. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
LAUGFS Gas PLC			
Land & Building - Galle	Direct Capital Comparison Method	Price per perch for land	Rs.3,000,000
		Sensitivity	+ 5% -Rs.91,400,000
			- 5% -Rs.82,700,000
		Price per square foot for building	Rs.3,500-5,500
		Depreciation rate	20%-35%
		Sensitivity	+ 10% - Rs.2,356,200
			- 10% - Rs.1,927,800
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.14,500,000
		Sensitivity	+ 5% - Rs. 609,000,000
			- 5% - Rs. 551,000,000
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.14,500,000
		Sensitivity	+ 5% - Rs. 536,000,000
			- 5% - Rs. 485,000,000
		Price per square foot for building	Rs.4,250-7,500
		Depreciation rate	30%
		Sensitivity	+ 10% - Rs.37,000,000
			- 10% -Rs.30,000,000
Land - Biyagama	Direct Capital Comparison Method	Price per perch for land	Rs.500,000
		Sensitivity	+ 5% - Rs.85,800,000
			- 5% - Rs.77,600,000
LAUGFS Property Developers (Pvt) Ltd			
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.14,000,000
		Sensitivity	+ 5% - Rs.713,000,000
			- 5% - Rs.645,000,000
		Price per square foot for building	Rs.28,500
		Depreciation rate	19%
		Sensitivity	+ 10% - Rs.2,217,000,000
			- 10% - Rs.1,814,000,000
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.7,000,000
		Sensitivity	+ 5% - Rs.158,000,000
			- 5% - Rs.143,000,000

11. INTANGIBLE ASSETS

	Group			Company	
	Software Rs.	Goodwill Rs.	Total Rs.	Software Rs.	Total Rs.
Cost					
As at 1 April 2023	173,080,089	8,742,326	181,822,416	55,118,692	55,118,692
Exchange Differences	(6,048,012)	-	(6,048,012)	-	-
As at 31 March 2024	167,032,077	8,742,326	175,774,404	55,118,692	55,118,692
Amortisation and Impairment					
As at 1 April 2023	167,300,778	-	167,300,778	55,044,277	55,044,277
Amortisation	4,328,638	-	4,328,638	20,767	20,767
Exchange Differences	(5,914,021)	-	(5,914,021)	-	-
As at 31 March 2024	165,715,394	-	165,715,394	55,065,044	55,065,044
Net Book Values					
As at 1 April 2023	5,779,312	8,742,326	14,521,639	74,415	74,415
As at 31 March 2024	1,316,682	8,742,326	10,059,009	53,648	53,648

12. IMPAIRMENT TESTING OF GOODWILL

For impairment testing Goodwill acquired through business combinations with indefinite useful lives is allocated to the Property cash generating unit, which is also a operating and reportable segment.

Carrying amount of Goodwill allocated to each of the Cash Generating Unit:

	2024 Rs.	2023 Rs.
Property	8,742,326	8,742,326
	8,742,326	8,742,326

The Group performed its annual impairment test as at 31 March of each financial year. Among other factors, when reviewing for indicators of impairment. As at 31 March 2024, no impairment is recognised against the carrying value of the goodwill allocated to property cash generating unit.

Recoverable value for the impairment test was estimated based on fair value less cost to sell methodology. Description of valuation techniques used and key inputs to valuation as follows;

	Valuation Technique	Significant Unobservable Inputs	Range of Estimates for Unobservable Inputs
Land & Building - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.14,000,000
		Sensitivity	+ 5% - Rs.713,000,000
			- 5% - Rs.645,000,000
		Price per square foot for building	Rs.28,500
		Depreciation rate	19%
		Sensitivity	+ 10% - Rs.2,217,000,000
			- 10% - Rs.1,814,000,000
Land - Colombo	Direct Capital Comparison Method	Price per perch for land	Rs.7,000,000
		Sensitivity	+ 5% - Rs.158,000,000
			- 5% - Rs.143,000,000

13. PREPAYMENTS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Prepayments	149,271,303	116,756,490	25,987,636	24,598,199
	149,271,303	116,756,490	25,987,636	24,598,199

14. INVESTMENTS IN SUBSIDIARIES

14.1 Company

Non-Quoted	Country of Incorporation	% of Holding		Fair Value	
		2024	2023	2024 Rs.	2023 Rs.
Financial Assets at FVTOCI					
LAUGFS Property Developers (Pvt) Ltd	Sri Lanka	75%	75%	1,829,375,364	1,784,835,521
LAUGFS Maritime Services (Pvt) Ltd	Sri Lanka	100%	100%	3,159,959,203	3,417,224,343
SLOGAL Energy DMCC	United Arab Emirates	100%	100%	2,445,588,473	2,204,768,368
LAUGFS Terminals Ltd	Sri Lanka	100%	100%	17,369,606,090	18,960,729,787
Total Non-Quoted Investments in Subsidiaries				24,804,529,130	26,367,558,019

14.2 Fair value related disclosures of the Investments in Subsidiaries

Investments in subsidiaries stated at fair value, which have been determined based on valuations performed by Messrs. KPMG, an accredited independent valuer, as at 31 March 2024. Description of valuation techniques used and key inputs to valuation as follows;

Fair Value hierarchy

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

	Valuation Technique	Significant Inputs	2024	2023
LAUGFS Maritime Services (Pvt) Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	13.8% - 16.6%	16% - 28.8%
		Terminal growth rate	1%	1%
SLOGAL Energy DMCC	Discounted Cash Flow Methodology	Weighted average cost of capital	10.30% - 12.88%	10.4% - 12.5%
		Terminal growth rate	1%	1%
LAUGFS Terminals Ltd	Discounted Cash Flow Methodology	Weighted average cost of capital	10.26% - 14.56%	10.3% - 17.6%
		Terminal growth rate	2%	2%

Fair value of LAUGFS Property Developers (Pvt) Ltd, which is primarily operates an investment property is measured based on Net Asset Value technique. Additional information relating to fair value of investment properties are disclosed in Note 10.1.

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Sensitivity of Significant Inputs

	Increase/ (Decrease)		2024			2023		
	Weighted average cost of capital	Terminal growth rate	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.	Effect on Other Comprehensive Income Rs.	Effect on Statement of Financial Position Rs.	Fair Value of Financial Assets at FVTOCI Rs.
LAUGFS Maritime Services (Pvt) Ltd	+0.1		29,600,203	(29,600,203)	3,130,359,000	133,490,343	(133,490,343)	3,283,734,000
	-0.1		(30,182,797)	30,182,797	3,190,142,000	(155,626,657)	155,626,657	3,572,851,000
		+0.1	(34,012,797)	34,012,797	3,193,972,000	(107,363,657)	107,363,657	3,524,588,000
		-0.1	33,356,203	(33,356,203)	3,126,603,000	93,984,343	(93,984,343)	3,323,240,000
SLOGAL Energy DMCC	+1		138,180,191	(138,180,191)	2,307,408,282	209,863,343	(209,863,343)	1,994,905,025
	-1		(171,428,384)	171,428,384	2,617,016,857	(259,545,840)	259,545,840	2,464,314,208
		+1	(187,305,747)	187,305,747	2,632,894,220	(283,738,725)	283,738,725	2,488,507,094
		-1	151,004,214	(151,004,214)	2,294,584,259	229,352,057	(229,352,057)	1,975,416,312
LAUGFS Terminals Ltd	+0.25		910,582,211	(910,582,211)	16,459,023,880	523,398,873	(523,398,873)	18,437,330,913
	-0.25		(970,885,281)	970,885,281	18,340,491,371	(540,416,068)	540,416,068	19,501,145,855
		+0.25	(762,036,893)	762,036,893	18,131,642,984	(424,155,813)	424,155,813	19,384,885,599
		-0.25	717,305,852	(717,305,852)	16,652,300,238	411,506,777	(411,506,777)	18,549,223,009

14. INVESTMENTS IN SUBSIDIARIES (CONTD.)

14.2 Fair value related disclosures of the Investments in Subsidiaries (Contd.)

Other Key Assumptions used for Valuation of Investment in Subsidiaries

	2025	2026	2027	2028	2029
LAUGFS Terminals Ltd					
Revenue Growth					
- Price Growth	0%	5%	5%	5%	5%
- Volume Growth	217%	20%	2.78%	5.41%	7.69%
Cost of Sales Growth					
- Direct Labour Cost Growth	1%	5%	5%	5%	5%
- Overhead Growth	58%	5%	5%	5%	5%
Administration Expenses Growth	-62%	5%	5%	5%	5%
Future Capital Expenditure	Rs.183 Mn	-	-	-	-
Working Capital					
- Trade and other receivable days	30 Days	30 Days	30 Days	30 Days	30 Days
- Trade and other payable days	11 Days	11 Days	11 Days	11 Days	11 Days

	2025	2026	2027	2028	2029
SLOGAL Energy DMCC					
Revenue Growth					
Cost of Sales Growth	237%	19.3%	16%	5.3%	5.2%
- Material Cost Growth	235%	20%	16%	5%	5%
Administration Expenses Growth	45%	11%	7%	6%	6%
Future Capital Expenditure	Rs.0.5Mn	-	-	-	-
Working Capital					
- Inventory days	14 Days	14 Days	14 Days	14 Days	14 Days
- Trade and other receivable days	15 Days	15 Days	15 Days	15 Days	15 Days
- Amount Due from Related Parties	8 Days	8 Days	8 Days	8 Days	8 Days
- Trade payable days	18 Days	18 Days	18 Days	18 Days	18 Days
- Amount Due to Related Parties	12 Days	12 Days	12 Days	12 Days	12 Days

	2025	2026	2027	2028	2029
LAUGFS Maritime Services (Pvt) Ltd					
Revenue Growth	56%	26%	14%	5%	9%
Cost of Sales Growth					
- Direct Material Cost Growth	10%	2.5% - 25%	2.5% - 25%	2.5% - 25%	2.5% - 25%
- Direct Overhead Growth	10%	2.5%	2.5%	2.5%	2.5%
Administration Expenses Growth	98%	5%	2.5%	2.5%	2.5%
Future Capital Expenditure	Rs.268 Mn	Rs.2,747 Mn	Rs.214 Mn	Rs.563 Mn	Rs.276 Mn
Working Capital					
- Inventory days	11 Days	11 Days	11 Days	11 Days	11 Days
- Trade receivable days	30 Days	30 Days	30 Days	30 Days	30 Days
- Trade payable days	30 Days	30 Days	30 Days	30 Days	30 Days

15 DISCONTINUED OPERATIONS

15.1 During the previous Financial year on 15th November 2022 the Group LAUGFS GAS PLC disposed the LAUGFS Gas (Bangladesh) Ltd to Kai Heng Long Global Energy Ltd for a sale consideration of Rs.8,192 Million. (Refer the note 15.4) The business of LAUGFS Gas (Bangladesh) Ltd represented in the Group's energy segment and Bangladesh geographical segment until 31 March 2022. With the disposal of LAUGFS Gas (Bangladesh) Ltd it has been classified as discontinued operations, results of LAUGFS Gas (Bangladesh) Ltd in energy and Bangladesh segments is no longer presented in the segment notes and comparative information has been represented in accordance with its accounting policy disclosed in Note 2.28. The results of the LAUGFS Gas (Bangladesh) Ltd for previous year till the disposal date are presented below.

