LAUGFS ECO SRI LIMITED | ANNUAL REPORT 2023/24

DRIVING
FORWARD

LAUGFS ECO SRI

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FORWARD

Our focus on driving forward reflects our dedication to staying at the forefront of emission testing technologies, ensuring that our services not only meet current standards but anticipate and exceed future regulatory requirements. This report delves into not just our past achievements, but also serves as a roadmap for the exciting paths that lie ahead, as we continue to lead the way in shaping the landscape of vehicle emission testing. Our team's dedication to staying ahead of the curve is not just a corporate goal but a collective commitment to influencing positive change in the automotive sector.

In the face of global environmental challenges, our company is proud to be a driving force which forges partnerships that amplify our impact, steering the industry towards a future where clean, efficient, and sustainable transportation is the norm.

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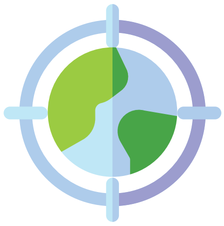
Scan the QR code to access LAUGFS Eco Sri Limited Annual Report 2023/24 online

Vision & Mission

To be the most preferred and trusted Sri Lankan conglomerate that touches the day-to-day lives of people in Sri Lanka and beyond, through a diverse range of businesses that extends across transnational borders



- Be the leader in the market segments we operate in.
- Introduce latest innovations, technology & 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 a responsible corporate entity.
- Foster a culture of one ‘LAUGFS family’.

Financial Highlights

In 2023, the Gross Profit reached Rs. 865,427,084, demonstrating solid profitability despite a revenue decrease. This underscores the company's adeptness at controlling operation costs and sustaining a competitive gross profit margin, thus bolstering its financial stability. This figure rose to Rs. 1,063,927,152 in 2024, marking a notable increase over the previous year.

Revenue

Rs. 2,087 Mn

Profit After Tax

Rs. 423 Mn

Revenue Growth

19%

Rs. 2.1Bn
Total Assets

Rs. 1.2Bn
Net Assets

Rs. 551Mn
Operating Profit

11%
Profit Growth

13%
Operating Profit Growth

Rs. 1.09
Earnings Per Share

3.29
Net Assets Per Share

About Us

LAUGFS Eco Sri Limited, a wholly owned subsidiary of LAUGFS Holdings, is dedicated to combating air pollution in Sri Lanka through its comprehensive Vehicle Emission Testing (VET) services. Established in 2008 in partnership with the Department of Motor Traffic (DMT), LAUGFS Eco Sri has expanded its reach to over 237 customer service points across the nation, playing a crucial role in ensuring cleaner air for all.

Advanced Facilities and Skilled Personnel

LAUGFS Eco Sri's VET centers are equipped with the latest technology and staffed by highly trained professionals. These facilities rigorously test and certify vehicles to meet stringent environmental standards, effectively reducing harmful emissions. By ensuring vehicle emissions stay within regulated limits, LAUGFS Eco Sri helps to protect the environment and public health.

Customer-Centric Service

Customer satisfaction is paramount at LAUGFS Eco Sri. The company is renowned for its reliability, superior service quality, and technological expertise, and is ISO 9001 certified, reflecting its commitment to high service standards. Staff at all levels, from technical experts to customer service representatives, undergo continuous training in both technical and soft skills to provide excellent support. The large network of centers is managed regionally, ensuring that customers receive assistance in their local language and at their convenience. A dedicated call center offers prompt responses to queries, issues, and complaints. Moreover, the service team provides detailed guidance on corrective actions for vehicles that fail emission tests, helping customers achieve compliance.

Strong Team Spirit

The success of LAUGFS Eco Sri is driven by its dedicated teams at each testing center. These teams are experienced in delivering excellent service and undergo regular training and knowledge enhancement programs to maintain high standards of service delivery and technical expertise. The company's strict recruitment policy requires National Vocational Qualification (NVQ) in Automobile Level 3 as a minimum for entry-level positions, ensuring a highly skilled workforce. This policy ensures that the skill levels of employees are above average, contributing to the company's reputation for quality service.

Investment in Advanced Technology

Since its inception, LAUGFS Eco Sri has made significant investments in advanced emission testing technologies, including Class Zero technology from Europe. This technology enhances the accuracy and efficiency of the testing process. Real-time connectivity and troubleshooting systems enable simultaneous data access and support across all centers during emission tests. An automated in-house vehicle identification system further enhances the reliability and efficiency of the service.

State-of-the-Art Testing Equipment

All LAUGFS Eco Sri testing centers are equipped with cutting-edge technology sourced from Italy, compliant with DMT and the Department of Measurement Units, Standards & Services (MUSSD) standards. Multifunctional exhaust gas analysers and infrared analysers are

used to test cars and motorcycles, while smoke meters measure emissions from diesel vehicles. Regular upgrades and maintenance, monitored through an effective system, ensure optimal equipment performance. This commitment to using state-of-the-art technology and maintaining high standards ensures that all testing procedures are accurate and reliable.

Commitment to Innovation and Improvement

LAUGFS Eco Sri is committed to continuous improvement and innovation of its services. The company actively explores new industry trends and technologies to enhance the efficiency and quality of its testing procedures. This proactive approach ensures that LAUGFS Eco Sri remains at the forefront of the vehicle emission testing industry, continually improving its services to achieve its vision of cleaner air for all.

In conclusion, LAUGFS Eco Sri Limited provides a vital service to control air pollution in Sri Lanka through efficient vehicle emission testing. With its advanced facilities, skilled personnel, customer-centric approach, and investment in cutting-edge technology, the company plays a significant role in ensuring cleaner air and a healthier environment for all.

Chairman's Review

"In 2024, Revenue from Contracts with Customers surged to Rs.2,086,746,515 from Rs. 1,754,986,548 in the previous period, indicating enhanced revenue generation capability."

Dear Shareholders,

I am delighted to present to you the Annual Report and Audited Financial Statement of LAUGFS Eco Sri Limited for the fiscal year ending on 31st March 2024. Despite an unsteady economic environment experienced during this period I am pleased to report that LAUGFS Eco Sri has demonstrated resilience and achieved a satisfactory performance through careful management and strategic decision-making.

Net Profit Margin

20%

Rs. 423 Mn

Profit After Tax

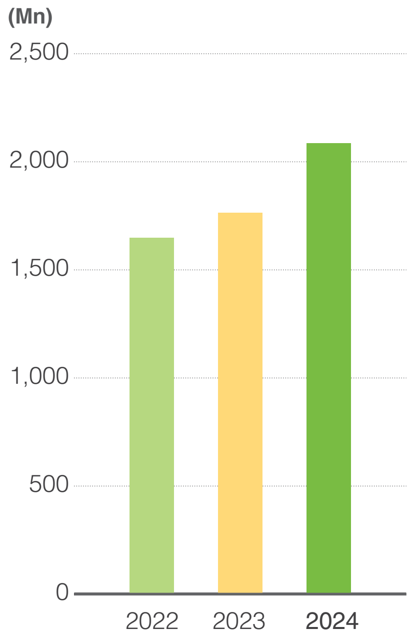
Operating Environment

In 2023, against the backdrop of Sri Lanka's commendable strides towards economic recovery following its severest crisis since independence, vehicle registrations witnessed a decline to 27,890. This decline occurred within the context of a challenging economic environment characterized by a forex crunch, high interest rates, and soaring inflation. These economic challenges have not only led to shrinking disposable incomes but have also diminished the priority placed on vehicle emission testing, impacting the operations of companies like LAUGFS Eco Sri.

The adverse economic conditions have further manifested in delays in revenue license renewal for vehicle owners, compounded by an import ban on vehicles that has hindered the growth prospects of the company. However, amidst these challenges, LAUGFS Eco Sri implemented a strategic price increase for vehicle emission testing in the previous year, which resulted in a commendable 6% revenue increase.

Despite the formidable headwinds posed by economic uncertainties and market volatility, LAUGFS Eco Sri remains resolute in its commitment to expanding business volumes and enhancing operational efficiencies. This commitment is further underscored by the company's partnership with the Department of Motor Traffic, facilitating regulated vehicle emission testing in Sri Lanka.

Turnover



Moreover, while Sri Lanka's economy shows promising signs of recovery compared to the 7.8% GDP contraction in 2022, it remains susceptible to both internal and external risks and shocks. Successful conclusion of External Debt Restructuring (EDR) and adherence to commitments under the IMF program are paramount for sustaining economic growth and investor confidence.

Additionally, notwithstanding a deceleration in headline inflation to 1.3% in September 2023, supply-side factors such as upward revisions to electricity tariffs and increased food prices have contributed to inflation accelerating to 4.0% by December 2023. However, the decline in overall lending and market interest rates observed during 2023 provides a ray of hope for economic stability and recovery.

Performance

During the review period, the company's performance showcased a mixed outcome, revealing strengths alongside areas for improvement across various financial metrics.

In 2024, Revenue from Contracts with Customers surged to Rs. 2,086,746,515 from Rs.1,754,986,548 in the previous period, indicating enhanced revenue generation capability. However, a thorough analysis of underlying factors driving these changes is essential to ensure sustainable expansion in customer contracts.

In 2023, the Gross Profit reached Rs. 865,427,084, demonstrating solid profitability despite a revenue decrease. This underscores the company's adeptness in controlling operation costs and sustaining a competitive gross profit margin, thus bolstering its financial stability. This figure rose to Rs.1,063,927,152 in 2024, marking a notable increase over the previous year.

The company's Other Operating Income in 2024 amounted to Rs.4,307,906, contributing to revenue alongside achieving a Profit Before Tax of Rs. 514,977,524 and a Profit after Tax of Rs. 422,901,907. These figures reflect a commitment to diversifying income sources and maintaining financial strength.

In contrast, in 2023, Other Operating Income was higher at Rs. 8,148,833, yet Profit Before Tax was slightly lower at Rs. 493,274,123. Despite revenue challenges, effective cost management led to robust profitability.

Chairman's Review

After accounting for tax obligations, the company achieved a Profit After Tax of Rs. 381,781,683 in 2023, signalling its capability to sustain profits amidst market fluctuations.