		15 November 2022 Rs.
Revenue		10,225,128,436
Cost of Sales		(9,550,784,346)
Gross Profit		674,344,090
Other Operating Income		47,394,616
Expenses		(1,401,787,508)
Operating Profit/(Loss)		(680,048,802)
Finance Costs		(146,034,693)
Finance Income		839,480
Loss Before Tax		(825,244,016)
Income Tax Expense		(233,608,543)
Loss for the Year		(1,058,852,559)
Disposal Gain on LAUGFS Gas (Bangladesh) Ltd	(Note 15.4)	4,498,097,598
Profit/(Loss) for the Period from Discontinued Operations		3,439,245,039

15.2 The net cash flows incurred by LAUGFS Gas (Bangladesh) Ltd are as follows:

	15 November 2022 Rs.
Operating	(601,918,572)
Investing	(20,439,960)
Financing	209,877,062
Net cash (outflow)/inflow	(412,481,470)

	15 November 2022 Rs.
Earnings/(Loss) Per Share	
Basic/Diluted Earnings/(Loss) per share	8.89

15 DISCONTINUED OPERATIONS (CONTD.)

15.3 Assets and Liabilities of the Disposed Entity

The carrying values of the identifiable assets and liabilities as at the date of disposal were:

	15 November 2022 Rs.
Assets	
Property, Plant and Equipment	7,950,840,707
Right of Use Assets	279,362,572
Intangible Assets (excluding Goodwill)	7,174,704
Inventories	596,953,086
Trade and Other Receivables	2,051,499,899
Prepayments	28,800,446
Cash and Short-Term Deposits	110,591,716
	11,025,223,132
Liabilities	
Interest Bearing Loans and Borrowings	(3,275,595,185)
Employee Benefit Liability	(82,633,356)
Deferred Tax Liabilities	(1,027,873,663)
Refundable Deposits	(373,585,462)
Trade and Other Payables	(1,829,760,793)
Income Tax Payable	(721,985,682)
	(7,311,434,141)
Total Identifiable Net Assets as at 15 November 2022	3,713,788,990
Goodwill	4,402,246,919
Other Adjustments related to Disposal	(355,859,241)
Group's Carrying Amount of the Investment Transferred to the Shareholders	7,760,176,668

15.4 Gain on Disposal of Subsidiary

	15 November 2022 Rs.
Fair value of the consideration received	8,191,961,140
Fair value of net assets disposed (Note 15.3)	(3,713,788,990)
	4,478,172,150
Goodwill on Acquisition of LAUGFS Gas (Bangladesh) Ltd	(4,402,246,919)
Other Adjustments related to Disposal	355,859,241
Gain/(Loss) on Disposal of Subsidiary	431,784,472
Reclassification of Foreign Currency Translation Reserve to Profit or Loss	4,066,313,126
Total Gain Recognised in Statement of Profit or Loss	4,498,097,598

16. MATERIAL PARTLY-OWNED SUBSIDIARIES

16.1 LAUGFS Eco Sri Limited owned 25% of interests of LAUGFS Property Developers (Pvt) Ltd.

16.2 Financial information of subsidiaries that have material non-controlling interests for the year ended 31 March 2024 is provided below:

Proportion of Equity Interest Held by Non-Controlling Interests:

Name	Country of Incorporation and Operation	2024	2023
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	2024 Rs.	2023 Rs.
Revenue	111,375,280	99,330,318
Direct Operating Expenses	(8,611,677)	(8,170,164)
Other Income	3,317,810	1,760,857
Administrative Expenses	(31,811,484)	(22,595,281)
Fair Value Gain on Investments Properties	56,200,000	165,400,000
Finance Costs	(24,574,907)	(35,031,083)
Finance Income	7,413,530	25,705,146
Profit Before Tax	113,308,552	226,399,793
Income Tax	(45,782,573)	(179,393,104)
Profit for the Year	67,525,980	47,006,689
Other Comprehensive Income	(159,153)	(48,878)
Total Comprehensive Income	67,366,826	46,957,812
Attributable to Non-Controlling Interests	16,841,707	16,839,093
Dividends Paid to Non-Controlling Interests	-	-

Summarised Statement of Financial Position	2024 Rs.	2023 Rs.
Trade and Other Receivables, Prepayments and Cash and Short-Term Deposits Balances (Current)	414,512,228	411,752,945
Property, Plant and Equipment, Investment Properties and Other Non-Current Assets (Non-Current)	2,838,483,268	2,788,469,050
Trade and Other Payables and Interest Bearing Loans and Borrowings (Current)	(127,972,478)	(140,600,813)
Employee Benefit Liabilities, Deferred Tax Liabilities and Other Non-Current Liabilities (Non-Current)	(695,852,972)	(697,817,960)
Total Equity	2,429,170,046	2,361,803,222
Attributable to Equity Holders of Parent	1,821,877,534	1,771,352,416
Attributable to Non-Controlling Interest	607,292,513	590,450,806

Summarised Cash Flow Information	2024 Rs.	2023 Rs.
Operating	17,455,821	34,541,290
Investing	-	(5,155,919)
Financing	(40,250,714)	(8,845,506)
Net Increase/(Decrease) in Cash and Cash Equivalents	(22,794,893)	20,539,865

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES

17.1 Other Financial Assets

17.1.1 Financial Assets at Fair Value through OCI (Equity Instruments)

	2024 Rs.	2023 Rs.
Group / Company		
Quoted Equity Shares		
Colombo City Holdings PLC	18,838,196	19,181,402
Total Financial Assets at Fair Value through OCI (Equity Instruments)	18,838,196	19,181,402

17.1.2 Financial Assets at Fair Value through Profit or Loss

	2024 Rs.	2023 Rs.
Group / Company		
Quoted Equity Shares		
Colombo Land & Development Company PLC	7,650,896	8,688,305
On'ally Holdings PLC	2,124,900	2,388,388
Singer Industries (Ceylon) PLC	972,201	757,270
Total Financial Assets at Fair Value through Profit or Loss	10,747,997	11,833,963
Total Other Financial Assets	29,586,193	31,015,365
Total Current	10,747,997	11,833,963
Total Non-Current	18,838,196	19,181,402
	29,586,193	31,015,365

17.2 Other Financial Liabilities

17.2.1 Group

Interest Bearing Loans and Borrowings

	2024			2023		
	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 Liabilities (Note 9.2)	130,157,818	1,261,221,160	1,391,378,978	136,105,223	1,403,275,313	1,539,380,536
Term Loans (Note 17.2.1.1)	6,973,139,765	13,814,513,449	20,787,653,214	7,420,054,242	14,821,405,915	22,241,460,157
Short Term Loans (Note 17.2.1.2)	7,091,100,351	-	7,091,100,351	7,874,375,237	-	7,874,375,237
Bank Overdrafts (Note 20.2)	1,891,131,096	-	1,891,131,096	1,611,620,062	-	1,611,620,062
	16,085,529,030	15,075,734,609	31,161,263,639	17,042,154,765	16,224,681,228	33,266,835,993

17.2.1.1 Term Loans

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Exchange Differences Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2024 Rs.
Sampath Bank PLC - Loan 1	607,789,529	-	-	(2,467,441)	(165,060,000)	440,262,088
Sampath Bank PLC - Loan 2	494,671,452	-	-	(2,422,849)	(120,200,000)	372,048,603
Sampath Bank PLC - Loan 3	163,829,299	-	-	(710,416)	(69,070,000)	94,048,883
Commercial Bank of Ceylon PLC - Loan 1	102,777,833	-	-	-	(38,888,878)	63,888,955
Commercial Bank of Ceylon PLC - Loan 2	-	10,972,000	-	-	(3,047,778)	7,924,222
Commercial Bank of Ceylon PLC - Loan 3	735,266	-	-	-	(735,266)	-
Commercial Bank of Ceylon PLC - Loan 4	14,197,316	-	-	-	(6,790,322)	7,406,994
Commercial Bank of Ceylon PLC - Loan 5	-	800,000,000	-	4,342,827	(13,334,000)	791,008,827
Commercial Bank of Ceylon PLC - Loan 6	-	200,000,000	-	1,347,147	(3,334,000)	198,013,147
Hatton National Bank PLC - Loan 1	453,835,391	-	-	22,493,779	(285,712,000)	190,617,170
Hatton National Bank PLC - Loan 2	30,905,609	-	-	-	(9,174,000)	21,731,609
Hatton National Bank PLC - Loan 3	8,200,044	-	(295,349)	-	(7,904,695)	-
DFCC Bank PLC	380,749,971	-	-	(2,693,205)	(205,714,248)	172,342,518
NDB Bank PLC - Loan 1	3,243,591,160	-	-	(159,012,824)	(300,000,000)	2,784,578,336
NDB Bank PLC - Loan 2	-	132,898,875	-	301,104	-	133,199,979
NDB Bank PLC - Loan 3	-	367,576,845	-	460,685	-	368,037,530
Peoples' Bank - Loan 1	7,160,729,900	-	(653,582,031)	-	(3,535,799)	6,503,612,070
Peoples' Bank - Loan 2	348,860,594	-	-	15,029,202	(126,666,222)	237,223,574
People's Bank - Loan 3	446,610,629	-	-	(22,880,629)	(114,620,000)	309,110,000
People's Bank - Loan 4	96,103,550	-	(3,461,457)	-	(92,642,093)	-
People's Bank - Loan 5	-	888,160,702	(50,935,149)	-	-	837,225,553
Standard Chartered Bank - Loan 1	5,551,283,065	-	(444,566,934)	-	(1,085,861,323)	4,020,854,808
Standard Chartered Bank - Loan 2	-	512,656,593	(29,400,355)	-	-	483,256,238
Bank of Ceylon - Loan 1	1,189,584,356	-	-	205,570,963	-	1,395,155,319
Bank of Ceylon - Loan 2	496,540,251	-	-	74,707,876	(16,185,821)	555,062,306
Bank of Ceylon - Loan 3	6,516,361	-	-	(1,003,861)	(5,512,500)	-
Bank of Ceylon - Loan 4	638,629,550	-	-	(22,579,972)	(202,481,482)	413,568,096
MCB Bank Ltd - Loan 1	260,224,799	-	-	(1,997,502)	(68,750,000)	189,477,297
MCB Bank Ltd - Loan 2	277,242,641	-	-	(2,243,548)	(77,000,000)	197,999,093
Nations Trust Bank PLC - Loan 1	200,000,000	-	-	-	(200,000,000)	-
Nations Trust Bank PLC - Loan 2	67,851,591	-	-	-	(67,851,591)	-
	22,241,460,157	2,912,265,015	(1,182,241,275)	106,241,335	(3,290,072,018)	20,787,653,214

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.2 Other Financial Liabilities (Contd.)

17.2.1 Group (Contd.)

17.2.1.2 Short Term Loans

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Exchange Differences Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2024 Rs.
Hatton National Bank PLC	2,903,593,834	-	-	27,115,975	(40,516,536)	2,890,193,273
Nations Trust Bank PLC	86,828,157	-	-	(5,449,012)	(81,379,145)	-
People's Bank	1,468,262,975	-	-	(196,911,028)	(637,460,226)	633,891,721
Bank of Ceylon	1,145,216,720	11,137,740,082	(111,094,005)	(166,395,491)	(9,472,675,840)	2,532,791,465
Commercial Bank of Ceylon PLC	2,060,961,936	-	-	(41,549,223)	(1,119,906,000)	899,506,713
DFCC Bank PLC	209,511,615	-	-	1,421,292	(76,215,728)	134,717,179
	7,874,375,237	11,137,740,082	(111,094,005)	(381,767,488)	(11,428,153,475)	7,091,100,351

17.2.2 Company

Interest Bearing Loans and Borrowings

	2024			2023		
	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 Liabilities (Note 9.2)	6,186,169	4,426,998	10,613,167	19,197,406	10,613,162	29,810,567
Term Loans (Note 17.2.2.1)	4,286,768,652	4,554,984,116	8,841,752,768	5,847,243,442	3,429,284,132	9,276,527,574
Short Term Loans (Note 17.2.2.2)	5,265,029,024	-	5,265,029,024	7,874,375,237	-	7,874,375,237
Bank Overdrafts (Note 20.2)	-	-	-	9,428,632	-	9,428,632
	9,557,983,846	4,559,411,114	14,117,394,960	13,750,244,718	3,439,897,294	17,190,142,012

17.2.2.1 Term Loans

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2024 Rs.
Hatton National Bank PLC - Loan 1	453,835,391	-	22,493,779	(285,712,000)	190,617,170
DFCC Bank PLC	380,749,971	-	(2,693,205)	(205,714,248)	172,342,518
Commercial Bank of Ceylon PLC - Loan 5	-	800,000,000	4,342,827	(13,334,000)	791,008,827
Commercial Bank of Ceylon PLC - Loan 6	-	200,000,000	1,347,147	(3,334,000)	198,013,147
Sampath Bank PLC - Loan 1	607,789,529	-	(2,467,441)	(165,060,000)	440,262,088
Sampath Bank PLC - Loan 2	494,671,452	-	(2,422,849)	(120,200,000)	372,048,603
Sampath Bank PLC - Loan 3	163,829,299	-	(710,416)	(69,070,000)	94,048,883
NDB Bank PLC - Loan 1	3,243,591,160	-	(159,012,824)	(300,000,000)	2,784,578,336
NDB Bank PLC - Loan 2	-	132,898,875	301,104	-	133,199,979
NDB Bank PLC - Loan 3	-	367,576,845	460,685	-	368,037,530
People's Bank - Loan 2	348,860,594	-	15,029,202	(126,666,222)	237,223,574
People's Bank - Loan 3	446,610,629	-	(22,880,629)	(114,620,000)	309,110,000
Bank of Ceylon - Loan 1	1,189,584,356	-	205,570,963	-	1,395,155,319
Bank of Ceylon - Loan 2	496,540,251	-	74,707,876	(16,185,821)	555,062,306
Bank of Ceylon - Loan 3	6,516,361	-	(1,003,861)	(5,512,500)	-
Bank of Ceylon - Loan 4	638,629,550	-	(22,579,972)	(202,481,482)	413,568,096
MCB Bank Ltd - Loan 1	260,224,799	-	(1,997,502)	(68,750,000)	189,477,297
MCB Bank Ltd - Loan 2	277,242,641	-	(2,243,548)	(77,000,000)	197,999,093
Nations Trust Bank PLC - Loan 1	200,000,000	-	-	(200,000,000)	-
Nations Trust Bank PLC - Loan 2	67,851,591	-	-	(67,851,591)	-
	9,276,527,574	1,500,475,720	106,241,335	(2,041,491,863)	8,841,752,768

17.2.2.2 Short Term Loans

	As at 01.04.2023 Rs.	Loans Obtained Rs.	Accrued Interest Rs.	Repayments Rs.	As at 31.03.2024 Rs.
Hatton National Bank PLC	2,903,593,834	-	27,115,975	(40,516,536)	2,890,193,273
Nations Trust Bank PLC	86,828,157	-	(5,449,012)	(81,379,145)	-
Bank of Ceylon	1,145,216,720	-	(166,395,491)	(272,101,091)	706,720,138
People's Bank	1,468,262,975	-	(196,911,028)	(637,460,226)	633,891,721
Commercial Bank of Ceylon PLC	2,060,961,936	-	(41,549,223)	(1,119,906,000)	899,506,713
DFCC Bank PLC	209,511,615	-	1,421,292	(76,215,728)	134,717,179
	7,874,375,237	-	(381,767,488)	(2,227,578,726)	5,265,029,024

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.2 Other Financial Liabilities (Contd.)