In summary, while the company demonstrated significant growth in revenue and profitability in 2024, there's a need for continued analysis and strategic adjustments to ensure sustained growth and financial stability.

People-Centric Approach

LAUGFS Eco Sri exemplifies a people-centric approach in its operations, embodying a corporate culture that prioritizes the wellbeing and development of its employees, customers, and communities alike.

The company recognizes that its employees are its most valuable asset and invests in their wellbeing through various initiatives. This includes providing a safe and inclusive work environment, offering training and development opportunities for skill enhancement, and implementing policies that promote work-life balance and employee satisfaction.

LAUGFS Eco Sri is committed to delivering exceptional customer experiences by understanding and addressing the unique needs and preferences of its customers. Through responsive customer service, personalized solutions, and continuous feedback mechanisms, the company ensures that customers feel valued and supported throughout their interactions with the brand.

Beyond its business operations, LAUGFS Eco Sri actively engages with local communities to create positive social impact. This includes initiatives such as environmental conservation projects, educational programs, and partnerships with nonprofit organizations to address community needs and contribute to sustainable development.

LAUGFS Eco Sri recognizes the importance of collaboration with stakeholders, including government agencies, regulatory bodies, industry partners, and suppliers. By fostering open communication, transparency, and mutually beneficial relationships, the company ensures alignment of interests and collective efforts towards shared goals.

At the heart of LAUGFS Eco Sri's people-centric approach is a commitment to continuous improvement. The company values feedback from its stakeholders and uses it to drive innovation, enhance processes, and adapt to changing market dynamics, thereby fostering a culture of learning and growth.

Overall, LAUGFS Eco Sri's people-centric approach is not just a business strategy but a reflection of its core values and commitment to creating positive impact for all stakeholders involved. By putting people first, the company aims to build enduring relationships, foster sustainable growth, and contribute to the wellbeing of society as a whole.

Future Outlook

LAUGFS Eco Sri maintains unwavering dedication to its sustainability-driven mission of testing vehicle emissions to combat air pollution's adverse effects on society and the environment. We persistently advocate for authorities to promote timely acquisition of vehicle emissions testing certificates among motorists, recognizing the pivotal role such measures play in environmental protection. Additionally, we express optimism for potential relaxation of the import ban on new vehicles, crucial for sustaining numerous livelihoods reliant on the industry.

Moving forward, we intend to explore avenues for expanding our operational scope to include emissions testing within the industrial sector, thereby further reducing Sri Lanka's carbon footprint. Anchored on pillars of innovation, technology, and sustainability, we remain steadfast in our commitment to competitiveness and future growth.

Appreciations

The guidance and advice from fellow Directors on the Board proved to be invaluable during the past year. The dedication and hard work of the senior management and entire staff deserve commendation for their unwavering commitment in navigating through challenging times.

I extend my heartfelt gratitude to our loyal customers for entrusting us with their vehicle testing needs and for their continued support in patronizing our testing centers. Additionally, I express my appreciation to our shareholders for their steadfast support towards LAUGFS Eco Sri's sustainable initiatives.

I would also like to acknowledge the cooperation extended by the officials at the Department of Motor Traffic and the Ministry of Transport throughout the year. Their collaboration has been instrumental in our efforts to uphold regulatory standards and ensure the smooth operation of our services.

As the World Health Organization (WHO) identifies air pollution as a global public health emergency, our commitment to mitigating this threat remains unwavering. We are dedicated to ensuring a sustainable future by addressing the serious impacts of air pollution on human health.

Deshabandu
W.K.H. Wegapitiya, PhD
Chairman

25 July 2024

Deputy Chairman's Review

"The dedication of our employees is deeply rooted in the sustainable principles that underpin our business. They find purpose and pride in being active participants in the nation's collective endeavour to combat air pollution and address climate change,"

Dear Shareholders,

In 2023, Sri Lanka faced a challenging macroeconomic environment, marked by difficulties in achieving robust growth and managing inflationary pressures. Despite these economic headwinds, LAUGFS Eco Sri, a leading player in environmental sustainability, exhibited resilience in the country's vehicle emission testing sector, remaining steadfast in its commitment to promoting a cleaner environment through its Vehicle Emission Testing (VET) programme.

Operating Profit Margin

26%

Rs. 551 Mn

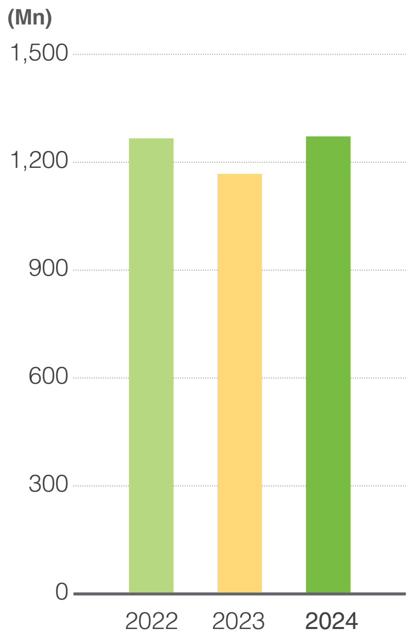
Operating Profit

External Conditions

The fiscal deficit expanded due to rising interest payments, while import constraints and subdued demand led to a contraction in the trade deficit. Additionally, the Sri Lankan Rupee appreciated by 11% against the US Dollar between January and August 2023, indicating greater stability compared to the significant depreciation observed in 2022. The local economy contracted by 7.9% in the first half of 2023. Inflation peaked at 69.8% in September 2022 but stabilized at 4% by August 2023 due to decreased demand. In efforts to promote economic stability and growth, the Central Bank of Sri Lanka implemented various changes to policy rates throughout the year, with the most recent revision occurring in November 2023.

After a decline last year, the local automotive industry experienced an upsurge in new vehicle registrations, with numbers rising from 20,510 in 2022 to 27,890 in the reporting year, following 33,850 registrations in 2021. The vehicle import ban continued in 2023, causing a drop in registration of cars from 1,489 in 2022 to 1,376 in 2023, while motorcycle registration increased from 9,060 in 2022 to 12,518 in 2023. This is a clear indicator of the shift which is occurring in the economic landscape due to prevailing pressures on household income. The fuel shortage and mile-long queues at fuel stations which were evident in the previous year had a ripple effect, leading to a continued

Net Assets



decline in the number of vehicles registering for emission testing in the year under review. Many vehicle owners were obviously deferring registration of vehicles due to the tightening of purse strings. Currently, vehicle emission testing services are carried out at the company's 95 fixed testing centers and 142 mobile centers serviced by 42 mobile service units, situated around Sri Lanka.

The Importance of Emission Testing

Air quality in Sri Lanka is significantly influenced by various factors, including vehicle emissions, organic waste burning, agricultural industry by-products, and petroleum refining. Notably, Colombo frequently grapples with heightened levels of air pollution. In common with many Asian countries, outdated vehicles pose a challenge as they often fail to meet current emission control regulations. Despite the availability of a public transport system, many individuals prefer the convenience of using their own vehicles for daily commuting. The country also boasts a 1500-kilometer rail system and three deep-water ports, with a fourth one recently constructed in Hambantota. Recent data reveals a surge in air pollution across most parts of the country, excluding the south, encompassing regions like Colombo, Kandy, Puttalam, Vavuniya, and Jaffna. The impact of COVID-19 prompted various restrictions in Sri Lanka, yet environmentalists express concern over the escalating air pollution rates, despite expectations of a reduction due to decreased traffic. Reports attribute the worsening air quality to prevailing windy conditions in Sri Lanka's surrounding areas and potential pollution influx from neighbouring India. Air pollution, comprising both indoor and outdoor sources, remains a significant environmental health hazard affecting millions globally, with particulate matter like PM2.5 posing the most severe risk. Other ambient pollutants include ground-level ozone, carbon monoxide, sulphur oxides, nitrogen oxides, and lead. Additionally, indoor pollutants, such as environmental tobacco smoke, formaldehyde, and polycyclic organic matter, contribute to the overall air quality challenge.

Deputy Chairman's Review

The government has implemented several key measures to address air quality. This includes the inauguration of the National Policy on Urban Air Quality Management in 2000 and the prohibition of leaded gasoline in June 2002. Additionally, low-sulfur diesel was introduced in January 2003, and a complete ban on the importation of two-stroke Three-Wheelers was enforced in 2008. Furthermore, vehicle emission testing project was established in 2008. Permissible ambient air quality levels for selected pollutants were enacted under the National Environmental (Ambient Air Quality) Regulations of 1994. Amendments to air quality standards, including those for PM10 and PM2.5, were made in August 2008 following the publication of WHO air quality guidelines in 2005. Despite these efforts, Colombo only has one ground-level monitoring station, located at the Fort, leading to concerns about data accuracy. Criticism has been voiced regarding the station's location near the ocean, potentially affecting pollutant measurements. Moreover, very high pollutant levels are observed during the northeast monsoon period, with carbon monoxide and ozone relatively low compared to other pollutants. There are calls for establishing additional monitoring stations or relocating the current one to achieve more accurate data, especially considering the growth of newly established factories and power plants located several kilometers away from the monitoring site.

Our People

The dedication of our employees is deeply rooted in the sustainable principles that underpin our business. They find purpose and pride in being active participants in the nation's collective endeavour to combat air pollution and address climate change, aligning their efforts with the UN Sustainable Development Goals. Despite the significant challenges posed by external factors, our team continues to demonstrate remarkable resilience and determination, going above and beyond to ensure the company's profitability in the face of adversity. In return, we remain steadfast in our commitment to prioritizing the well-being and welfare of our valued employees, recognizing their invaluable contributions to our shared mission.

Acknowledgements

I would like to express my sincere gratitude to the Chairman and the esteemed Board of Directors for their steadfast commitment and visionary leadership throughout the past year. Their guidance and strategic direction have been instrumental in navigating our company through the myriad challenges we encountered.

I am continually inspired by the agility and dedication demonstrated by our exceptional staff. In the face of adversity, they have displayed resilience, innovation, and an unwavering commitment to excellence. Their hard work and dedication have not gone unnoticed, and they deserve the highest commendation for their efforts.