	Interest Rate	Repayment Terms
Sampath Bank PLC		
Loan 1	AWPLR + 2% per annum	Repayable by 27 monthly instalments of Rs.15,506,000/- and Final instalment Rs.20,782,000/-
Loan 2	AWPLR + 2% per annum	Repayable by 31 monthly instalments of Rs.11,620,000/- and Final instalment Rs.11,580,000/-
Loan 3	AWPLR + 2% per annum	Repayable by 13 monthly instalments of Rs.6,707,000/- and Final instalment Rs.6,683,123/-
Commercial Bank of Ceylon PLC		
Loan 1	AWPLR+1% per annum	Repayable by 23 monthly instalments of Rs. 2,777,777/-.
Loan 2	12% per annum	Repayable by 26 monthly instalments of Rs. 304,778/-
Loan 4	8% per annum	Repayable by 11 monthly instalments of Rs. 617,300/- and the Final instalment of Rs.616,716/-.
Loan 5	AWPLR + 1.5% per annum	Repayable by 58 monthly instalments of Rs.13,334,000/- and Final instalment Rs.13,294,000/-
Loan 6	AWPLR + 1.5% per annum	Repayable by 58 monthly instalments of Rs.3,334,000/- and Final instalment Rs.3,294,000/-
Hatton National Bank PLC		
Loan 1	AWPLR + 2% per annum	Repayable by 8 equal monthly instalments amounting to Rs.23,809,333.33
Loan 2	AWPLR+ 1.75% per annum	Repayable by 25 monthly instalments of Rs. 834,000/- and the final instalment of Rs.770,000/-.
DFCC Bank PLC	20% per annum	Repayable by 10 equal monthly instalments of Rs. 17,142,854/-
NDB Bank PLC		
Loan 1	AWPLR+3% to AWPLR+3.9% per annum	Repayable by 4 separate instalments amounting Rs. 450,000,000 upto August 2026.
Loan 2	AWPLR + 1% per annum	Repayable by 55 equal monthly instalments of Rs.2,356,320/- and Final instalment Rs.3,301,258/-
Loan 3	AWPLR + 1% per annum	Repayable by 48 equal monthly instalments of Rs.7,657,851/-
Peoples' Bank		
Loan 1	90 days SOFR + 4.75% per annum subject to annual review	Repayable by 114 monthly instalment
Loan 2	AWPLR + 1% per annum	Repayable by 21 monthly instalments of Rs.10,555,556/- and the Final instalment of Rs.12,776,667/- together with the interest.
Loan 3	AWPLR + 1% per annum	Repayable by 28 monthly instalments of Rs. 10,420,000/- and the Final instalment of Rs.10,260,000/-
Loan 5	4% per annum	Repayable by 66 monthly instalment
Standard Chartered Bank		
Loan 1 and 2	3 Months LIBOR + 2.3% per annum	Repayable by 79 monthly instalments
Bank of Ceylon		
Loan 1	AWPLR + 1.5% per annum	Repayable by 38 equal monthly instalments of Rs.28,333,333/- and Final instalment Rs.38,039,216/-
Loan 2	AWPLR + 1.5% per annum	Repayable by 13 equal monthly instalments of Rs.27,810,454/- and Final instalment Rs.11,624,633/-
Loan 4	AWPLR + 1.5% per annum	Repayable by 21 equal monthly instalments of Rs.18,407,407/- and Final instalment Rs.13,267,059/-
MCB Bank Ltd		
Loan 1	AWPLR per annum	Repayable by 30 monthly instalments of Rs.6,250,000/-.
Loan 2	AWPLR per annum	Repayable by 28 monthly instalments of Rs.7,000,000/-.

17.3 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.

	Notes	Carrying Amount		Fair Value	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Group					
Financial Assets					
Trade and Other Receivables	A	4,829,719,060	2,214,598,045	4,829,719,060	2,214,598,045
Cash and Short Term Deposits	A	427,214,977	991,765,113	427,214,977	991,765,113
Total		5,256,934,037	3,206,363,158	5,256,934,037	3,206,363,158
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	15,075,734,609	16,224,681,228	15,075,734,609	16,224,681,228
Interest Bearing Loans and Borrowings (Current)	A	14,194,397,935	15,430,534,702	14,194,397,935	15,430,534,702
Trade and Other Payables	A	4,724,309,464	1,851,426,230	4,724,309,464	1,851,426,230
Bank Overdrafts	A	1,891,131,096	1,611,620,062	1,891,131,096	1,611,620,062
Total		35,885,573,103	35,118,262,223	35,885,573,103	35,118,262,223
Company					
Financial Assets					
Trade and Other Receivables	A	1,426,065,857	1,414,923,790	1,426,065,857	1,414,923,790
Cash and Short Term Deposits	A	116,806,676	333,383,662	116,806,676	333,383,662
Total		1,542,872,533	1,748,307,452	1,542,872,533	1,748,307,452
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	4,559,411,114	3,439,897,294	4,559,411,114	3,439,897,294
Interest Bearing Loans and Borrowings (Current)	A	9,557,983,845	13,740,816,085	9,557,983,845	13,740,816,085
Trade and Other Payables	A	1,174,317,974	1,199,382,798	1,174,317,974	1,199,382,798
Bank Overdrafts	A	-	9,428,632	-	9,428,632
Total		15,291,712,933	18,389,524,809	15,291,712,933	18,389,524,809

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 2024, the carrying amounts of such borrowings are not materially different from their calculated fair values.

17. OTHER FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTD.)

17.4 Fair Value Hierarchy

For all financial 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 values are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs that have a significant effect on the recorded fair values that are not based on observable market data.

As at 31 March 2024, the Group held the following financial instruments carried at fair value on the statement of financial position.

Group

Assets Measured at Fair Value

	2024 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	18,838,196	18,838,196	-	-
Financial Assets at Fair Value through Profit or Loss	10,747,997	10,747,997	-	-
	29,586,193	29,586,193	-	-

Company

Assets Measured at Fair Value

	2024 Rs.	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.
Financial Assets at Fair Value through OCI (Equity Instruments)	24,823,367,326	18,838,196	-	24,804,529,130
Financial Assets at Fair Value through Profit or Loss	10,747,997	10,747,997	-	-
	24,834,115,323	29,586,193	-	24,804,529,130

During the reporting period ending 31 March 2024, there were no transfers between Level 1 and Level 2 fair value measurements.

18. INVENTORIES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Gas in Cylinders and Accessories	52,604,604	44,242,003	52,604,604	44,242,003
Gas in Bulk	1,989,091,137	1,283,587,874	294,552,319	1,068,651,985
Non-Trade Inventories	340,023,190	236,684,333	137,779,387	179,517,791
Goods in Transit	120,891,473	788,477,295	120,891,473	788,477,295
	2,502,610,403	2,352,991,505	605,827,782	2,080,889,073
Provision for Inventories	-	(40,672,152)	-	(40,672,152)
Total Inventories at the Lower of Cost and Net Realisable Value	2,502,610,403	2,312,319,353	605,827,782	2,040,216,921

19. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Receivables	- Related Parties (Note 19.1)	177,952,766	166,556,354	3,793,788	1,615,334
	- Others	3,728,872,032	1,000,631,727	800,213,035	514,495,749
Less: Provision for Impairments		(22,935,313)	(23,110,151)	(21,097,141)	(21,271,979)
		3,883,889,485	1,144,077,930	782,909,682	494,839,104
Other Receivables	- Related Parties (Note 19.2)	824,905,499	791,741,937	552,127,639	670,344,141
	- Others	120,924,076	278,778,178	91,028,536	249,740,545
		4,829,719,060	2,214,598,045	1,426,065,857	1,414,923,790
Advances	- Related Parties (Note 19.3)	59,922,468	699,680	59,922,468	37,496,266
	- Others	225,371,774	177,980,414	169,383,186	79,634,874
Loans to Company Officers		422,222	855,556	422,222	855,556
		5,115,435,524	2,394,133,694	1,655,793,734	1,532,910,486

19.1 Trade Dues from Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
LAUGFS Holdings Ltd	Parent	58,149,863	52,903,006	-	-
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	1,083,311	733,051	827,392	733,051
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	1,960,856	646,798	1,960,856	646,798
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	1,254,897	625,967	1,005,540	235,485
LAUGFS Lubricants Ltd	Fellow Subsidiary	1,584,155	551,961	-	-
LAUGFS Solutions Ltd	Fellow Subsidiary	1,412,204	1,412,204	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	1,958,828	1,400,660	-	-
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	818,910	681,029	-	-
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	84,852,007	85,037,946	-	-
LAUGFS Power PLC	Fellow Subsidiary	187,521	3,656,353	-	-
LAUGFS Leisure Ltd	Fellow Subsidiary	21,562,791	18,417,135	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	3,127,423	490,244	-	-
		177,952,766	166,556,354	3,793,788	1,615,334

Notes to the Financial Statements

19. TRADE AND OTHER RECEIVABLES (CONTD.)

19.2 Other Dues from Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	1,061,826	1,014,133	-	312,203
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	156,273	203,626	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	929,757	555,312	-	-
LAUGFS Corporation (Rubber) Ltd	Fellow Subsidiary	385,984	289,883	-	-
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	-	1,345,405	-	1,345,405
LAUGFS Holdings Ltd	Parent	228,542,988	187,918,464	-	14,779,542
LAUGFS Power PLC	Fellow Subsidiary	87,414	1,813,753	-	-
LAUGFS Maritime Services (Pvt) Ltd	Subsidiary	-	-	-	367,617
Southern Petroleum (Pvt) Ltd	Fellow Subsidiary	-	2,075	-	-
LAUGFS Terminals Ltd	Subsidiary	-	-	-	91,601,914
LAUGFS Leisure Ltd	Fellow Subsidiary	445,714,605	446,402,029	443,485,353	444,114,746
SLOGAL Energy DMCC	Subsidiary	-	-	-	7,997,752
LAUGFS Property Developers (Pvt) Ltd	Subsidiary	-	-	54,304,100	59,048,441
LAUGFS Restaurants (Pvt) Ltd	Fellow Subsidiary	-	4,942	-	-
Anantaya Passekudah (Pvt) Ltd	Fellow Subsidiary	72,326	178,260	72,326	68,935
LAUGFS Solutions Ltd	Fellow Subsidiary	371,542	371,542	-	-
LAUGFS Wellness (Pvt) Ltd	Fellow Subsidiary	54,426	54,426	-	-
LAUGFS International (Pvt) Ltd	Fellow Subsidiary	128,196	30,574	124,945	2,993
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	15,104,238	16,236,105	-	-
LAUGFS Life Sciences (Pvt) Ltd	Fellow Subsidiary	1,188,885	197,313	85,863	79,080
LAUGFS Lubricants (Bangladesh) Ltd	Fellow Subsidiary	127,007,844	134,682,688	50,625,515	50,625,515
LAUGFS Lubricants Ltd	Fellow Subsidiary	4,099,194	441,409	3,429,535	-
		824,905,499	791,741,937	552,127,639	670,344,141

19.3 Advances given to Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	389,450	699,680	389,450	699,680
SLOGAL Energy DMCC	Subsidiary	-	-	-	36,796,586
LAUGFS Holdings Ltd	Parent	59,533,018	-	59,533,018	-
		59,922,468	699,680	59,922,468	37,496,266

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 But not Impaired < 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2024	3,906,824,798	2,409,800,684	873,310,920	497,289	964,193	622,251,712
2023	1,167,188,081	509,547,484	1,418,767	87,348,762	1,233,711	567,639,357

Company	Total Rs.	Neither Past Due nor Impaired Rs.	Past Due But not Impaired < 30 Days Rs.	31-60 Days Rs.	61-90 Days Rs.	> 90 Days Rs.
2024	804,006,823	668,793,036	76,604,733	-	485,413	58,123,642
2023	516,111,083	469,205,030	-	-	-	46,906,053

Above to be read in conjunction with Note 31 on credit risk of trade receivables, which discusses how the Group/Company manages and measures credit quality of trade receivables that are neither past due nor impaired.