I extend my heartfelt thanks to our loyal customers, valued business partners, and the dedicated officials of the Department of Motor Traffic for their unwavering support. Your trust and collaboration have been integral to our success, and we are truly grateful for your ongoing partnership.

Finally, I wish to express my sincere appreciation to our shareholders for their confidence and trust in our company. Your support fuels our determination to overcome challenges and pursue new opportunities with optimism and resilience. Together, we look forward to a future filled with continued growth, success, and shared achievements.

U.K.Thilak De Silva
Deputy Chairman

25 July 2024

Group Managing Director/Group Chief Executive Officer's Review

> Gross Profit saw a significant improvement, climbing to Rs. 1,063,927,152, which reflects the effectiveness of the company's cost management strategies.

Dear Shareholders,

In 2023, the Sri Lankan economy continued to face significant challenges stemming from the previous year's economic and political turmoil. Despite efforts to stabilize the situation, macroeconomic instability persisted, characterized by sluggish growth and volatile market conditions. The country grappled with currency shortages, fuel scarcity, and a challenging business environment, hindering investment and economic activity. Despite these obstacles, there were pockets of resilience as businesses sought to adapt and capitalize on emerging opportunities. However, overall, the economy remained fragile, requiring sustained efforts to restore stability and foster sustainable growth.

Earning Per Share

Rs.1.09

11%
EPS Growth

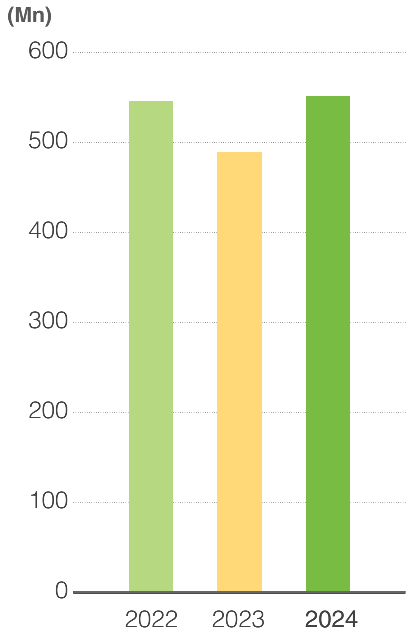
Industry Conditions

The local automotive industry rebounded from last year's decline, with new vehicle registrations rising from 20,510 in 2022 to 27,890 in the current year, after having reached 33,850 in 2021. High taxes and import duties on vehicles pose a substantial barrier for consumers, limiting their capacity to buy new cars and dissuading international investors from engaging in the market. Additionally, the country's constrained infrastructure and inadequate road network exacerbate these issues, leading to traffic congestion and deteriorating road conditions, which not only shorten vehicle lifespan but also increase maintenance costs. Furthermore, the automotive industry contends with a shortage of skilled labour and training programs, resulting in substandard maintenance and repairs by mechanics lacking necessary expertise. Moreover, fierce competition from the informal sector and the second-hand car market undermines the viability of legitimate businesses. Despite government efforts, such as tax incentives for electric vehicles and investments in road construction and mechanic education, persistent concerns remain regarding regulations like high taxation and import duties, which some argue hinder industry expansion and affordability for consumers.

Financial Performance

During the review period, the company experienced a mixed bag of results. While Revenue surged, reaching an impressive Rs.2,086,746,515, there's a vital need to delve into the factors propelling this growth to ensure it's sustainable. On the positive side, Gross Profit saw a significant improvement, climbing to Rs.1,063,927,152 which reflects the

Operating Profit



effectiveness of the company's cost management strategies. Additionally, the contribution of Other Operating Income to revenue bolstered the bottom line, resulting in a healthy Profit Before Tax of Rs.514,977,523 and Profit after Tax of Rs. 422,901,907.

Despite these positive outcomes, it's essential for the company to continue conducting thorough analyses and making necessary adjustments to ensure sustained growth and financial stability. By understanding the driving forces behind the revenue increase and maintaining effective cost management practices, the company can navigate future challenges and capitalize on opportunities for further expansion and success.

Forward Stratergy

As part of its strategic vision for the future, the company is undertaking several initiatives to drive growth and enhance service offerings. Among these initiatives is the deliberate relocation of existing VET centers to strategic new locations, a move aimed at optimizing accessibility and market reach. Furthermore, the company plans to embark on a comprehensive rebranding effort for key selected centers, aligning them more closely with evolving customer preferences and market trends. Concurrently, efforts will be made to upgrade facilities at both fixed and mobile locations, ensuring that customers receive top-notch service experiences across the board.

In line with the company's commitment to transparency and customer empowerment, a new initiative will provide customers with detailed insights into the history of their vehicles, fostering trust and accountability.

To fortify its position in the corporate vehicle market segment, the company will focus on expanding its fleet and implementing targeted retention strategies to nurture long-term relationships with clients. As part of its customer engagement strategy, clients stay informed through frequent SMS notifications and corporate fleets receive special recognition for their loyalty through exclusive benefits.

Recognizing the pivotal role of skilled labor in ensuring service excellence, the company will roll out educational programs for garage owners, equipping them with the latest industry knowledge and best practices. Moreover, the introduction of electronic receipts and certificates will streamline administrative processes, enhancing efficiency and convenience for both customers and staff. Additionally, the implementation of tablet-based systems and automated processes will further optimize operational workflows, driving productivity and cost savings.

Group Managing Director/ Group Chief Executive Officer's Review

Lastly, in a bid to enhance security measures while reducing operational overheads, the company will deploy CCTV surveillance systems across its facilities. This comprehensive approach to security management underscores the company's commitment to safeguarding assets and ensuring a safe environment for both employees and customers.

Collectively, these initiatives represent a proactive approach to future-proofing the company's operations, fostering sustainable growth, and delivering unparalleled value to its stakeholders.

In addition to the aforementioned initiatives, the company is also actively involved in the Kenyan VET Project, a strategic endeavor aimed at expanding its footprint and impact in the African market. Project ECOLINK is a key initiative aimed at expanding Eco Sri's revenue streams and enhancing organizational synergy by introducing the issuance of Third Party Motor Insurance and E-Revenue License at emission testing centers.

To further enhance operational efficiency and customer experience, the company plans to invest in improving testing software, particularly focusing on the automation of VET centers. This technological advancement will streamline processes, reduce waiting times, and ensure greater accuracy in vehicle assessments.

Recognizing the growing demand for eco-friendly transportation solutions, the company is exploring the introduction of converting petrol three-wheelers to electric (EVs) and establishing charging points to support their adoption. This initiative aligns with the company's commitment to sustainability and innovation, while also tapping into emerging market trends.

In line with efforts to expand service offerings, the company is also exploring the potential for conducting roadworthiness tests, leveraging its expertise and infrastructure to provide comprehensive vehicle assessment services. This initiative not only enhances customer convenience but also positions the company as a trusted authority in vehicle safety and compliance.

Furthermore, the company aims to capitalize on indoor and outdoor advertising spaces within emission test premises, with a particular focus on targeting insurance and leasing companies. This strategic approach not only enhances revenue opportunities but also strengthens partnerships and collaboration within the automotive ecosystem.

Collectively, these initiatives underscore the company's forward-thinking approach and commitment to driving innovation, sustainability, and growth across its operations. By leveraging technology, strategic partnerships, and market insights, the company is poised to unlock new opportunities and create value for its stakeholders in the evolving automotive landscape.

Acknowledgments

I am deeply grateful and would like to extend my heartfelt appreciation to the Chairman, Deputy Chairman, and esteemed Directors on the Board for their unwavering guidance and support. Their insightful leadership has been instrumental in steering the company toward success. I also commend the senior management and dedicated staff of the Company, whose exceptional commitment and hard work have been pivotal in achieving our collective goals. Their dedication and passion for excellence are truly commendable.

I would also like to express my sincere thanks to our shareholders for their continued trust and confidence in the company's vision and mission. Your steadfast support fuels our determination to excel and innovate in the pursuit of sustainable growth.

Furthermore, I wish to acknowledge the invaluable cooperation and

assistance extended by the officials at the Department of Motor Traffic. Their collaboration has been instrumental in facilitating our operations and ensuring regulatory compliance.

As we continue our journey, LAUGFS Eco Sri remains steadfast in its commitment to its sustainable vision. We are dedicated to creating a cleaner environment and providing healthier air for each and every citizen in Sri Lanka. With the collective efforts of our stakeholders and partners, I am confident that we will continue to make significant strides towards achieving our shared objectives.

P. Kudabalage
Group Managing Director/ Group Chief Executive Officer

25 July 2024

Board of Directors

Deshabandu W.K.H Wegapitiya, PhD

Chairman

Mr. U.K. Thilak De Silva

Deputy Chairman

Mr. P. Kudabalage

Group Managing Director/GCEO

Mr. P. M. B. Fernando

Independent Non-Executive Director

Mr. H. L. S. V. E. Silva

Independent Non-Executive Director

DESHABANDU W.K.H. WEGAPITIYA, PhD

Non-Executive 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 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 Jayawardenapura.

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 his 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. U. K. THILAK DE SILVA

Non-Executive 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 ground breaking initiative of "LAUGFS" to convert the vehicles driven by traditional fuels into LPG driven ones. This initiative proved to be the turning point that laid the foundation for the creation of a massive business conglomerate, and the rest is history.

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

Board of Directors

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. 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. 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 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.

MR. H. L. S. V. E. SILVA

Independent Non-Executive Director

Mr. H. L.V. S. E. Silva is an Attorney-at-Law of the Supreme Court of the Democratic Socialist Republic of Sri Lanka having more than 25 years practice. He is also a Notary Public,a qualified registered Company Secretary, and holds a Bachelor of Law Degree (LL.B). He served as the Inspector of Companies at the Department of Registrar of Companies of Sri Lanka from 1988 to 2004, and as the General Manager/ Director of Ceylinco Lexcon Services (Py) Ltd from 2005 to 2009. Mr. Silva has served as the Company Secretary to the Board of various companies Including Paranthan Chemicals Company Ltd, National Paper Company Ltd, Ceylon Ceramic Corporation and has served as Consultant to companies Including LAUGFS Holdings Limited, ECD Group of Companies, International Organization for Migration (IOM) and the Association of Small & Medium Enterprise in Tourism of Sri Lanka (ASMET).