Movements in the allowance for impairment of Trade Receivables;

	Group			Company		
	Individually Impaired Rs.	Collectively Impaired Rs.	Total Rs.	Individually Impaired Rs.	Collectively Impaired Rs.	Total Rs.
As at 1 April 2022	15,618,253	17,976,936	33,595,189	4,234,148	17,976,936	22,211,084
Charge/(Reversal) for the Year	1,953,508	(937,478)	1,016,030	(1,627)	(937,478)	(939,105)
On Disposal of Subsidiary	(11,735,265)	-	(11,735,265)	-	-	-
Exchange Differences	234,197	-	234,197	-	-	-
As at 31 March 2023	6,070,693	17,039,458	23,110,151	4,232,521	17,039,458	21,271,979
Charge/(Reversal) for the Year	-	(174,838)	(174,838)	-	(174,838)	(174,838)
As at 31 March 2024	6,070,693	16,864,620	22,935,313	4,232,521	16,864,620	21,097,141

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
20.1 Favourable Cash and Cash Equivalents Balances				
Savings Accounts	1,409,726	69,121,353	1,409,726	69,121,353
Cash in Hand and at Bank	425,805,252	922,643,760	115,396,950	264,262,309
	427,214,978	991,765,113	116,806,676	333,383,662
20.2 Unfavourable Cash and Cash Equivalents Balances				
Bank Overdrafts (Note 17.2)	(1,891,131,096)	(1,611,620,062)	-	(9,428,632)
Cash and Cash Equivalents for the Purpose of Statement of Cash Flows	(1,463,916,118)	(619,854,949)	116,806,676	323,955,030

20.3 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

21. STATED CAPITAL

Group/Company	2024		2023	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 21.1)	335,000,086	762,557,096	335,000,086	762,557,096
Ordinary Non-Voting Shares (Note 21.2)	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
21.1 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
21.2 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

21.3 Rights, Preference and Restrictions of Classes of Capital

The holders of ordinary shares confer their right to receive dividends as declared from time to time and are entitled to one vote per share (except, non-voting ordinary shares) at a meeting of the Company. All shares rank equally with regard to the Company's residual assets.

22. FAIR VALUE THROUGH OCI RESERVE

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Fair Value Through OCI Reserve (Note 22.1)	(21,475,020)	(21,131,814)	15,814,984,855	16,837,202,252
	(21,475,020)	(21,131,814)	15,814,984,855	16,837,202,252

22.1 Fair Value Through OCI Reserve

As at 1 April	(21,131,814)	(21,818,225)	16,837,202,252	24,863,276,720
Gains/(Losses) arising during the Year	(343,206)	686,412	(1,022,217,397)	(4,966,954,079)
Disposal of Financial Assets at FVTOCI	-	-	-	(3,059,120,389)
As at 31 March	(21,475,020)	(21,131,814)	15,814,984,855	16,837,202,252

23. OTHER RESERVES

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Revaluation Reserve (Note 23.1)	4,955,079,294	5,608,274,942	4,210,225,310	4,596,802,958
Foreign Currency Translation Reserve (Note 23.2)	526,580,625	462,171,198	-	-
	5,481,659,918	6,070,446,140	4,210,225,310	4,596,802,958

23.1 Revaluation Reserve

As at 1 April	5,608,274,942	7,474,518,723	4,596,802,958	4,983,380,606
Tax Impact of Revaluation Gain	-	(201,230,988)	-	-
Transfer of Depreciation on Revaluation of Property, Plant and Equipment	(653,195,648)	(653,195,648)	(386,577,648)	(386,577,648)
On Disposal of Subsidiary	-	(1,011,817,145)	-	-
As at 31 March	4,955,079,294	5,608,274,942	4,210,225,310	4,596,802,958

23.2 Foreign Currency Translation Reserve

As at 1 April	462,171,198	4,293,985,190	-	-
Foreign Exchange Translation Differences	64,409,427	234,499,133	-	-
Reclassification to Profit or Loss during the Year	-	(4,066,313,126)	-	-
As at 31 March	526,580,625	462,171,198	-	-

24. EMPLOYEE BENEFIT LIABILITY

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
24.1 Net Benefit Expense				
Current Service Cost	9,515,892	14,504,960	6,130,890	4,576,991
Interest Cost on Benefit Obligation	13,901,762	34,950,130	12,080,309	9,568,218
Administration Expenses	-	332,814	-	-
Total Expenses	23,417,654	49,787,904	18,211,199	14,145,209
24.2 Employee Benefit Liability				
Employee Benefit Liability	100,752,894	70,631,190	78,895,952	54,910,497

24.3 Assumptions used in Actuarial Valuation

24.3.1 Messrs. Smiles Global (Pvt) Ltd, actuaries, carried out an actuarial valuation of the defined benefit plan - gratuity on 31 March 2024. Appropriate and compatible assumptions were used in determining the cost of retirement benefits. The principal assumptions used as at 31.03.2024 and 31.03.2023 are as follows:

	Group						Company	
	Energy		Property		Transportation & Logistics			
	2024	2023	2024	2023	2024	2023	2024	2023
Method of Actuarial Valuation:	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method	Projected Unit Credit method
Discount Rate:	12%	22%	12%	22%	12.2%	19%	12%	22%
Salary Increment Rate:	12%	12%	10%	10%	10%	10%	12%	12%
Mortality Table:	A67/70 Ult tables	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult Table	A67/70 Ult tables	A67/70 Ult Table

24.3.2 The Retirement Age used for the actuarial valuation as at 31.03.2024 and 31.03.2023 is 57-60 years.

24.4 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 2024.

Increase/ (Decrease)		Group 2024			Company 2024		
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%	-	2,865,770	(2,865,770)	97,887,124	2,205,349	(2,205,349)	76,690,603
-1%	-	(3,071,905)	3,071,905	103,824,799	(2,349,551)	2,349,551	81,245,503
-	+1%	(3,481,198)	3,481,198	104,234,092	(2,683,609)	2,683,609	81,579,561
-	-1%	3,302,138	(3,302,138)	97,450,756	2,562,315	(2,562,315)	76,333,637

Notes to the Financial Statements

24. EMPLOYEE BENEFIT LIABILITY (CONTD.)

24.5 Changes in the Defined Benefit Obligation

24.5.1 Group

The following table demonstrates the changes in the defined benefit obligation.

2024		Amounts Charged to Profit or Loss					
	01 April 2023 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	70,631,190	9,515,892	13,901,762	-	23,417,654	(8,969,165)	(5,053,247)
Net Benefit Liability	70,631,190	9,515,892	13,901,762	-	23,417,654	(8,969,165)	(5,053,247)

2023		Amounts Charged to Profit or Loss					
	01 April 2022 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	402,343,899	14,504,960	36,674,896	-	51,179,855	(36,108,406)	338,536
Fair value of Plan Assets	(204,845,183)	-	(1,724,765)	332,814	(1,391,952)	16,832,335	-
Net Benefit Liability	197,498,716	14,504,960	34,950,130	332,814	49,787,904	(19,276,071)	338,536

24.5.1.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2024 Rs.	2023 Rs.
Within the next 12 months	1,946,102	-
Between 1 and 2 Years	629,887	1,446,730
Between 2 and 5 Years	87,128,344	61,056,435
Between 5 and 10 Years	11,048,561	8,128,025
Total Expected Payments	100,752,894	70,631,190

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.25 - 6.86 years. (2023: 3.72 - 7.49 years)

			Remeasurement (Gains)/Losses in Other Comprehensive Income				
	On Disposal of Subsidiary Rs.	Exchange Difference Rs.	Actuarial Changes arising from Changes in Demographic Assumptions Rs.	Actuarial Changes arising from Changes in Financial Assumptions Rs.	Experience Adjustments Rs.	Subtotal Included in OCI Rs.	31 March 2024 Rs.
	-	(671,095)	55,564	21,244,429	97,563	21,397,556	100,752,894
	-	(671,095)	55,564	21,244,429	97,563	21,397,556	100,752,894

			Remeasurement (Gains)/Losses in Other Comprehensive Income				
	On Disposal of Subsidiary Rs.	Exchange Difference Rs.	Actuarial Changes arising from Changes in Demographic Assumptions Rs.	Actuarial Changes arising from Changes in Financial Assumptions Rs.	Experience Adjustments Rs.	Subtotal Included in OCI Rs.	31 March 2023 Rs.
	(277,378,097)	11,135,681	3,713,719	(17,562,761)	(67,031,237)	(80,880,278)	70,631,190
	194,744,741	(5,339,942)	-	-	-	-	-
	(82,633,356)	5,795,739	3,713,719	(17,562,761)	(67,031,237)	(80,880,278)	70,631,190

24. EMPLOYEE BENEFIT LIABILITY (CONTD.)

24.5 Changes in the Defined Benefit Obligation (Contd.)

24.5.2 Company

The following table demonstrates the changes in the defined benefit obligation.

2024	01 April 2023 Rs.	Amounts Charged to Profit or Loss: Service Cost Rs.	Amounts Charged to Profit or Loss: Interest Cost Rs.	Amounts Charged to Profit or Loss: Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	54,910,497	6,130,890	12,080,309	18,211,199	(8,248,022)
Benefit Liability	54,910,497	6,130,890	12,080,309	18,211,199	(8,248,022)

2023	01 April 2022 Rs.	Amounts Charged to Profit or Loss: Service Cost Rs.	Amounts Charged to Profit or Loss: Interest Cost Rs.	Amounts Charged to Profit or Loss: Sub Total included in Profit or Loss Rs.	Benefits Paid Rs.
Defined Benefit Obligation	65,987,709	4,576,991	9,568,218	14,145,209	(13,174,186)
Benefit Liability	65,987,709	4,576,991	9,568,218	14,145,209	(13,174,186)

24.5.2.1 Following payments are expected contributions to the defined benefit plan obligation on the future years:

	2024 Rs.	2023 Rs.
Within the next 12 months	1,742,953	-
Between 1 and 2 Years	629,887	1,304,348
Between 2 and 5 Years	76,523,112	53,606,149
Total Expected Payments	78,895,952	54,910,497

The average duration of the defined benefit plan obligation at the end of the reporting period is 3.25 years. (2023: 3.98 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	31 March 2024
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(1,763,648)	(91,428)	17,333,057	(1,455,703)	15,785,926	78,895,952
(1,763,648)	(91,428)	17,333,057	(1,455,703)	15,785,926	78,895,952

	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	31 March 2023
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
913,757	3,918,059	(15,670,490)	(1,209,561)	(12,961,992)	54,910,497
913,757	3,918,059	(15,670,490)	(1,209,561)	(12,961,992)	54,910,497

25. REFUNDABLE DEPOSITS

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
As at 1 April	2,243,843,986	2,756,157,531	2,243,843,986	2,411,623,847
Additions	183,050,077	118,753,810	183,050,077	54,515,098
Refunds/Transfers	(76,876,968)	(263,621,269)	(76,876,968)	(222,294,959)
On Disposal of Subsidiary	-	(373,585,462)	-	-
Exchange Differences	-	6,139,376	-	-
As at 31 March	2,350,017,095	2,243,843,986	2,350,017,095	2,243,843,986
Refundable Deposits within One Year (Current)	235,001,709	224,384,399	235,001,709	224,384,399
Refundable Deposits after One Year (Non-Current)	2,115,015,386	2,019,459,588	2,115,015,386	2,019,459,587
	2,350,017,095	2,243,843,986	2,350,017,095	2,243,843,986

26. TRADE AND OTHER PAYABLES

		Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Payables	- Related Parties (Note 26.1)	35,839,820	6,105,205	100,306,881	6,501,526
	- Others	2,446,647,710	104,413,155	111,664,528	104,413,155
Other Payables	- Related Parties (Note 26.2)	83,383,610	104,580,664	962,346,564	1,088,468,117
	- Others	2,158,438,323	1,636,327,206	-	-
		4,724,309,463	1,851,426,230	1,174,317,974	1,199,382,798
Sundry Creditors including Accrued Expenses		1,795,424,071	2,744,835,986	468,340,083	423,659,270
		6,519,733,534	4,596,262,216	1,642,658,057	1,623,042,068

26.1 Trade Payable to Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	2,568,271	3,436,515	2,568,271	3,191,519
LAUGFS Lubricants Ltd	Fellow Subsidiary	517,154	989,743	517,154	989,743
LAUGFS Supermarkets (Pvt) Ltd.	Fellow Subsidiary	36,773	-	-	-
LAUGFS Leisure Ltd	Fellow Subsidiary	27,110	359,322	-	305,102
SLOGAL Energy DMCC	Subsidiary	-	-	89,998,868	-
LAUGFS Business Solutions (Pvt) Ltd	Fellow Subsidiary	5,737,260	1,319,625	4,063,992	957,375
LAUGFS Terminals Ltd	Subsidiary	-	-	3,158,597	1,057,788
		35,839,820	6,105,205	100,306,881	6,501,526

26.2 Other Payable to Related Parties

	Relationship	Group		Company	
		2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
LAUGFS Supermarkets (Pvt) Ltd	Fellow Subsidiary	122,941	698,405	-	628,240
LAUGFS Engineering (Pvt) Ltd	Fellow Subsidiary	11,934,090	5,926,346	11,805,290	5,287,621
LAUGFS Holdings Ltd	Parent	53,455,125	81,956,975	38,751,956	34,929,355
LAUGFS Terminals Ltd	Subsidiary	-	-	735,600,173	825,406,211
LAUGFS Lubricants Ltd	Fellow Subsidiary	739,485	-	-	-
LAUGFS Eco Sri Ltd	Fellow Subsidiary	15,724,512	15,724,512	-	-
LAUGFS Petroleum (Pvt) Ltd	Fellow Subsidiary	1,407,457	220,327	1,750	1,750
LAUGFS Leisure Ltd	Fellow Subsidiary	-	54,098	-	-
SLOGAL Energy DMCC	Subsidiary	-	-	176,187,395	222,214,940
		83,383,610	104,580,664	962,346,564	1,088,468,117

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 31.