Mr. Silva is a member of Audit Committee and Related Party Transaction Review Committee.

Management Discussion and Analysis

Since its inception in 2008, LAUGFS Eco Sri has been dedicated to fostering a cleaner environment through its Vehicle Emission Testing (VET) program, carried out in collaboration with the Department of Motor Traffic (DMT). Initially launching with just 19 testing centers in the Western Province, the initiative has significantly expanded, now boasting 237 customer touch-points across all provinces of the country.

Macroeconomic Backdrop

In 2023, Sri Lanka's macroeconomic landscape was shaped by a variety of factors influencing its economic performance. Despite efforts to stimulate growth, the country continued to face challenges in achieving robust expansion while grappling with inflationary pressures. Fiscal policy decisions, including taxation and public spending measures, played a crucial role in addressing fiscal deficits and managing public debt levels. The Central Bank of Sri Lanka's monetary policy stance, particularly regarding interest rates and liquidity management, influenced inflation dynamics and exchange rate stability.

External factors, such as global commodity prices and international trade conditions, also exerted significant influence on the economy. Structural reforms aimed at enhancing productivity and improving the business environment remained key priorities for sustainable economic growth. Social and political stability remained important considerations, impacting investor confidence and overall economic sentiment. Accessing external financing and managing debt levels were critical for sustaining economic stability and meeting external obligations.

This backdrop had several implications for the vehicle emission testing sector. Economic challenges, such as sluggish growth and inflationary pressures, influenced consumer behavior and spending patterns. In such a scenario, individuals prioritized essential expenditures over optional ones, potentially affecting demand for services like vehicle emission testing. Additionally, fiscal policy decisions and government priorities impacted funding and support for environmental initiatives, including emission testing programs.

Changes in interest rates and liquidity conditions, driven by monetary policy, had a direct effect on business investment and operational costs for testing centers. External economic factors, such as fluctuations in exchange rates and global commodity prices, also influenced the cost of equipment and inputs necessary for emission testing operations. Overall, the sector's performance and growth prospects may have been shaped by the broader economic conditions prevailing in Sri Lanka.

Commitment to Sustainability

In 2023, the Company remains steadfast in its commitment to monitoring vehicle emissions through comprehensive testing services and advancing its plan to bolster air quality monitoring in major cities nationwide. With an unyielding dedication to fostering cleaner air, the Company actively advocates for stringent vehicle emission standards and conducts thorough inspections and testing procedures. Through ongoing public education via social media channels, the Company strives to enlighten individuals about the importance of maintaining vehicle emissions and the adverse effects of air pollution.

Air pollution continues to pose a significant environmental risk to the health of Sri Lankans, with emissions from vehicle exhausts and street dust suspensions contributing to a hazardous mixture of pollutants. Urban residents, particularly, face heightened risks of respiratory illnesses due to prolonged exposure to these emissions. Sri Lanka's commitment to international conventions on environmental pollution underscores the urgency of effective vehicle emission management in combating air pollution.

Accoring to IQAir Sri Lanka's global ranking in air pollution stands at 49 out of 134 countries in 2023, reflecting its position amidst the complex landscape of environmental challenges. Despite being an island nation known for its natural beauty, Sri Lanka grapples with significant air pollution issues, particularly in urban centers. The latest data from IQAir for 2023 reveals a concerning trend: the 2023 average PM 2.5 concentration in Sri Lanka stands at 3.9 times the WHO annual air quality guideline value. This stark statistic underscores the urgent need for concerted efforts to address air pollution in the country. Emissions from vehicles, industrial activities, and other sources contribute to elevated levels of pollutants in the air, posing risks to public health and the environment. While efforts are underway to address these concerns through regulatory measures and environmental initiatives, continued vigilance and collaborative action remain essential to improving air quality and safeguarding the well-being of Sri Lankans.

Despite these challenges, LAUGFS Eco Sri remains resolute in its mission to deliver cleaner air for all citizens. By actively raising awareness about the importance of vehicle emissions testing and providing exemplary customer service, LAUGFS Eco Sri continues to play a pivotal role in mitigating air pollution and advancing its vision of a healthier environment for future generations.

Challenges in the Local Automotive Industry

The Sri Lankan automotive industry, facing a challenging economic climate, experienced an upsurge in new vehicle registrations in the reporting year, reaching 27,890, following a decline from 33,850 in 2021 to 20,510 in 2022, reflecting a partial recovery amid ongoing market uncertainties. High taxes and import duties on vehicles present a significant hurdle for consumers, impeding their ability to purchase new cars and deterring international investors from entering the market.

Furthermore, the country's limited infrastructure and inadequate road network compound these issues, fostering traffic congestion and deteriorating road conditions that not only shorten vehicle lifespan but also escalate maintenance costs. The automotive sector also grapples with a shortage of skilled labour and training programs, resulting in subpar maintenance and repairs conducted by mechanics lacking requisite expertise. Additionally, stiff competition from the informal sector and the second-hand car market undermines the viability of legitimate businesses. Despite government initiatives like tax breaks for electric vehicles and investments in road construction and mechanic education programs, ongoing concerns persist regarding regulations such as high taxation and import duties, which some argue impede industry growth and affordability for consumers.

Our Strategy

Despite encountering challenging market conditions, the Company persisted in its commitment to enhancing customer service throughout the year, building upon the success of initiatives implemented in the previous year. The introduction of the Online Booking System, initiated in the prior year, continued to be successfully integrated into operations, further improving the customer experience and reducing waiting times. Furthermore, mobile units were strategically relocated to areas with higher profit potential, optimizing service delivery and expanding the Company's reach. In response to the prevailing high inflation, rigorous cost management controls were implemented to ensure operational efficiency. Additionally, efforts to strengthen brand visibility persisted, with a focus on leveraging social media and digital platforms to highlight the importance of vehicle emission testing for cleaner air and the associated health benefits. Concurrently, training and development initiatives were maintained to continually enhance the technical skills of employees and elevate overall service delivery standards.

Future Outlook

As per the Agreement entered on 26th July 2007 between LAUGFS Eco Sri Limited (LESL) and Commissioner General of Motor Traffic (CGMT), LESL is entitled to provide five-year (05) period of initial operation from the date of "Notice to Proceed". CGMT has issued "Notice to Proceed" with effect from 1st January 2023.

In this backdrop LAUGFS Eco Sri is gearing up to extend its reach beyond Sri Lanka's borders, eyeing opportunities in foreign markets as part of its strategic expansion. Positioned at the forefront of providing cleaner air through efficient services, the Company anticipates opportunities in several regional markets those seek vehicle emissions testing. Through these strategies LAUGFS Eco Sri foresees a rebound in demand for its services. Moreover, the Company is ready to step into the industrial emissions testing sector, reinforcing its commitment to curbing air pollution and ensuring a healthier future for all island residents. With a focus on innovation and environmental responsibility, LAUGFS Eco Sri is poised for sustained growth and meaningful contributions to global air quality efforts.

CSR Efforts

As a responsible corporate citizen, the Company engages regularly with the community to support the underprivileged and uplift their prospects for a brighter future. During the year under review, several meaningful CSR projects were undertaken, including LAUGFS Eco Sri's recent initiative to restore vision for cataract patients in vulnerable communities. Through intraocular lens donations, the company demonstrates its commitment to social responsibility by enhancing the lives of those in need. With a continued focus on sustainability, LAUGFS Eco Sri leads in vehicle emission testing services, promoting a cleaner Sri Lanka through its ISO-certified programs and state-of-the-art technology.

Annual Report of the Board of Directors on the Affairs of the Company

The Directors of LAUGFS Eco Sri Limited have the pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2024.

General

LAUGFS Eco Sri Limited ("Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.101, Maya Avenue, Colombo 06. The Company has changed its status on 14 February 2018 as a public limited liability company (previously known as "LAUGFS Eco Sri (Private) Limited").

An application was made on 11th September 2018 to list the shares of the Company on the Diri Savi Board of the CSE. The application is currently being processed by the CSE.

Principal Activities of the Company and Review of Performance During the Year

The principal activity of the Company is providing motor vehicle emission testing services.

This Report and the Financial Statements reflect the state of affairs of the Company.

Parent Entity and Ultimate Parent Entity

The Company's immediate Parent Company was LAUGFS Gas PLC, whereas the ultimate Parent Company was LAUGFS Holdings Limited, which are incorporated in Sri Lanka. As a result of LAUGFS Gas PLC applying for a scheme of arrangement under Section 256 of the Companies Act, the Company was vested with the shareholders of LAUGFS Gas PLC with effect from 31st March 2018. Accordingly, LAUGFS Holdings Limited became the present Parent Company of LAUGFS Eco Sri Limited.

Financial Statements

The Financial Statements of the Company, duly signed by two Directors on behalf of the Board of Directors and the Auditors, are included in this Annual Report and form part and parcel hereof.

Auditors' Report

The Report of the Auditors on the Company Financial Statements is attached with the Financial Statements.

Accounting Policies

The Financial Statements of the Company have been prepared in accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS (hereafter referred as "SLFRS"), as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). And the accounting policies adopted thereof are given on pages 41 to 50 which are consistent with those of the previous year.

Directors

The names of the Directors of the Company who held office as at the end of the accounting period are given below:

Mr. W. K. H. Wegapitiya
Non-Executive Chairman

Mr. U. K. Thilak De Silva
Non-Executive Deputy Chairman

Mr. P. Kudabalage
- Group Managing Director/GCEO

* Mr. P. M. B. Fernando - Director

* Mr. H. L. V. S. E. Silva - Director

*Independent Non-Executive Directors

During the year under review Mr. P. M. B. Fernando retires by rotation in terms of Article 26(6) of the Articles of Association.

Interests Register

The Company maintains an Interests Register in terms of the Companies Act, No.7 of 2007.

Directors' Remuneration

The Directors, remuneration is disclosed under Key Management Personnel of the Company in Note No 20.3 to the Financial Statements.

Directors' Responsibility for Financial Reporting

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of its affairs.

Stated Capital

The Stated Capital of the Company as at 31st March 2024 amounted to Rs. 400,000,000 represented by 387,000,086 ordinary voting and ordinary non-voting shares.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2024 are as follows:

	Shareholding as at 31/03/2024		Shareholding as at 31/03/ 2023	
	Voting	Non-Voting	Voting	Non-Voting
Mr. W. K. H. Wegapitiya	1,411,536 (0.42%)	-	1,411,536 (0.42%)	-
Mr. U K. Thilak De Silva	1,077,897 (0.32%)	-	1,077,897 (0.32%)	-
*Mr. P. M. B. Fernando	100 (0.00%)	-	100 (0.00%)	-
Mr. P. Kudabalage	-	-	-	-
*Mr H. L. S. V. E. Silva	-	-	-	-

* Independent Non-Executive Directors

Major Shareholders, Distribution Schedule and Other Information

Information on the twenty largest shareholders, are given on pages 70 and 71.

Auditors

Messrs. Ernst & Young, Chartered Accountants served as the Auditors of the Company during the year under review.

A sum of Rs.621,172 was payable by the Company to the Auditors as Audit and non audit related services for the year under review.

The Auditors have expressed their willingness to continue in office. A resolution to re-appoint the Auditors and to authorise the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Dividend

Final dividend pertaining to 2023/24 and was paid at Rs.0.75 (cents 75) per share totalling to Rs. 290.25 Mn. to the shareholders on 22nd March 2024.

The directors have confirmed that the Company has satisfied the solvency test requirement under Section 56 of the Companies Act No. 7 of 2007 for the dividends paid and a solvency certificate was obtained from the Auditors in respect of the dividends paid.

Property, Plant and Equipment

Details of Property, Plant and Equipment and changes during the year are given in Note 07 of the Financial Statements.

Material Foreseeable Risk Factors

Foreseeable risks that may materially impact the business are disclosed in page 68 to 69 of this report.

Employees and Industrial Relations

There were no material issues pertaining to employees and industrial relations during the year under review.

Statutory Payments

The Directors confirm that, to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and all other known statutory dues as were due and payable by the Company as at the Balance Sheet date have been paid or, where relevant provided for.

Annual General Meeting

The Annual General Meeting has been scheduled to be held on 6th September 2024, at 10.00 am. at the LAUGFS Head Office, 101, Maya Avenue, Colombo 06 via electronic means.

The notice of the Annual General Meeting along with proxy forms are enclosed herewith.

This Annual Report is signed for and on behalf of the Board of Directors by

W.K.H. Wegapitiya
Chairman

U.K. Thilak De Silva
Deputy Chairman

P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

25 July 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 Eco Sri Ltd. This oversight is conducted in accordance with the 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, independence of External Auditors, 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 with two 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/ Independent Non-Executive Director
Mr. H. L. V. S. E. Silva	Member/ Independent Non-Executive Director

The Board is content that the Committee members, detailed in their biographical information on pages 20 to 23, 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.

Meeting Attendance

Name of the KMP	Attendance
Mr. P .M. B. Fernando	4/4
Mr. H. L. V. S. E. Silva	4/4

Committee Meetings

The Committee met four times during the year. The Group Chairman, Group Deputy Chairman, Group Managing Director/ Group CEO, Group Finance Director, Chief Executive Officer, AGM - Finance, Chief Legal Officer and Chief Internal Auditor, attend meetings at the invitation of the Committee. Representatives of the External Auditors are invited to attend 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 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;

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 finalization 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.

Audit Committee Report

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 31 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 utilize 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
LAUGFS Eco Sri Ltd.

25 July 2024

Report of the Related Party Transactions Review Committee

The Related Party Transactions Review Committee of LAUGFS Eco Sri Ltd was established by the Board of Directors 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 two 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. H. L. V. S. E. Silva	Member/INED

Regular attendees by invitation	
Group Chairman	Group Deputy Chairman
Group Managing Director/GCEO	Chief Executive Officer - LAUGFS Eco Sri Ltd.
Group Director - Finance	Chief Legal Officer
AGM - Finance	

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

The Committee met four (04) times during the financial year ended 31 March 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,

Names of the RPTR Committee members	Attended/ Eligibility
Mr. P.M.B. Fernando	4/4
Mr. H. L. V. S. E. Silva	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.

Report of the Related Party Transactions Review Committee

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 and sought that all transactions entered on an arms-length basis, where no favourable terms have been offered to related parties during the quarter under review.

Recurrent Transactions

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.

Non-Recurrent Transactions

While no 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 9.3.2.b Disclosures in the Annual Report.

Name of the Related Party	Relationship	Value of Related Party Transactions entered into during the financial year	Value of Related Party Transactions as a % of Equity & as a % of Consolidated Total Assets	Terms and conditions of the Related Party Transactions	The rationale for entering into the transactions
LAUGFS Holdings	Parent	410,000,000	35% - Equity 23%- Total Assets	Working Capital Requirement	Fund transfers made to facilitate the parent company's working capital requirement.

P.M.B. Fernando
Chairman - Related Party Transaction Review Committee
LAUGFS Eco Sri Ltd.

25 July 2024

FINANCIAL

INFORMATION

Independent Auditors' Report

Building a better working world

Ernst & Young
Chartered Accountants
Rotunda Towers
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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAUGFS ECO SRI LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of LAUGFS Eco Sri Limited, which comprise the statement of financial position as of 31 March 2024, and the statement of profit or loss, statement of other 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 give a true and fair view of the financial position of the Company as of 31 March 2024 and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company 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.

Responsibilities of management and those charged with governance for the financial statements

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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company 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.

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.

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.

Ernst & Young

25 July 2024
Colombo

Statement of Profit or Loss

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Revenue from Contracts with Customers	3	2,086,746,515	1,754,986,548
Cost of Sales		(1,022,819,363)	(889,559,464)
Gross Profit		1,063,927,152	865,427,084
Other Operating Income	4.1	4,307,906	8,148,833
Administrative Expenses		(493,536,292)	(372,166,073)
Promotional Expenses		(23,142,125)	(11,918,818)
Operating Profit		551,556,641	489,491,026
Finance Costs	4.2	(62,924,247)	(33,225,890)
Finance Income	4.3	9,463,635	25,257,315
Share of Associates' Results	9.2.3	16,881,495	11,751,672
Profit before Tax		514,977,524	493,274,123
Income Tax Expense	5.1	(92,075,616)	(111,492,440)
Profit for the Year		422,901,908	381,781,683
Earning Per Share - Basic/Diluted	6	1.09	0.99

The accounting policies and notes on pages 41 through 69 form an integral part of the financial statements.

Statement of Other Comprehensive Income

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Profit for the Year		422,901,908	381,781,683
Net Actuarial Gains/(Losses) on Defined Benefit Plans	16.2	(22,398,220)	3,335,810
Share of Associates' Other Comprehensive Income	9.2.3	(39,788)	(12,220)
Income Tax Effect	5.2	(4,479,644)	(667,162)
Net Other Comprehensive Income not to be Reclassified to Profit or Loss in Subsequent Periods		(26,917,652)	2,656,428
Other Comprehensive Income for the Year Net of Tax		(26,917,652)	2,656,428
Total Comprehensive Income for the Year Net of Tax		395,984,256	384,438,111

The accounting policies and notes on pages 41 through 69 form an integral part of the financial statements.

Statement of Financial Position

As at 31 March	Note	2024 Rs.	2023 Rs.
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7.3	174,208,388	159,993,264
Right-of-Use Assets	7.5	466,028,817	237,170,387
Investments in Associates	9.2.3	607,292,511	590,450,804
		1,247,529,716	987,614,455
Current Assets			
Inventories	10	37,469,417	38,230,157
Trade and Other Receivables	11	705,207,435	594,240,673
Cash and Cash Equivalents	12.1	116,278,850	159,589,493
		858,955,702	792,060,323
Total Assets		2,106,485,418	1,779,674,778
EQUITY AND LIABILITIES			
Equity			
Stated Capital	13	400,000,000	400,000,000
Retained Earnings		872,924,484	767,190,293
Total Equity		1,272,924,484	1,167,190,293
Non-Current Liabilities			
Interest Bearing Loans and Borrowings	15.1	397,214,041	182,693,539
Refundable Deposits		-	700,000
Deferred Tax Liabilities	5.4	8,759,551	14,530,491
Employee Benefit Liability	16.2	120,261,220	78,085,361
		526,234,812	276,009,391
Current Liabilities			
Trade and Other Payables	17	112,076,093	130,913,890
Interest Bearing Loans and Borrowings	15.1	158,132,714	148,630,152
Income Tax Payable		37,117,315	56,931,052
		307,326,122	336,475,094
Total Equity and Liabilities		2,106,485,418	1,779,674,778

These financial statements are in compliance with the requirements of the Companies Act No: 07 of 2007.

Athula Silva
AGM 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

25 July 2024
Colombo

The accounting policies and notes on pages 41 through 69 form an integral part of the financial statements.

Statement of Changes in Equity

Year ended 31 March	Note	Stated Capital Rs.	Retained Earnings Rs.	Total Rs.
As at 01 April 2022		400,000,000	866,502,290	1,266,502,290
Profit for the Year		-	381,781,683	381,781,683
Other Comprehensive Income		-	2,656,428	2,656,428
Total Comprehensive Income		-	384,438,111	384,438,111
Dividend Paid -2022/23	14	-	(483,750,108)	(483,750,108)
As at 31 March 2023		400,000,000	767,190,293	1,167,190,293
Profit for the Year		-	422,901,908	422,901,908
Other Comprehensive Income		-	(26,917,652)	(26,917,652)
Total Comprehensive Income		-	395,984,256	395,984,256
Dividend Paid -2023/24	14	-	(290,250,065)	(290,250,065)
As at 31 March 2024		400,000,000	872,924,484	1,272,924,484

The accounting policies and notes on pages 41 through 69 form an integral part of the financial statements.