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.
2024	2,482,487,530	2,410,910,848	35,391,082	5,405,674	30,779,926
2023	110,518,360	92,208,710	4,154,897	960,081	13,194,672

Company	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2024	211,971,409	198,153,971	5,988,250	5,209,760	2,619,428
2023	110,914,681	91,666,217	5,207,480	927,483	13,113,501

Notes to the Financial Statements

27. COMMITMENTS AND CONTINGENCIES

27.1 Capital Expenditure Commitments

The Group does not have significant capital expenditure commitments as at the reporting date.

27.2 Other Commitments and Contingencies

The Group does not have significant contingencies as at the reporting date other than following guarantees given/received.

(a) LAUGFS Gas PLC

The Company has provided corporate guarantees to following companies

Provided to	Currency	Value of Guarantee	In favour of
LAUGFS Maritime Services (Pvt) Ltd	USD	750,000	Hatton National Bank PLC
LAUGFS Maritime Services (Pvt) Ltd	USD	1,000,000	People's Bank
LAUGFS Maritime Services (Pvt) Ltd	LKR	100,000,000	Commercial Bank of Ceylon PLC
LAUGFS Power PLC	LKR	180,000,000	Hatton National Bank PLC
Pams Power (Pvt) Ltd	LKR	300,000,000	Hatton National Bank PLC
SLOGAL Energy DMCC	USD	10,000,000	People's Bank
LAUGFS Property Developers (Pvt) Ltd	LKR	80,000,000	Hatton National Bank PLC
LAUGFS Leisure Ltd	LKR	125,000,000	MCB Bank Ltd
LAUGFS Terminals Ltd	USD	22,000,000	Peoples Bank
LAUGFS Terminals Ltd	USD	20,000,000	Standard Chartered Bank
LAUGFS Terminals Ltd	LKR	75,000,000	Hatton National Bank PLC

The Company has obtained corporate guarantees from following companies

Obtained from	Currency	Value of Guarantee	In favour of
LAUGFS Holdings Ltd	LKR	1,994,000,000	Bank of Ceylon
LAUGFS Holdings Ltd	LKR	1,000,000,000	People's Bank
LAUGFS Holdings Ltd	LKR	1,428,694,123	Sampath Bank PLC
LAUGFS Holdings Ltd	LKR	1,000,000,000	MCB Bank Ltd
LAUGFS Holdings Ltd	LKR	5,915,470,667	Hatton National Bank PLC

The Company has obtained a guarantee from Hatton National Bank PLC in favour of Director General of Customs amounting to LKR 25.6 Mn.

The Company has obtained a guarantee from Commercial Bank of Ceylon PLC in favour of Ceylon Petroleum Corporation for the Credits facility obtained amounting to LKR 78.2 Mn

(b) LAUGFS Maritime Services (Pvt) Ltd

The Company has provided corporate guarantee to SLOGAL Energy DMCC for USD 20 Mn in favour of Bank of Ceylon.

28. ASSETS PLEDGED

The following assets have been pledged as security for liabilities.

Nature of Assets	Nature of the Liability	Carrying Amount Pledged		Included Under
		2024 Rs.	2023 Rs.	
Group				
Property Located at Mabima	Negative Pledge	634,266,392	963,414,111	Property, Plant and Equipment
Assets Located at Mabima	Negative Pledge	171,428,540	377,142,788	Property, Plant and Equipment
Investment Property - Land & Building	Primary Mortgage	79,220,171	117,710,414	Investment Properties
Plant and Machinery - Terminals	Primary Mortgage over Project Assets	11,844,948,665	12,712,012,965	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,114,705,882	1,122,179,400	Investment Properties
Free Hold Land at Mabima	Negative Pledge	373,160,537	389,346,356	Property, Plant and Equipment
Company				
Property Located at Mabima	Negative Pledge	634,266,392	963,414,111	Property, Plant and Equipment
Assets Located at Mabima	Negative Pledge	171,428,540	377,142,788	Property, Plant and Equipment
Investment Property - Land	Primary Mortgage over Land	1,114,705,882	1,122,179,400	Investment Properties
Free Hold Land at Mabima	Negative Pledge	373,160,537	389,346,356	Property, Plant and Equipment

29. RELATED PARTY DISCLOSURES

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash.

29.1 Transactions with the Related Parties

Guarantees

Guarantees given by the Group to banks on behalf of related parties are disclosed in the Note 27 to these financial statements.

Terms and Conditions:

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year end are unsecured and interest free.

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2024 and 31 March 2023, refer to Notes 19 and 26).

Notes to the Financial Statements

29. RELATED PARTY DISCLOSURES (CONTD.)

29.1 Transactions with the Related Parties (Contd.)

29.1.1 Group

	Parent		Other Group Companies		Total	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Nature of Transactions						
As at 1 April	158,864,494	100,335,689	689,447,608	507,101,663	848,312,102	607,437,352
Sale of Goods/Services	51,337,096	2,957,067	128,024,020	164,736,244	179,361,116	167,693,311
Settlement of Trade & Other Receivable	(51,067,409)	(67,143,497)	(185,987,572)	(34,388,253)	(237,054,981)	(101,531,750)
Purchase of Goods/Services	(462,888,525)	(153,579,408)	(211,191,351)	(175,139,937)	(674,079,875)	(328,719,344)
Settlement of Trade & Other Payable	545,753,562	282,176,799	226,785,608	176,191,584	772,539,170	458,368,383
Adjustment due to transfer of Employees	(8,761,493)	-	3,708,246	322,542	(5,053,247)	322,542
Purchase of Property, Plant and Equipment	-	(5,882,157)	-	-	-	(5,882,157)
Others	59,533,018	-	-	50,623,765	59,533,018	50,623,765
As at 31 March	292,770,745	158,864,494	650,786,559	689,447,608	943,557,303	848,312,102

29.1.1.1 Other Group Companies include following Companies;

Ananthaya Pasikudah (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS International (Pvt) Ltd
LAUGFS Leisrue Ltd
LAUGFS Life Sciences (Pvt) Ltd
LAUGFS Lubricants Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Restaurant (Pvt) Ltd
LAUGFS Salt and Chemicals (Pvt) Ltd
LAUGFS Supermarkets (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

29.1.2 Company

	Parent		Subsidiaries		Other Related Companies		Total	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Nature of Transactions								
As at 1 April	(20,149,814)	(24,493,071)	(852,866,631)	(3,797,407,518)	487,502,543	401,243,441	(385,513,902)	(3,420,657,148)
Sale of Goods/Services	-	-	-	-	39,266,584	55,705,683	39,266,584	55,705,683
Purchase of Goods/Services	(365,333,409)	(347,778)	(13,395,254,292)	(10,510,877,437)	(213,150,682)	(100,671,511)	(13,973,738,383)	(10,611,896,725)
Settlement of Trade and Other Receivables	(3,783,287)	(7,165,004)	(19,479,154)	(1,025,464,901)	(76,696,594)	(66,512,475)	(99,959,034)	(1,099,142,380)
Settlement of Trade and Other Payables	355,694,714	46,767,848	13,316,959,141	14,480,292,010	242,711,962	146,791,098	13,915,365,816	14,673,850,956
Adjustment due to transfer of Employees	(5,180,160)	-	-	591,215	3,416,511	322,542	(1,763,648)	913,757
Others	59,533,018	(34,911,810)	-	-	-	50,623,765	59,533,018	15,711,955
As at 31 March	20,781,063	(20,149,814)	(950,640,935)	(852,866,631)	483,050,324	487,502,543	(446,809,548)	(385,513,903)

29.1.2.1 Subsidiaries include the following Companies;

LAUGFS Maritime Services (Pvt) Ltd
LAUGFS Property Developers (Pvt) Ltd
LAUGFS Terminals Ltd
SLOGAL Energy DMCC

29.1.2.2 Other Related Companies include the following Companies;

Ananthaya Pasikudah (Pvt) Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Corporation (Rubber) Ltd
LAUGFS Eco Sri Ltd
LAUGFS Engineering (Pvt) Ltd
LAUGFS Leisrue Ltd
LAUGFS Life Sciences (Pvt) Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Supermarkets (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

29. RELATED PARTY DISCLOSURES (CONTD.)

29.2 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	2024 Rs.	2023 Rs.
Short Term Employee Benefits (Cash Benefits)	114,473,407	166,619,889
Short Term Employee Benefits (Non-cash Benefits)	900,000	2,370,000
Contributions to Defined Contribution Plans	6,897,300	2,933,000
Post Employment Benefits	-	4,000,000
Total Compensation paid to Key Management Personnel	122,270,707	175,922,889

Company	2024 Rs.	2023 Rs.
Short Term Employee Benefits (Cash Benefits)	112,673,407	83,720,000
Short Term Employee Benefits (Non-cash Benefits)	900,000	2,370,000
Contributions to Defined Contribution Plans	6,897,300	1,098,000
Post Employment Benefits	-	-
Total Compensation paid to Key Management Personnel	120,470,707	87,188,000

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

30. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date, which would require adjustments to, or disclosure in the Financial Statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

31.1 Introduction

LAUGFS Gas PLC and its subsidiaries are particularly exposed to credit and liquidity risks, stemming from fluctuations in foreign currency translation, interest rates, and market prices, which can affect their assets, liabilities, and projected transactions. Some of these risks are inherent to a conglomerate structure, while others are specific to their respective industries.

The overall risk management policy at LAUGFS aims to mitigate these risks through operational and financial activities. The Board of Directors is ultimately responsible for establishing and overseeing the LAUGFS risk management framework. The Group Treasury Division is tasked with managing financial risks, including implementing policies and identifying, evaluating, and hedging financial risks in collaboration with the LAUGFS Business Units.

This note provides information about the Group's exposure to the aforementioned risks, the Group's objectives, policies, and processes for measuring and managing these risks, and the Group's capital management strategies. LAUGFS has implemented strategies to govern the use of financial instruments, ensuring a clear separation of duties related to economic activities, settlement, and accounting. Risk management policies and systems are regularly reviewed to adapt to changes in market conditions and LAUGFS activities

a) Credit Risk

Credit risk is the risk that a counterparty will fail to meet its obligations under a financial instrument or customer contract, resulting in a financial loss. The Group faces credit risk from its operating activities (primarily trade receivables) and financing activities, including deposits with banks and financial institutions, foreign exchange transactions, and other financial instruments.

The Group only trades with recognised, creditworthy third parties. It is the Group's policy that all clients wishing to trade on credit terms undergo credit verification procedures. Additionally, receivable balances are monitored on an ongoing basis to ensure that the Group's exposure to bad debts remains insignificant.

The Group employs a classification system for customers, taking into account various credit-related factors like their geographic location, industry, and previous financial performance. When engaging with new customers, individual credit assessments are conducted before extending the Group's standard payment and delivery terms and conditions. To enhance risk management further, the Group implements a policy of acquiring Bank Guarantees from distributors and utilises other appropriate risk management instruments as required. These measures aim to safeguard against potential credit risks and ensure a secure business environment.

	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Trade Receivables other than Related Party Receivables	3,728,872,032	1,000,631,727	800,213,035	514,495,749
Guarantees Provided by Customers	(414,870,000)	(236,120,000)	(414,870,000)	(236,120,000)
Total maximum exposure to credit risk on Trade Receivables	3,314,002,032	764,511,727	385,343,035	278,375,749

The carrying amounts of financial assets, which are typically exposed to credit risk, are aligned with their maximum risk positions. Nevertheless, the Group's overall exposure has risen significantly with the increase in the revenue compared to the previous year, primarily due to a substantial increase in trade receivables denominated in LKR, excluding Related Party Receivables. Despite this heightened exposure, the company has effectively managed the situation through diligent monitoring and efficient debt collection, even amidst challenging external circumstances.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Maximum Risk Position

Group

As at 31 March in Rs.	2024						
	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	-	-	4,052,232,568	-	-	4,052,232,568	73%
Amount due from Related Parties	-	-	1,062,780,734	-	-	1,062,780,734	19%
Loan to Company Officers	-	-	422,222	-	-	422,222	0%
Deposits with Bank	-	-	-	-	1,409,726	1,409,726	0%
Cash in Hand and at Bank	-	-	-	-	425,805,252	425,805,252	8%
Total Credit Risk Exposure	-	-	5,115,435,524	-	427,214,977	5,542,650,502	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	-	18,838,196	-	-	-	18,838,196	64%
Financial Assets at Fair Value through Profit or Loss	-	-	-	10,747,997	-	10,747,997	36%
Total Equity Risk Exposure	-	18,838,196	-	10,747,997	-	29,586,193	100%
Total	-	18,838,196	5,115,435,524	10,747,997	427,214,977	5,572,236,695	

Company

As at 31 March in Rs.	2024						
	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	-	-	1,039,527,616	-	-	1,039,527,616	58%
Amount due from Related Parties	-	-	615,843,896	-	-	615,843,896	35%
Loan to Company Officers	-	-	422,222	-	-	422,222	0%
Deposits with Bank	-	-	-	-	1,409,726	1,409,726	0%
Cash in Hand and at Bank	-	-	-	-	115,396,950	115,396,950	7%
Total Credit Risk Exposure	-	-	1,655,793,734	-	116,806,676	1,772,600,409	100%
Financial Assets at Fair Value through OCI (Equity Instruments)	24,804,529,130	18,838,196	-	-	-	24,823,367,326	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	10,747,997	-	10,747,997	0%
Total Equity Risk Exposure	24,804,529,130	18,838,196	-	10,747,997	-	24,834,115,323	100%
Total	24,804,529,130	18,838,196	1,655,793,734	10,747,997	116,806,676	26,606,715,733	