Statement of Cash Flows

Year ended 31 March	Note	2024 Rs.	2023 Rs.
Cash Flows Generated From / (Used in) Operating Activities			
Cash Flow from Operating Activities			
Net Profit before Tax		514,977,524	493,274,123
Adjustments for			
Depreciation of Property, Plant and Equipment	7.2	46,520,173	45,729,833
Amortization of Intangible Assets	8	-	71,502
(Gain)/Loss on Disposal of Property, Plant and Equipment		(274,363)	276,158
Gain/(Loss) on Disposal of Right-to-use assets		(2,470,103)	-
Depreciation of Right-of-Use-Assets	7.5	147,341,016	135,505,303
Share of Results of Associates	9.2.3	(16,881,495)	(11,751,672)
Unrealized exchange (gain) & loss		(35,835)	-
Interest Income	4.3	(9,463,635)	(25,257,315)
Finance Costs	4.2	62,924,247	33,225,890
Transfer of Employee Benefit Liability	16.2	(76,963)	631,180
Provision for Employee Benefit Liability	16.1	28,639,092	18,178,911
Operating Profit Before Working Capital Changes		771,199,658	689,883,913
(Increase)/ Decrease in Inventories		760,740	(16,754,949)
(Increase) / Decrease in Trade and Other Receivables		(297,132,296)	(75,638,741)
Increase/ (Decrease) in Trade and Other Payables		(19,601,963)	44,173,358
Cash Generated From Operations		455,235,141	641,663,582
Interest Paid	4.2	(5,549,005)	(483,270)
Tax Paid		(121,968,441)	(64,957,353)
Employee Benefit Liability Cost Paid	16.2	(8,784,490)	(8,519,491)
Net Cash Flows Generated From Operating Activities		318,933,205	567,703,468
Cash Flow From Investing Activities			
Acquisition of Property, Plant and Equipment	7.1	(61,014,294)	(31,620,981)
Proceeds from Disposal of Property, Plant and Equipment		553,360	33,851
Interest Received	4.3	9,463,635	25,257,315
Net Cash Flows Used in Investing Activities		(50,997,299)	(6,329,815)
Cash Flow From Financing Activities			
Proceeds from Interest Bearing Liabilities	15.1.3	150,000,000	-
Capital Repayment under Lease Liabilities	15.1.3	(150,000,000)	-
Lease payments	15	(209,079,327)	(172,772,165)
Dividends Paid		(104,265,027)	(378,358,586)
Net Cash Flows Used in Financing Activities		(313,344,354)	(551,130,751)
Net Increase/(Decrease) in Cash and Cash Equivalents		(45,408,449)	10,242,902
Cash and Cash Equivalents at the Beginning of the Year	12	110,673,199	100,430,297
Cash and Cash Equivalents at the End of the Year	12	65,264,750	110,673,199

The accounting policies and notes on pages 41 through 69 form an integral part of the financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 Reporting Entity

LAUGFS Eco Sri Limited, formerly known as LAUGFS Eco Sri (Pvt) Limited ("Company") is a private limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 101, Maya Avenue, Colombo 06.

1.2 Principal Activities and Nature of Operations

The principal activity of the Company is providing motor vehicle emission testing services.

1.3 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.

1.4 Directors' Responsibility Statement

The Board of Directors is responsible for these financial statements.

1.5 Date of Authorization for Issue

The Financial Statements of LAUGFS Eco Sri Limited for the year ended 31 March 2024 were authorized for issue in accordance with a resolution of the Board of Directors on 25 July 2024.

2. ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements of the Company 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).

2.1.1 Basis of Measurement

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

The financial statements are presented in Sri Lankan Rupees.

2.1.2 Statement of Compliance

The financial statements which comprise the statement of profit of loss, statement of comprehensive income, statement of financial position, statement of changes in equity and the statement of cash flows, together with the accounting policies and notes (the "financial statements") have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS/ LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the Companies Act No. 7 of 2007.

2.1.3 Going Concern

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

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTION

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are discussed below. The respective carrying amounts of assets are given in related notes to the financial statements.

Defined Benefit Plans

The cost as well as the present value of defined benefit plans - gratuity is determined using Actuarial Valuations. The Actuarial Valuation involves making assumptions about discount rates, future salary increases and other important related data. Due to the long-term nature of employee benefits, such estimates are subject to significant uncertainty. Further details of assumptions together with an analysis of their sensitivity as carried out by the management in relation to the above key assumptions and the results of the sensitivity analysis are given in Note 16.

Deferred Taxation

Deferred tax assets are recognised for all 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 that can be recognised based upon the likely timing and the levels of future taxable profits.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.3.1 Current Versus Non-Current Classification

The Company 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 sell 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 Company classifies all other liabilities as non-current.

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

2.3.2 Taxation

a) Current Taxes

In accordance with and subject to the powers conferred on the Board under Section 17 of the said Law No. 4 of 1978 and regulations the Company was exempted from income tax for a period of five (5) years reckoned from the year of assessment as may be determined by the Board ("the tax exemption period") the provisions of the Inland Revenue Act No. 10 of 2006 relating to the imposition payment and recovery of income tax shall not apply in respect of the profits and income of the enterprise.

For the above purpose the year of assessment shall be reckoned from the year in which the Enterprise commences to make profits or any year of assessment not later than two (02) years from the date of commencement of commercial operations of the enterprise, whichever year is earlier, as specified in the certificate issued by the Board of Investment. The Board of Investment has issued a certificate confirming the tax exemptions for the year of assessments 2009/2010 -2013/2014. The Company has obtained the certificates for the remaining periods on submission of audited financial statements to the board.

After the expiration of the aforesaid tax exemption period referred to in sub-clause (i), the profits and income of the enterprise shall be charged at the rate of ten per cent (10%) for a period of two (02) years immediately succeeding the last date of the tax exemption period during which the profits and income of the enterprise is exempted from the income tax ("the concessionary tax rate of ten per cent (10%)).

After the expiration of the aforesaid concessionary tax rate of ten per cent (10%) referred to in sub-clause (ii), the profits and income of the Enterprise shall be charged for any year of assessment at the rate of twenty per cent (20%).

b) 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 recognized 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 or/and in respect of taxable temporary differences associated with investments in subsidiaries, associates 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 recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, 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 utilized, 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 or/and In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized 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 utilized.

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 utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized 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 realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities arising from investment properties at fair value are measured based on the tax consequence of the presumption that the carrying amount of the investment properties measured at fair value will be recovered entirely through sale. This presumption is consistent with the management's business model for the investment properties.

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

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

c) Sales Tax

Revenues, expenses, and assets are recognized net of the amount of sales tax except where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities in which case the sales tax is recognized as a part of the cost of the asset or part of the expense items as applicable. Receivable and payable are stated including the amount of sales taxes. The amount of sales tax recoverable and payable in respect of taxation authorities is included as a part of receivables and payables in the Statements of Financial Position.

d) 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.

2.3.3 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable net of trade discounts and sales taxes. The following specific criteria are used for the purpose of recognition of revenue.

a) Rendering of Services

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

b) Other Income

Other income is recognized on an accrual basis.

2.3.4 Investment in Associates

An Associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries. The Company's investment in its Associate is accounted for using the equity method. Under the equity method, the investment in an Associate is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the Associate since the acquisition date. Goodwill relating to the Associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Statement of Profit or Loss reflects the Company's share of the results of operations of the Associate. Any change in Other Comprehensive Income of those investees is presented as a part of the Company's Other Comprehensive Income. In addition, when there has been a change recognized directly in the equity of the Associate or Joint Venture, the Company recognizes its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Company and the Associate are eliminated to the extent of the interest in the Associate.

The aggregate of the Company's share of Profit or Loss of an Associate is shown on the face of the Statement of Profit or Loss and represents profit or loss after tax.

The Financial Statements of Associate is prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in Associate. At each reporting date, the Company determines whether there is objective evidence that the investment in the Associate is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the Associate and its carrying value, and then recognizes the loss in the 'Share of results of Associates' in the Statement of Profit or Loss.

Upon loss of significant influence over the Associate the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the Associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.3.5 Financial Instruments - Initial Recognition and Subsequent Measurement

2.3.5.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, amortized 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 Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company 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 Company has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

In order for a financial asset to be classified and measured at amortized 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 Company'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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

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

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

Financial Assets at Amortised Cost (Debt Instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is recognised, modified or impaired.

The Company's financial assets at amortized cost includes trade and other receivables.

Financial Assets at Fair Value Through OCI (Debt Instruments)

Company measures debt instruments at fair value through

OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling

  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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Company has not designated any financial asset as at fair value through OCI with recycling of cumulative gains and losses (debt instruments).

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

Upon initial recognition, the Company 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 recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company 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.

The Company has not designated any financial asset as at fair value through OCI (equity instruments).

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 amortized 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 recognized in the statement of profit or loss.

The Company has not designated any financial asset as at fair value through profit or loss.

Dividends on listed equity investments are also recognized 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 Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

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

  Or

- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company 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 Company could be required to repay.

Impairment of Financial Assets

The Company recognizes 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 Company 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 recognized 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

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

2.3.5.2 Financial Liabilities

Initial Recognition and Measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

a) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in selling and distribution expenses.

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 fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered by the Company that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SLFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Financial Liabilities at Amortized Cost

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

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

This category applies to interest-bearing loans and borrowings. For more information, refer to Note 15.1

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 recognized in the statement of profit or loss.

2.3.5.5 Offsetting of Financial Instruments

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

2.3.5.6 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 15.

2.3.6 Cash and Short-Term Deposits

Cash and short-term deposits are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and short-term deposits consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e., three months or less from the date of acquisition are also treated as cash equivalents.

2.3.7 Property, Plant and Equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing parts of the property, plant and equipment when that cost is incurred, if the recognition criteria are met.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. 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.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

2.3.8 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

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

2.3.9 Provisions

Provisions are recognized when the Company 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 Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

2.3.10 Employee Benefit Obligations

a) Defined Benefit Plan – Gratuity

The Company measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary every financial year using Projected Unit Cost Method. Actuarial gains and losses are recognized in other comprehensive income (OCI) in the period in which it arises. The liability is not funded.

b) Defined Contribution Plans – Employee's Provident Fund and Employee's Trust Fund

Employees are eligible for Employee's Provident Fund Contributions and Employee's Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employee's Provident Fund and Employee's Trust Fund respectively.