Group

As at 31 March in Rs.	2023						
	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	-	-	1,434,280,167	-	-	1,434,280,167	43%
Amount due from Related Parties	-	-	958,997,971	-	-	958,997,971	28%
Loan to Company Officers	-	-	855,556	-	-	855,556	0%
Deposits with Bank	-	-	-	-	69,121,353	69,121,353	2%
Cash in Hand and at Bank	-	-	-	-	922,643,760	922,643,760	27%
Total Credit Risk Exposure	-	-	**2,394,133,694**	-	**991,765,113**	**3,385,898,807**	**100%**
Financial Assets at Fair Value through OCI (Equity Instruments)	-	19,181,402	-	-	-	19,181,402	62%
Financial Assets at Fair Value through Profit or Loss	-	-	-	11,833,963	-	11,833,963	38%
Total Equity Risk Exposure	-	**19,181,402**	-	**11,833,963**	-	**31,015,365**	**100%**
Total	-	**19,181,402**	**2,394,133,694**	**11,833,963**	**991,765,113**	**3,416,914,173**	

Company

As at 31 March in Rs.	2023						
	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	-	-	822,599,189	-	-	822,599,189	44%
Amount due from Related Parties	-	-	709,455,741	-	-	709,455,741	38%
Loan to Company Officers	-	-	855,556	-	-	855,556	0%
Deposits with Bank	-	-	-	-	69,121,353	69,121,353	4%
Cash in Hand and at Bank	-	-	-	-	264,262,309	264,262,309	14%
Total Credit Risk Exposure	-	-	**1,532,910,486**	-	**333,383,662**	**1,866,294,147**	**100%**
Financial Assets at Fair Value through OCI (Equity Instruments)	26,367,558,019	19,181,402	-	-	-	26,386,739,421	100%
Financial Assets at Fair Value through Profit or Loss	-	-	-	11,833,963	-	11,833,963	0%
Total Equity Risk Exposure	**26,367,558,019**	**19,181,402**	-	**11,833,963**	-	**26,398,573,385**	**100%**
Total	**26,367,558,019**	**19,181,402**	**1,532,910,486**	**11,833,963**	**333,383,662**	**28,264,867,532**	

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Cash in hand and at bank equivalents

The Group's credit risk associated with cash and cash equivalents is managed by the Group Treasury Division, following established guidelines. The division ensures that cash and cash equivalents are held with reputable banks and financial institutions with solid reputations and favourable credit ratings. This prudent approach helps mitigate credit risk and ensures the safety of the Group's cash holdings. The Group maintains its short-term deposits and cash equivalents at banks that are mainly rated 'A' or above.

As at 31 March 2024, deposits were made in reputed and leading commercial banks with following credit ratings, as follows;

	Group				Company			
As at 31 March	2024		2023		2024		2023	
Fitch Rating	Rs.	%	Rs.	%	Rs.	%	Rs.	%
AAA	-	0%	-	0%	-	0%	-	0%
AA+	-	0%	-	0%	-	0%	-	0%
AA	150,562,442	41%	248,920,747	25%	-	0%	606,109	0%
A+	2,438,373	1%	-	0%	531,965	0%	-	0%
A	183,183,708	51%	676,820,317	69%	94,685,854	83%	285,676,376	86%
AA-	-	0%	-	0%	-	0%	-	0%
A-	-	0%	4,386,404	1%	2,030,991	2%	1,091	0%
BBB-	525,045	0%	667,800	0%	525,045	0%	667,800	0%
BB-	25,766,300	7%	53,855,919	5%	17,564,599	15%	45,383,007	14%
	362,475,868	100%	984,651,188	100%	115,338,455	100%	332,334,383	100%

b) Liquidity Risk

Liquidity risk arises from an entity's financial obligations and its capacity to meet these obligations promptly upon maturity. The Group employs a proactive strategy to manage liquidity risk, ensuring adequate liquidity is maintained to meet liabilities on time, even under challenging conditions, without incurring significant losses or jeopardizing LAUGFS' reputation. By managing liquidity prudently, the Group aims to protect its financial stability and uphold its commitment to responsibly meeting financial obligations. This approach involves meticulous planning and risk assessment to sustain a strong liquidity position, thereby preserving the Group's financial health and credibility.

The Group places significant importance on achieving a balance between the continuity of funding and financial flexibility. This is achieved by utilising various financial instruments such as bank overdrafts, bank loans, and finance leases. To effectively manage this process, the Group Treasury gathers comprehensive information from across the organisation, assessing the liquidity profile of its financial assets and liabilities. Additionally, the Group Treasury analyses the projected cash flows resulting from anticipated future business activities.

The Group Treasury takes charge of managing the liquidity of business units and subsidiaries through a centralised cash management system. Working in tandem with divisional finance teams, Group Treasury addresses any short-term fluctuations in liquidity and ensures adequate longer-term financing to meet overall systemic liquidity needs. One of the key aspect of the liquidity management strategy is the diversification of funding sources, as the Group does not rely solely on a single financial institution for financing. By diversifying funding, the exposure to liquidity risk is minimised, providing the Group with greater resilience and stability in managing its financial obligations.

This integrated and diversified approach to liquidity management allows the Group to navigate through varying market conditions, maintain operational continuity, and ensure financial stability across its business units and subsidiaries.

Please refer to the short term and long term borrowings note 17.2 for further details.

Maturity Analysis

The monthly liquidity position is monitored by the Group Treasury and all the liquidity policies and procedures are subjected to review and approval by the BOD. The Group attempts to match contracted cash outflows using a combination of operational cash inflows and other inflows that are generated through Operational cash flows, liquidation of short term investments and other secured borrowings.

The table below summarises the maturity profile of the Group's financial liabilities as at 31 March 2024 based on contractual undiscounted payments.

Group

As at 31st March 2024 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	884,259,523	2,212,243,794	3,876,636,447	10,363,501,300	3,451,012,149	20,787,653,214
Leases liabilities	526,659	14,707,240	159,016,604	895,633,754	838,306,130	1,908,190,387
Trade and other payables	253,493,126	4,817,414,093	1,449,834,354	-	-	6,520,741,573
Short term loans	6,305,869,045	554,936,846	1,013,569,346	-	-	7,874,375,237
Bank overdrafts	1,891,131,096	-	-	-	-	1,891,131,096
Total	9,335,279,450	7,599,301,973	6,499,056,751	11,259,135,054	4,289,318,280	38,982,091,507

As at 31st March 2023 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	257,032,196	501,213,106	6,658,413,864	9,598,142,252	5,226,658,739	22,241,460,157
Leases liabilities	11,205,949	22,406,349	102,474,536	574,529,060	2,432,260,009	3,142,875,902
Trade and other payables	271,776,944	529,820,813	3,794,664,459	-	-	4,596,262,216
Short term loans	6,305,869,045	554,936,846	1,013,569,346	-	-	7,874,375,237
Bank overdrafts	1,611,620,062	-	-	-	-	1,611,620,062
Total	8,457,504,197	1,608,377,113	11,569,122,204	10,172,671,312	7,658,918,749	39,466,593,575

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Company

As at 31st March 2024 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	879,725,669	1,545,469,459	1,861,573,524	4,554,984,116	-	8,841,752,768
Leases liabilities	526,659	1,053,319	4,739,933	4,426,998	-	10,746,909
Trade and other payables	214,064,373	11,358,869	1,417,234,815	-	-	1,642,658,057
Short term loans	982,570,623	2,862,506,510	1,419,951,891	-	-	5,265,029,024
Bank overdrafts	-	-	-	-	-	-
Total	2,076,887,324	4,420,388,157	4,703,500,163	4,559,411,115	-	15,760,186,759

As at 31st March 2023 in Rs.	Not later than 1 Month	Later than 1 Month Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Long term loans	125,941,192	239,398,730	5,481,903,521	3,429,284,132	-	9,276,527,574
Leases liabilities	1,776,155	3,552,311	15,985,399	10,389,371	1,653,750	33,356,985
Trade and other payables	95,699,834	88,349,037	1,438,993,197	-	-	1,623,042,068
Short term loans	6,305,869,045	554,936,846	1,013,569,346	-	-	7,874,375,238
Bank overdrafts	9,428,632	-	-	-	-	9,428,632
Total	6,538,714,858	886,236,924	7,950,451,463	3,439,673,502	1,653,750	18,816,730,497

c) Market Risk

Market risk is the risk that changes in market prices will affect LAUGFS income or the value of its holdings of financial instruments. We are exposed to market risk through financial instruments affected by market risk include loans and borrowing, deposits, financial assets designated at fair value through OCI, financial assets at fair value through profit or loss and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk, we have has established a Group Treasury Policy of which the objective is to reduce the volatility relating to these exposures.

Market prices comprise four types of risk:

- Interest Rate Risk,
- Currency Risk (FOREX Risk)
- Commodity Price Risk
- Other Price Risk, Such As Equity Price Risk

The sensitivity analyses in the following sections relate to the position as at 31 March 2024 and 2023.

Interest Rate Risk

Risk arises from movements in interest rates which could affect the Group financial result or the value of Group equity. The Group's exposure to the risk of changes in market interest rates relating primarily to the Group's long term debt obligations with floating interest rates. In addition, they may affect the market value of certain financial assets, liabilities and hedging instruments. The primary objective of the Group's interest rate management is to protect the net interest result. The Group Treasury closely monitors market interest rate fluctuation and provides regular advice to the Group's sectors on Risk mitigation strategies.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax.

Increase/(Decrease) in Interest Rate Effect on Statement of Profit or Loss	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
+1%	311,612,636	332,525,828	141,173,950	171,901,420
-1%	(311,612,636)	(332,525,828)	(141,173,950)	(171,901,420)

Foreign Exchange Risk

The Group's operations span multiple regions, making it susceptible to foreign currency fluctuations, which can impact its financial results and equity valuation. Exchange rate fluctuations may cause variations in the local currency amounts paid or received for transactions denominated in foreign currencies, and after consolidation into Group Financial Statements, the foreign currency-denominated financial statements of foreign subsidiaries may differ.

To address foreign currency risk, the Group Treasury Division analyses the foreign exchange market conditions and shares market updates with the Finance Divisions of each subsidiary company. This division also aids in reducing the Group's exposure to foreign currency risk through positive bank negotiations and makes decisions regarding holding, selling, or making forward bookings of foreign currency based on prevailing market conditions.

Below is a table illustrating the sensitivity of the Group's profit before tax to a reasonably possible change in the USD/LKR exchange rate, assuming all other variables remain constant. While the Group's exposure to Forex risk for other currencies is not significant, the drastic changes in exchange rates during the year for USD/LKR are noteworthy.

Increase/(Decrease) in Interest Rate Effect on Statement of Profit or Loss	Group		Company	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
+1%	1,461,582	7,056,417	2,618,000	6,681,178
-1%	(1,461,582)	(7,056,417)	(2,618,000)	(6,681,178)

Foreign Exchange Risk

The principal exchange rates used for translation purposes were:

	Average		Closing spot rate As at 31 March	
	2024	2023	2024	2023
United States Dollar (USD)	323.91	363.74	305.33	336.01
Bangladesh Taka (BDT) *	N/A	3.76	N/A	3.54

* Closing Spot rate is taken as at 15th November 2022 in year 2023 (Disposal date of the subsidiary)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

Equity Price Risk

The Group's quoted and non-quoted investments are prone to market price risk arising from uncertainties about future values of the investment securities. The key objective of managing the equity price risk is to safeguard its ability to continue as a going concern and 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. Material investments within the portfolio are managed individually and all buy and sell decisions are approved by the Board. Equity price risk is not material to the financial statements under the year purview.

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.

This risk is inherent in the gas industry, where market prices for liquefied petroleum gas (LPG) can be highly volatile due to variety of factors, including geopolitical events, supply and demand imbalances, and changes in regulatory policies. Thus in managing volatility in commodity price the Company utilise several measures such as effective inventory management, improved operational efficiency and mainly utilising Contractual Price (CP) forecasting tools for any possible fluctuations. These dynamic strategies allows the Group to adapt to market changes and helps in offsetting the impact of commodity price fluctuations on its profitability.

After a strong representation with the government LPG is now a non-essential item and the pricing is based on an internally developed pricing formula that helps the Company in a positive manner to transfer global price changes reasonably and transparently. The Company also conducts appropriate trend analysis in market prices regularly and takes proactive measures in procurement procedures, in order to prevent any future losses and thereby managing the overall profitability of the Company. furthermore, the company have reduced dependency on a single supplier or market, LAUGFS Gas PLC sources LPG from multiple suppliers across different regions. This diversification strategy helps to balance supply risks and provides leverage in negotiating favourable terms and prices.

By carefully managing commodity price risk through these strategies, the Group seeks to enhance its financial stability, optimise costs, and maintain a competitive edge in the market.

Capital Management

Company's capital includes ordinary shares. The intention of the Board of Directors is to maintain an optimum capital structure while minimising cost of financing and safeguarding key stakeholders' interest by looking at the position in the life cycle of the respective business units. The Group is evaluating options on a long term basis at the current juncture for the capital management. The Group and Company have made progress in managing their capital structures, maintaining a balance between debt and equity remains crucial for long-term sustainability and growth. Continued vigilance, strategic planning, and flexibility in capital management is imperative to navigate evolving market dynamics and safeguard stakeholders' interests effectively.

The Board of Directors reviews the capital structure of the companies of the Group on periodic basis. The Group monitors capital using a gearing ratio, which is debt divided by total capital plus debt.

	Group		Company	
	2024	2023	2024	2023
Debt/Equity	83%	88%	36%	46%

Five Year Summary

For the year ended 31 March	2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.	2024 Rs.
Summary of Operations					
Revenue	27,202,063,581	35,533,768,139	24,023,408,169	22,526,749,864	31,199,516,961
Gross Profit/ (Loss)	2,822,858,051	3,734,582,466	(952,358,801)	6,429,555,348	4,505,814,495
Earnings Before Interest Tax, Depreciation and Amortisation	1,975,612,671	3,010,744,768	(565,361)	6,759,486	5,096,157,658
Depreciation and Amortisation	(1,369,963,698)	(1,690,550,131)	(1,769,539,700)	(2,354,764,558)	(1,867,703,758)
Profit Before Finance Cost	605,648,973	1,320,194,638	(1,917,265,533)	4,835,196,501	3,228,453,900
Profit/(Loss) Before Tax	(1,841,848,856)	(914,726,326)	(4,119,070,070)	(884,100,198)	(777,129,222)
Income Tax Expense	(151,479,865)	256,440,066	498,073,706	(316,614,638)	(181,629,483)
Profit/ (Loss) for the Year from Continuing Operations	(1,690,368,991)	(658,286,260)	(3,620,996,364)	(1,200,714,836)	(958,758,705)
Profit/ (Loss) after Tax for the Year from Discontinued Operations	-	-	(361,476,582)	3,439,245,039	-
Attributable To:					
Equity Holders	(1,719,845,797)	(685,532,741)	(4,077,068,060)	2,221,678,891	(975,640,199)
Non-Controlling Interests	29,476,806	27,246,481	94,595,113	16,851,312	16,881,495
	(1,690,368,991)	(658,286,260)	(3,982,472,947)	2,238,530,203	(958,758,705)

Five Year Summary

	2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.	2024 Rs.
Summary of Financial position					
Capital and Reserves					
Stated Capital	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Fair Value Reserve of Financial Assets at FVTOCI	(353,244,862)	(22,730,041)	(21,818,226)	(21,131,814)	(21,475,020)
Revaluation Reserve	863,475,501	804,478,813	7,474,518,723	5,608,274,942	4,955,079,294
Foreign Currency Translation Reserve	1,162,067,867	1,477,139,274	4,293,985,190	462,171,198	526,580,625
Accumulated Losses	(2,335,605,503)	(3,191,949,404)	(7,131,204,812)	(3,184,739,737)	(3,524,140,741)
	336,693,003	66,938,641	5,615,480,877	3,864,574,589	2,936,044,158
Non-Controlling Interests	451,458,703	478,698,502	573,611,713	590,450,806	607,292,513
Total Equity	788,151,706	545,637,143	6,189,092,590	4,455,025,395	3,543,336,671
Assets and Liabilities					
Current Assets	6,643,219,635	8,175,501,661	6,540,287,923	6,003,268,148	8,389,590,770
Current Liabilities	20,816,114,250	23,825,308,918	30,572,403,622	21,862,801,380	22,840,264,273
Net Current Assets	(14,172,894,615)	(15,649,807,257)	(24,032,115,699)	(15,859,533,232)	(14,450,673,503)
Property Plant & Equipment, Right of use assets and Investments Properties	30,137,306,416	30,971,717,795	46,787,272,034	39,666,704,900	36,488,970,284
Other Non Current Assets	91,090,408	10,457,786	18,494,990	19,181,402	18,838,196
Intangible Assets	2,844,473,222	2,888,470,574	4,356,540,849	14,521,639	10,059,009
Non Current Liabilities	17,295,921,339	17,675,201,757	20,941,099,583	19,385,849,313	18,523,857,315
Net Assets	788,151,706	545,637,143	6,189,092,590	4,455,025,395	3,543,336,671

	2020 Rs.	2021 Rs.	2022 Rs.	2023 Rs.	2024 Rs.
Summary of Cash Flows					
Net Cash Flows Generated from/(Used in) Operating Activities	(1,159,481,094)	1,206,579,373	(1,319,198,474)	(1,406,105,644)	537,090,593
Net Cash Flows from/(used in) Investing Activities	(2,696,588,264)	(1,119,156,987)	(193,668,645)	8,209,424,338	(280,264,727)
Net Cash Flows from/(used in) Financing activities	2,148,777,215	(162,135,177)	1,346,557,760	(6,393,502,269)	(1,100,887,035)

	2020	2021	2022	2023	2024
Financial Ratio					
GP Margin	10%	11%	-4%	29%	14%
EBITDA Margin	7%	8%	-2%	30%	16%
NP Margin	-6%	-2%	-17%	10%	-3%
Earnings/(Loss) per Share (Rs.)	(4.44)	(1.77)	(10.54)	5.74	(2.52)
Current Ratio (Times)	0.32	0.34	0.21	0.27	0.37

Real Estate Portfolio

As at 31 March 2024	Land in acres		Building in (Sq.Ft)		No.of Building in	Market Value
Owning company and location	Freehold	Leasehold	Free Hold	Leasehold	each location	Rs.'000
Properties in Colombo						
LAUGFS Gas PLC						
No 112A, Kumarathunga Munidasa Mawatha, Colombo 03	0.25	-	-	-	-	580,000
No 02, Havelock Place, Colombo 05	0.22	-	7,713	-	1	543,000
LAUGFS Property Developers (Pvt) Ltd						
No 101, Maya Avenue, Colombo 06	0.30	-	87,307	-	1	2,694,000
No. 69/2, Maya Avenue, Colombo 06	0.13	-	-	-	-	150,000
Properties outside Colombo						
LAUGFS Gas PLC						
Biyagama Road, Mabima	32	-	47,350	-	23	1,227,000
Biyagama Road, Mabima	1.02	-	-	-	-	82,000
Matara Road, Galupiadda, Galle	0.18	-	680	-	1	89,000
Katuwawala, Borelasgamuwa	-	0.40	9,813	-	1	1,277
LAUGFS Terminals Ltd						
Hambantota international port, Hambantota	-	10	14,600	-	17	1,804,347

Share Information

LAUGFS GAS PLC (VOTING)

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (VOTING)

		31st March 2024		31st March 2023	
		No. of shares	(%)	No. of Shares	(%)
1	LAUGFS HOLDINGS LIMITED	247,980,050	74.024	247,980,050	74.024
2	EMPLOYEES PROVIDENT FUND	57,897,800	17.283	57,897,800	17.283
3	HATTON NATIONAL BANK PLC /ALMAS HOLDINGS (PRIVATE) LIMITED	9,123,613	2.723	7,538,483	2.250
4	HATTON NATIONAL BANK PLC /ALMAS CAPITAL (PRIVATE) LIMITED	2,786,658	0.832	2,826,358	0.844
5	SEYLAN BANK PLC/KARAGODA LOKU GAMAGE UDAYANANDA	1,846,795	0.551	1,000,959	0.299
6	MR. W K H WEGAPITIYA	1,549,416	0.463	1,549,416	0.463
7	ALMAS HOLDINGS (PRIVATE) LIMITED	1,125,638	0.336	2,547,341	0.760
8	MR. U T N DE SILVA	1,077,897	0.322	1,077,897	0.322
9	MR. G Y N MAHINKANDA	661,024	0.197	661,024	0.197
10	MRS. R M SOMAWATHI	514,911	0.154	427,373	0.128
11	MR. H D M P SIRIWARDHANA	370,343	0.111	491,761	0.147
12	MRS. F R BUHARDEEN	346,334	0.103	189,367	0.057
13	MR. R S INGRAM	228,201	0.068	200,500	0.060
14	MR. C N RAJAHMONEY	212,483	0.063	-	-
15	PEOPLE'S LEASING & FINANCE PLC / L P HAPANGAMA	203,999	0.061	50,000	0.015
16	MRS. C N G NARAYANA	162,300	0.048	162,300	0.048
17	PEOPLE'S LEASING & FINANCE PLC / DR. H S D SOYSA & MRS. G SOYSA	154,811	0.046	19,000	0.006
18	SANDWAVE LIMITED	140,745	0.042	-	-
19	SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.042	139,400	0.042
20	PEOPLE'S LEASING & FINANCE PLC / L H L M P HARADASA	136,650	0.041	28,508	0.009
		326,659,068	97.510	324,787,537	96.951
	OTHERS	8,341,018	2.490	10,212,549	3.049
	TOTAL	335,000,086	100.000	335,000,086	100.000

LAUGFS GAS PLC (VOTING) (CONTD.)

SHARE DISTRIBUTION

SHARE HOLDING AS AT 31ST MARCH 2024

From		To	No. of Holders	No. of Shares	%
1	-	1,000	6745	2,222,626	0.66%
1,001	-	10,000	1001	3,020,820	0.90%
10,001	-	100,000	101	2,729,953	0.82%
100,001	-	1,000,000	15	3,638,906	1.09%
Over		1,000,000	8	323,387,781	96.53%
Grand Total			7870	335,000,086	100.00%

CATEGORIES OF SHAREHOLDERS

		Count of Resident	Sum of Share Holding	%
Non Resident	Individuals	33	492,164	0.15%
Non Resident	Institutions	2	143,145	0.04%
Non Resident Total		35	635,309	0.19%
Resident	Individuals	7,704	11,841,389	3.53%
Resident	Institutions	131	322,523,388	96.28%
Resident Total		7,835	334,364,777	99.81%
Grand Total		7,870	335,000,086	100.00%

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2024 - (VOTING)

		No. of Shares	%
1	Mr. W K H Wegapitiya	1,549,416	0.463
2	Mr. U K T N De Silva	1,077,897	0.322
3	Mr. S P P Amaratunge	Nil	Nil
4	Mr. K R Goonesinghe	Nil	Nil
5	Mr. P M B Fernando	100	0.00
6	Mr. R Selvaskandan	Nil	Nil
7	Mr. P Kudabalage – Group CEO	Nil	Nil
8	Mr. W N J Pieries – CEO	Nil	Nil
9	Mr. P N Kurukulasooriya - CEO	Nil	Nil

Share Information

LAUGFS GAS PLC (VOTING) (CONTD.)

SHARE PRICES FOR THE YEAR

Market price per share

		As at 31.03.2024	Date	As at 31.03.2023	Date
1	Highest during the year	Rs.39.90	11.08.2023	Rs.30.50	27.03.2023
2	Lowest during the year	Rs.20.00	23.05.2023	Rs.13.10	06.05.2022
3	As at end of year	Rs.34.50	28.03.2024	Rs.28.50	31.03.2023

	As at 31.03.2024	As at 31.03.2023
Number of Transactions during the year	3,833	4,497
Number of Shares Traded during the year	6,213,296	3,725,744
Value of Shares Traded during the year	Rs. 213,462,914.80	Rs. 84,888,188.30

PUBLIC HOLDING

1. Public Holding percentage - **25.19%**

2. Number of shareholders representing the above percentage - **7,862**

3. The Float adjusted Market Capitalisation - **Rs. 2,911,500,643.50**

The Float adjusted market capitalisation of the Company falls under Option 4 of Rule 7.13.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

LAUGFS GAS PLC (NON VOTING)

TWENTY MAJOR SHAREHOLDERS OF THE COMPANY – (NON VOTING)

		31st March 2024		31st March 2023	
		No. of shares	(%)	No. of Shares	(%)
1	EMPLOYEES PROVIDENT FUND	18,041,300	34.695	18,041,300	34.695
2	HATTON NATIONAL BANK PLC /ALMAS HOLDINGS (PRIVATE) LIMITED	11,992,849	23.063	8,878,227	17.074
3	HATTON NATIONAL BANK PLC /ALMAS CAPITAL (PRIVATE) LIMITED	6,291,119	12.098	6,271,384	12.060
4	BANK OF CEYLON NO. 1 ACCOUNT	1,683,646	3.238	3,420,538	6.578
5	ALMAS HOLDINGS (PRIVATE) LIMITED	1,455,763	2.800	2,411,901	4.638
6	MR. A M WEERASINGHE	1,000,000	1.923	1,000,000	1.923
7	J.B.COCOSHELL (PVT) LTD	715,434	1.376	-	-
8	MRS. C N G NARAYANA	378,800	0.728	378,800	0.728
9	MRS. S D AMARASINGHE	372,400	0.716	372,400	0.716
10	NARATHA VENTURES PRIVATE LIMITED	308,000	0.592	308,000	0.592
11	MR. M I BUHARDEEN	250,806	0.482	92,135	0.177
12	MR. M H M FAWSAN	250,000	0.481	300,000	0.577
13	ACUITY PARTNERS (PVT) LIMITED/ MR. DON JANAKA NISHAN HETTIARACHCHI	250,000	0.481	-	-
14	MR. R S INGRAM	241,156	0.464	220,850	0.425
15	PEOPLE'S LEASING & FINANCE PLC / THAPROBAN PAVILION (PVT) LTD	173,127	0.333	173,127	0.333
16	MR. W L W FERNANDO	159,721	0.307	159,721	0.307
17	PEOPLE'S LEASING & FINANCE PLC / MR. D M P DISANAYAKE	156,632	0.301	156,632	0.301
18	MR. S G H I JAFFERJEE	153,236	0.295	153,236	0.295
19	MRS. N MULJIE	139,217	0.268	139,217	0.268
20	SEYLAN BANK PLC/KARAGODA LOKU GAMAGE UDAYANANDA	135,785	0.261	-	-
		44,148,991	84.902	42,477,468	81.687
	OTHERS	7,851,009	15.098	9,522,532	18.313
	TOTAL	52,000,000	100.000	52,000,000	100.000

Share Information

LAUGFS GAS PLC (NON VOTING) (CONTD.)