2.3.11 Impairment of Non-Financial Assets

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

Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

2.3.12 Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Net realisable value is the price at which inventories can be sold in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

The cost incurred in bringing inventories to its present location and condition is accounted using the following cost formulae: -

Consumption Stock - At actual cost on Weighted Average Cost basis

2.3.13 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.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.4.1 New and amended standards and interpretations

There are no significant changes to the accounting standards for the financial year under review.

2.4.2 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. REVENUE FROM CONTRACTS WITH CUSTOMERS

Year ended 31 March	2024 Rs.	2023 Rs.
Rendering of Services	2,086,746,515	1,754,986,548
	2,086,746,515	1,754,986,548

4. OTHER INCOME AND EXPENSES

4.1 Other Operating Income

Year ended 31 March	2024 Rs.	2023 Rs.
Sundry Income	4,307,906	8,148,833
	4,307,906	8,148,833

4.2 Finance Costs

Year ended 31 March	2024 Rs.	2023 Rs.
Interest Expense on Overdrafts	11,350	483,270
Interest Expense on Lease Liability	57,375,242	32,742,620
Interest Expense on Short Term Loans	5,537,655	-
	62,924,247	33,225,890

4.3 Finance Income

Year ended 31 March	2024 Rs.	2023 Rs.
Interest Income	9,463,635	25,257,315
	9,463,635	25,257,315

Notes to the Financial Statements

4.4 Profit Before Tax

Year ended 31 March Stated after Charging/(Crediting)	2024 Rs.	2023 Rs.
Included in Cost of Sales/Service and Operational Expenses		
VET Certificate Charges	21,088,560	13,569,513
Employee Benefit including the following ;	421,861,262	354,392,370
- Salaries and Allowances	376,121,280	315,783,305
- Defined Contribution Plan Costs - EPF & ETF	38,021,154	31,383,435
- Other Staff Related Expenses	7,718,828	7,225,631
Depreciation of Property, Plant and Equipment	36,211,546	33,975,921
Land Rent	1,361,298	2,528,986
Spare Parts and Consumables	37,627,587	28,417,877
Depreciation of ROUA	135,369,769	121,548,901
Included in Administration Expenses		
Directors' Fees and Emoluments	76,333,980	92,294,000
Auditors' Remuneration		
Audit	557,940	431,053
Non-audit	-	-
Depreciation of Property, Plant and Equipment	10,308,623	11,753,913
Amortization of Intangible Assets	-	71,502
Depreciation of ROUA	11,971,246	13,956,401
Employee Benefit including the following ;	184,576,578	152,675,493
- Salaries and Allowances	105,244,972	91,291,018
- Defined Benefit Plan Costs - Gratuity	28,639,090	18,178,911
- Defined Contribution Plan Costs - EPF & ETF	11,273,717	10,313,848
- Other Staff Related Expenses	39,418,800	32,891,715
Shared Service Fee	8,342,347	7,670,000
Loss/(Profit) on Sale of Righ-to-use-assets	(2,470,103)	-
Loss/(Profit) on Sale of Property, Plant & Equipment	(274,363)	276,158
Included in Promotional Expenses		
Advertising and Promotional Cost	23,075,219	11,870,328

4.5 Components of Other Comprehensive Income

Year ended 31 March	2024 Rs.	2023 Rs.
Employee Benefit Liability		
Actuarial Gains/(Losses) arising during the Year	(22,398,220)	3,335,810

5. INCOME TAX

The major components of income tax expense for the years ended 31 March 2024 and 31 March 2023 are:

5.1 Statement of Profit or Loss

Year ended 31 March	2024 Rs.	2023 Rs.
Current Income Tax:		
Current Income Tax Expense (Note 5.3)	102,333,585	98,529,892
Under/(Over) Provision of Current Taxes in respect of Prior Years	(7,385)	(299,475)
	102,326,200	98,230,417
Deferred Income Tax:		
Deferred Taxation Charge/(Reversal) (Note 5.5)	(10,250,584)	10,840,101
Due to change in Tax rate Charge/(Reversal)	-	2,421,922
	(10,250,584)	13,262,024
Income Tax Expense Reported in the Statement of Profit or Loss	92,075,616	111,492,440

5.2 Statement of Comprehensive Income

Year ended 31 March	2024 Rs.	2023 Rs.
Deferred Income Tax:		
Deferred Taxation Charge/(Reversal) (Note 5.5)	4,479,644	667,162
Income Tax Charged Directly to Comprehensive Income	4,479,644	667,162

5.3 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:

Year ended 31 March	**2024 Rs.**	**2023 Rs.**
Accounting Profit before Income Tax	514,977,523	493,274,123
Adjustments in respect to Current Income Tax		
Aggregate Disallowed Items	288,130,906	233,353,854
Aggregate Allowable Expenses	(298,361,342)	(245,138,908)
Investment Income	(12,673,089)	(28,682,170)
Other Income	(1,168,582)	(331,973)
Business Income	490,905,416	452,474,926
Investment Income	13,841,671	29,014,143
Assessable Income	504,747,088	481,489,069
Less: Qualifying Payments	-	-
Taxable Income	504,747,088	481,489,069
At the Statutory Income Tax Rate		
- Business Income	20% -30%	20% - 30%
- Other Taxable Income	30%	24% - 30%
- Investment income	30%	24% - 30%
Current Income Tax Expenses		
- Business Income	98,181,083	90,494,985
- Investment income	4,152,502	8,034,907
	102,333,585	98,529,892

Current Income Tax Rate

Pursuant to agreement dated 13 November 2008 entered into with Board of Investment Sri Lanka under Section 17 of the Board of Investment Act No. 04 of 1978, the Company was exempt from the payment and recovery of income tax in respect of the profit and income of enterprise for a period of five (05) years with effect from 13 November 2008. This exemption expired on 13 November 2013. Subsequent to the tax exemption, the Company is liable for tax at the rate of 10% for period of two (02) years immediately succeeding the last date of the tax exemption year and thereafter, at the rate of 20%.

5.4 Deferred Tax Assets, Liabilities and Income Tax relates to the following,

Year ended 31 March	Statement of Financial Position		Statement of Profit or Loss		Statement of Other Comprehensive Income	
	2024	2023	2024	2023	2024	2023
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Deferred Tax Liabilities						
Undistributed Profits of Associates	**38,855,092**	36,328,837	**(2,526,255)**	(13,283,558)	**-**	-
Capital Allowances for Tax Purposes	**1,676,698**	2,911,973	**1,235,276**	(1,141,434)	**-**	-
	40,531,790	39,240,810	**(1,290,979)**	(14,424,992)	**-**	-
Deferred Tax Assets						
Employee Benefit Liability	**(24,052,244)**	(15,617,072)	**12,914,815**	2,058,121	**(4,479,644)**	(667,162)
Trade and Other Receivables	**(59,228)**	(45,845)	**13,383**	9,697	**-**	-
Right-of-Use Assets	**(7,660,767)**	(9,047,402)	**(1,386,635)**	(904,848)	**-**	-
	(31,772,239)	(24,710,319)	**11,541,563**	1,162,969	**(4,479,644)**	(667,162)
Deferred Tax Income/(Expense)			**10,250,584**	(13,262,024)	**(4,479,644)**	(667,162)
Net Deferred Tax (Assets)/ Liabilities	**8,759,551**	14,530,491				

5.5 Reconciliation of Net Deferred Tax Liability

Year ended 31 March	2024	2023
	Rs.	Rs.
As at 01 April	**14,530,491**	601,305
Tax (Income)/Expense during the year recognised in Statement of Profit or Loss	**(10,250,584)**	13,262,024
Tax (Income)/Expense during the year recognised in Statement of Comprehensive Income	**4,479,644**	667,162
As at 31 March	**8,759,550**	14,530,491

Notes to the Financial Statements

6. EARNINGS PER SHARE

Basic/Diluted Earnings per share is calculated by dividing the net profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and the previous period 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.

The following reflects the income and share data used in the Basic/Diluted Earnings per share computations.

Year ended 31 March Amount Used as the Numerator:	2024 Rs.	2023 Rs.
Net Earnings attributable to Ordinary Shareholders for Basic/Diluted Earnings Per Share	**422,901,907**	381,781,683

Year ended 31 March Number of Ordinary Shares used as Denominator:	2024 Number	2023 Number
Weighted Average Number of Ordinary Shares for Basic/Diluted Earning Per Share	**387,000,086**	387,000,086

Year ended 31 March	2024 Rs.	2023 Rs.
Basic/Diluted Earnings Per Share	**1.09**	0.99

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

7. PROPERTY, PLANT AND EQUIPMENT

7.1 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					
Buildings on Leasehold Land	471,763,373	656,705	24,579,839	-	**496,999,917**
Office Equipment	4,509,940	556,010	-	(87,552)	**4,978,398**
Computer and Accessories	70,582,065	18,526,951	617,662	(4,443,490)	**85,283,188**
Furniture and Fittings	18,385,034	1,548,398	-	(758,789)	**19,174,643**
Plant, Machinery & Equipment	298,297,155	11,615,597	626,131	(2,688,495)	**307,850,388**
Motor Vehicles	54,873,388	791,000	1,496,000	-	**57,160,388**
	918,410,955	33,694,661	27,319,633	(7,978,326)	**971,446,922**
In the Course of Construction					
Capital Working Progress	-	27,319,633	(27,319,633)	-	**-**
Total Gross Carrying Amount	918,410,955	61,014,294	-	(7,978,326)	**971,446,922**

7.2 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 Leasehold Land	387,185,835	16,669,823	-	-	**403,855,658**
Office Equipment	2,732,468	470,184	-	(80,770)	**3,121,882**
Computer and Accessories	60,288,067	7,968,896	-	(4,338,492)	**63,918,471**
Furniture and Fittings	15,766,586	1,039,906	-	(730,762)	**16,075,730**
Plant, Machinery & Equipment	237,850,809	20,050,848	-	(2,549,304)	**255,352,353**
Motor Vehicles	54,593,926	320,516	-	-	**54,914,442**
Total Depreciation	758,417,691	46,520,173	-	(7,699,328)	**797,238,536**

7.3 Net Book Values

Year ended 31 March	2024 Rs.	2023 Rs.
At Cost		
Buildings on Leasehold Land	**93,144,259**	84,577,538
Office Equipment	**1,856,516**	1,777,472
Computer and Accessories	**21,364,718**	10,293,998
Furniture and Fittings	**3,098,913**	2,618,448
Plant, Machinery & Equipment	**52,498,036**	60,446,346
Motor Vehicles	**2,245,946**	279,462
	174,208,388	159,993,264
In the Course of Construction		
Capital Working Progress	**-**	-
Total Carrying Amount of Property, Plant and Equipment	**174,208,388**	159,993,264

7.4 The Rates of Depreciation are Estimated as follows:

Year ended 31 March	2024	2023
Buildings on Leasehold Land	**Over 10 Years**	Over 10 Years
Office Equipment	**Over 7 Years**	Over 7 Years
Computer and Accessories	**Over 4 Years**	Over 4 Years
Furniture and Fittings	**Over 7 Years**	Over 7 Years
Plant, Machinery & Equipment	**Over 7 Years**	Over 7 Years
Motor Vehicles	**Over 7 Years**	Over 7 Years

Notes to the Financial Statements

7.5 RIGHT-OF-USE-ASSETS

Set out below are the carrying amount of Right to use Assets recognised and movements during the year.