SHARE DISTRIBUTION

SHARE HOLDING AS AT 31ST MARCH 2024

From		To	No. of Holders	No. of Shares	%
1	-	1,000	4,946	1,579,051	3.04
1,001	-	10,000	903	2,560,233	4.92
10,001	-	100,000	114	3,014,576	5.80
100,001	-	1,000,000	21	5,381,463	10.35
Over		1,000,000	5	39,464,677	75.89
Grand Total			5,989	52,000,000	100.00

CATEGORIES OF SHAREHOLDERS

		Count of Resident	Sum of Share Holding	%
Non Resident	Individuals	21	358,249	0.69%
Non Resident	Institutions	1	45,000	0.09%
Non Resident Total		22	403,249	0.78%
Resident	Individuals	5,857	9,499,012	18.27%
Resident	Institutions	110	42,097,739	80.96%
Resident Total		5,967	51,596,751	99.22%
Grand Total		5,989	52,000,000	100%

DIRECTORS' AND CEO'S SHAREHOLDING AS AT 31ST MARCH 2024 - (NON VOTING)

		No. of Shares	%
1	Mr W K H Wegapitiya	Nil	Nil
2	Mr U K T N De Silva	Nil	Nil
3	Mr. S P P Amaratunge	Nil	Nil
4	Mr. K R Goonesinghe	Nil	Nil
5	Mr. P M B Fernando	Nil	Nil
6	Mr. R Selvaskandan	Nil	Nil
7	Mr. P Kudabalage – Group CEO	Nil	Nil
8	Mr. W N J Pieries – CEO	Nil	Nil
9	Mr. P N Kurukulasooriya - CEO	Nil	Nil

LAUGFS GAS PLC (NON VOTING) (CONTD.)

SHARE PRICES FOR THE YEAR

Market price per share

		As at 31.03.2024	Date	As at 31.03.2023	Date
1	Highest during the year	Rs.26.80	06.02.2024	Rs.21.50	23.03.2023
2	Lowest during the year	Rs.15.70	26.06.2023	Rs. 9.00	08.12.2022
3	As at end of year	Rs.24.90	28.03.2024	Rs. 18.60	31.03.2023

	As at 31.03.2024	As at 31.03.2023
Number of Transactions during the year	3,296	3,736
Number of Shares Traded during the year	8,805,947	3,897,153
Value of Shares Traded during the year	Rs. 183,547,909.50	Rs. 54,262,870.30

PUBLIC HOLDING

1. Public Holding percentage - **100%**

2. Number of shareholders representing the above percentage - **5,989**

Value Added Statement

For the Year ended 31 March	2024		2023	
	Rs. '000	%	Rs. '000	%
Revenue	31,199,517		22,526,750	
Other Income	302,261		564,151	
	31,501,778		23,090,901	
Cost of Material & Services Provided	(25,014,147)		(14,377,871)	
Value addition	6,487,630	100	8,713,030	100
Distribution of Value Addition				
To Employees				
Salaries & Other Benefits	1,391,473	21	1,523,069	17
To Providers of Funds				
Dividend Paid	-	-	-	-
Interest Cost	4,005,583	62	5,719,297	66
To Government				
As Taxes & Levies	181,629	3	316,615	4
	5,578,685	86	7,558,980	87
To Expansion & Growth				
Depreciation and Amortisation	1,867,704	29	2,354,765	27
Profit After Dividend	(958,759)	(15)	(1,200,715)	(14)
	908,945	14	1,154,050	13
	6,487,630	100	8,713,030	100

Our Reach

LAUGFS GAS

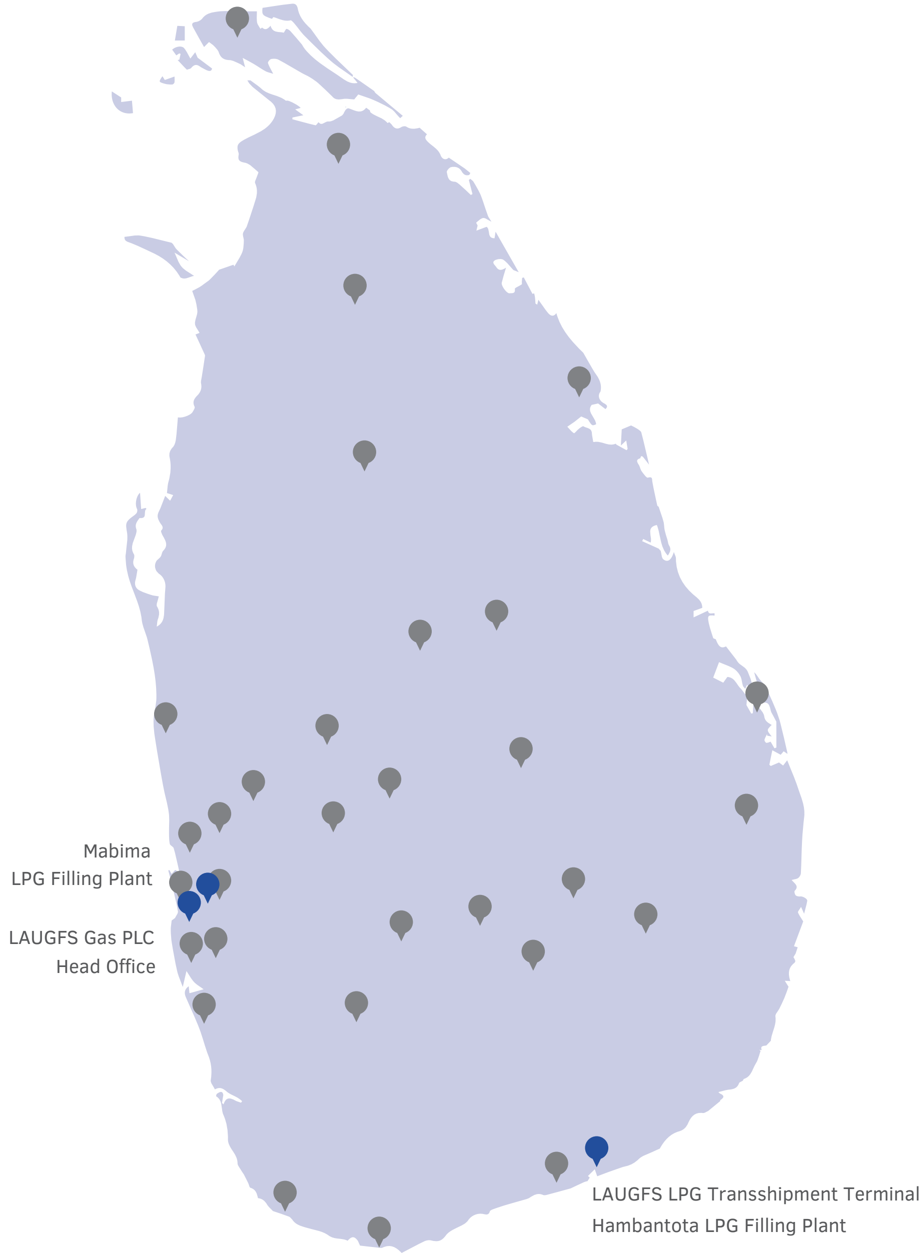
LPG Filling Plants:

Mabima and Hambantota

Distributor Network:

1	Kaluthara
2	Anuradhapura
3	Polonnaruwa
4	Galle
5	Watareka
6	Mawanella
7	Madampe
8	Akkaraipattu
9	Matara
10	Thissamaharama
11	Vavuniya
12	Gampaha
13	Trincomalee
14	Jaffna
15	Dambulla
16	Manikhinna
17	Siyambalape
18	Kurunegala
19	Batticaloa
20	Badulla
21	Monaragala
22	Boralesgamuwa
23	Negombo
24	Nawagamuwa
25	Rathnapura
26	Kilinochchi
27	Kiribathkumbura
28	Nuwaraeliya
29	Mahiyanganaya
30	Kotagala

With a sharp focus in mind, we have strived to expand our coverage, as coverage gives us the edge over our competition...



Notice of Meeting

Notice is hereby given that the 14th Annual General Meeting of the Company will be held by way of electronic means on 17th July 2024 at 10.00 a.m. centered at the LAUGFS Head Office building located at No. 101, Maya Avenue, Colombo 06, Sri Lanka, for the following business:

1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March 2024 with the Report of the Auditors thereon.
2. To re-elect Mr. P.M.B. Fernando who retires by rotation, in terms of Article 81 of the Articles of Association, as a Director of the Company.
3. To re-elect Mr. K.R. Goonesinghe 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 2025 and up to the date of the next Annual General Meeting.
5. 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

12th June 2024

Notes:

Below mentioned documents can be now downloaded via the corporate website https://www.laugfs.lk and the CSE website visit https://www.cse.lk and click on the announcements tab.

a. Notice of Meeting
b. Circular to shareholders
c. Form of Proxy
d. Guideline and Registration Process to join the AGM virtually
e. Registration Form for the AGM
f. Request Form for the printed copy of the Annual Report

- A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above
- Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.
- A proxy need not be a shareholder of the Company.
- For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

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Form of Proxy - Voting

*I/We .... holder of NIC No. ....

of .... being a *Shareholder /Shareholders of LAUGFS Gas PLC, do hereby appoint

.... holder of NIC No. ....

of .... or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. R. Selvaskandan	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr K. R. Goonesinghe	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 17th July 2024 at 10.00 a.m. and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To receive and consider the Annual Report and Financial Statements for the financial year ended 31st March 2024 with the Report of the Auditors thereon.		
2. To re-elect Mr.P.M.B. Fernando who retires by rotation, in terms of Article 81 of the Articles of Association, as a Directors of the Company.		
3. To re-elect Mr. K.R. Goonesinghe who retires by rotation, in terms of Article 81 of the Articles of Association, as a Directors of the Company.		
4. To authorise the Directors to determine and make donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.		
5. 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 Four.

....
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 Registrars, Central Depository Systems (Private) Limited, # Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka or must be emailed to agm_egm_registrars@cse.lk 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
Prof. S. P. P. Amaratunge	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr. R. Selvaskandan	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr K. R. Goonesinghe	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 17th July 2024 at 10.00 a.m and any adjournment thereof and at every poll which may be taken in consequence thereof.

Signed this …………....................................… day of …………………..............................…… Two Thousand and Twenty Four.

....
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 Registrars, Central Depository Systems (Private) Limited, # Ground Floor, M & M Center, 341/5, Kotte Road, Rajagiriya, Sri Lanka or must be emailed to agm_egm_registrars@cse.lk by 48 hours before the AGM.

Corporate Information

GRI 2-1

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 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 Property Developers (Pvt) Ltd

Holding Company of the Head Office building

LAUGFS Terminals Ltd

Provider of LPG storage and transhipment facilities

SLOGAL Energy DMCC

Trading of Liquefied Petroleum Gas and other Petroleum Products

PARENT ENTERPRISE

The Company's holding Company and controlling entity is LAUGFS Holdings Limited, which is incorporated and domiciled in Sri Lanka.

BOARD OF DIRECTORS

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

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

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

Prof. S. P. P. Amaratunge

Mr. R. Selvaskandan

Mr. P. M. B. Fernando

Mr K. R. Goonesinghe

BANKERS

Bank of Ceylon

Commercial Bank of Ceylon PLC

DFCC Bank PLC

Hatton National Bank PLC

Hongkong and Shanghai Banking Corporation

MCB Bank Limited

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Standard Chartered Bank

Union Bank of Colombo PLC

AUDITORS

Ernst & Young (Chartered Accountants)
201, De Saram Place,
Colombo 10, Sri Lanka.

SECRETARIES

Corporate Advisory Services (Pvt) Ltd
47, Alexandra Place,
Colombo 07,
Sri Lanka.

REGISTRARS

Central Depository Systems (Private) Limited
Ground Floor, M & M Center, 341/5,
Kotte Road, Rajagiriya.
Sri Lanka

REGISTERED OFFICE

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 55 77 824

CORPORATE WEBSITE

www.laugfsgas.lk

LAUGFS Gas PLC

101, Maya Avenue,
Colombo 06, Sri Lanka.
Telephone: (011) 55 66 222
Fax: (011) 55 77 824