Year ended 31 March Cost	2024 Rs.	2023 Rs.
Balance As at 01 April	**646,835,448**	691,502,534
Addition and Improvement	**387,844,147**	65,854,999
Retirement of Lease	**(270,185,152)**	(110,522,085)
Balance As at 31 March	**764,494,443**	646,835,448

Year ended 31 March Accumulated Amortisation	2024 Rs.	2023 Rs.
Balance As at 01 April	**409,665,061**	384,681,844
Charge for the year	**147,341,016**	135,061,603
Retirement of Lease	**(258,540,451)**	(110,078,386)
Balance As at 31 March	**298,465,626**	409,665,061
Net Book Value As at 31 March	**466,028,817**	237,170,387

8. INTANGIBLE ASSETS

Year ended 31 March Cost	2024 Rs.	2023 Rs.
As at 01 April	**15,893,848**	15,893,848
Acquired during the Year	**-**	-
As at 31 March	**15,893,848**	15,893,848
Amortisation		
As at 01 April	**15,893,848**	15,822,346
Amortization during the Year	**-**	71,502
As at 31 March	**15,893,848**	15,893,848
Net Book Value As at 31 March	**-**	-

Intangible assets includes the Enterprise Resource Planning System (SAP ECC 6.0) which is amortized over 4 years.

9. INVESTMENT IN ASSOCIATES

9.1 LAUGFS Property Developers (Pvt) Ltd is a private company, which involved in providing real estate solutions in Sri Lanka. LAUGFS Eco Sri Ltd holds 25% equity stake of LAUGFS Property Developers (Pvt) Ltd .

9.2 The following table illustrates the summarized financial information of the Company's investment in LAUGFS Property Developers (Pvt) Ltd:

9.2.1 Summarised Statement of Profit or Loss

Year ended 31 March	2024 Rs.	2023 Rs.
Revenue	**111,375,280**	99,330,318
Operating Expenses	**(40,423,160)**	(30,765,445)
Other Income	**3,317,810**	1,760,857
Finance Income	**7,413,530**	25,705,146
Finance Costs	**(24,574,907)**	(35,031,083)
Fair Value Gain on Investments Properties	**56,200,000**	165,400,000
Income Tax Expense	**(45,782,573)**	(179,393,104)
Net Profit for the Year ended 31 March	**67,525,980**	47,006,689
Share of Associates' Profit or Loss	**16,881,495**	11,751,672

9.2.2 Summarised Statement of Financial Position

Year ended 31 March	2024 Rs.	2023 Rs.
Non-Current Assets	**2,838,483,267**	2,788,469,050
Current Assets	**414,512,227**	411,752,945
Non-Current Liabilities	**695,852,972**	697,817,960
Current Liabilities	**127,972,478**	140,600,814
Equity	**2,429,170,044**	2,361,803,221
Company's carrying amount of the Investment	**607,292,511**	590,450,805

9.2.3 Equity Reconciliation

Year ended 31 March	2024 Rs.	2023 Rs.
Carrying Value as at 01 April	**590,450,804**	578,711,352
Share of Associates' Results recognised in Profit or Loss	**16,881,495**	11,751,672
Share of Other Comprehensive Income	**(39,788)**	(12,220)
Carrying Value as at 31 March	**607,292,511**	590,450,804

10. INVENTORIES

Year ended 31 March	2024 Rs.	2023 Rs.
Inventories	**37,469,417**	38,230,157
	37,469,417	38,230,157

Notes to the Financial Statements

11. TRADE AND OTHER RECEIVABLES

Year ended 31 March		2024 Rs.	2023 Rs.
Trade Receivables	- Others	**2,873,489**	2,616,394
Less- Provision for Impairment		**(296,138)**	(229,232)
		2,577,351	2,387,162
Other Receivables	- Related Parties (Note 11.1)	**683,281,902**	550,117,049
	- Others	**5,210,607**	7,280,442
		691,069,860	559,784,653
Advances and Prepayments		**13,319,030**	33,665,247
Loans to Company Officers		**818,545**	790,773
		705,207,435	594,240,673

11.1 Other Receivables from Related Parties

Year ended 31 March	Relationship	2024 Rs.	2023 Rs.
LAUGFS Solutions Ltd	Group Company	**-**	59,233
Anantaya Passekudah (Pvt) Ltd	Group Company	**11,070,380**	11,070,380
LAUGFS Engineering (Pvt) Ltd	Group Company	**56,848**	-
LAUGFS Petroleum (Pvt) Ltd	Group Company	**500,000**	-
LAUGFS Holdings Ltd	Parent Company	**584,222,596**	418,889,878
LAUGFS Terminals (Pvt) Ltd	Group Company	**15,724,511**	15,724,511
LAUGFS LEISURE LTD	Group Company	**71,707,567**	103,707,567
LAUGFS SUPERMARKET LTD	Group Company	**-**	665,480
		683,281,902	550,117,049

As at 31 March, the ageing analysis of trade receivables, is as follows:

Year ended 31 March	Total	Neither Due nor Impaired	Past Due but not Impaired			
			< 30 Days	31-60 Days	61-90 Days	> 90 Days
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2024	2,873,488	-	1,178,350	1,029,935	411,597	253,606
2023	2,616,394	-	1,132,152	937,632	349,881	196,729

12. CASH AND SHORT TERM DEPOSITS

12.1 Favourable Cash and Cash Equivalent Balances

Year ended 31 March	2024 Rs.	2023 Rs.
Cash and Bank Balances	**116,278,850**	159,589,493
	116,278,850	159,589,493

12.2 Unfavourable Cash and Cash Equivalent Balances

Year ended 31 March	2024 Rs.	2023 Rs.
Bank Overdraft (Note 15.1.1)	**(51,014,100)**	(48,916,294)
Cash and Cash Equivalent for the Purpose of Statement of Cash Flow	**65,264,750**	110,673,199

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.

13. STATED CAPITAL

Year ended 31 March	2024		2023	
	Number	Rs.	Number	Rs.
Ordinary Voting Shares (Note 13.1)	**335,000,086**	**346,253,242**	335,000,086	346,253,242
Ordinary Non-Voting Shares (Note 13.2)	**52,000,000**	**53,746,758**	52,000,000	53,746,758
	387,000,086	**400,000,000**	387,000,086	400,000,000

13.1 Ordinary Voting Shares

Year ended 31 March	2024		2023	
	Number	Rs.	Number	Rs.
As at 01 April	**335,000,086**	**346,253,242**	335,000,086	346,253,242
As at 31 March	**335,000,086**	**346,253,242**	335,000,086	346,253,242

13.2 Ordinary Non-Voting Shares

Year ended 31 March	2024		2023	
	Number	Rs.	Number	Rs.
As at 01 April	**52,000,000**	**53,746,758**	52,000,000	53,746,758
As at 31 March	**52,000,000**	**53,746,758**	52,000,000	53,746,758

13.3 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.

14. DIVIDENDS PAID AND PROPOSED

Year ended 31 March	2024 Rs.	2023 Rs.
Declared and Paid during the Year:		
Dividends on Ordinary Shares:		
Interim Dividend for 2022/2023: 0.75 Rupees per Share	-	290,250,065
Final Dividend for 2022/2023: 0.50 Rupees per Share	-	193,500,043
Final Dividend for 2023/2024: 0.75 Rupees per Share	290,250,065	-

Notes to the Financial Statements

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

15.1 Financial Liabilities

15.1.1 Interest Bearing Loans and Borrowings

	2024 Amount Repayable Within 1 Year Rs.	2024 Amount Repayable After 1 Year Rs.	2024 Total Rs.	2023 Amount Repayable Within 1 Year Rs.	2023 Amount Repayable After 1 Year Rs.	2023 Total Rs.
Lease Liabiliy (Note 15.1.2)	**107,118,614**	397,214,041	**504,332,655**	99,713,858	**182,693,539**	282,407,397
Bank Overdraft (Note 12.2)	**51,014,100**	-	**51,014,100**	48,916,294	**-**	48,916,294
	158,132,714	397,214,041	**555,346,755**	148,630,152	**182,693,539**	331,323,691

15.1.2 Lease Liability

Year ended 31 March	2024 Rs.	2023 Rs.
Balance As at 01 April	**282,407,397**	356,581,943
Additions	**387,744,147**	65,854,999
Retirement of Lease Liability	**(14,114,804)**	-
Accretion of Interest	**57,375,242**	32,742,620
Payments	**(209,079,327)**	(172,772,165)
Balance As at 31 March	**504,332,655**	282,407,397

15.1.3 Short Term Loans

	Balance as at 01.04.2023 Rs.	Loans Obtained Rs.	Repayments Rs.	Balance as at 31.03.2024 Rs.
Hatton National Bank PLC	-	150,000,000	(150,000,000)	**-**
	-	150,000,000	(150,000,000)	**-**

Bank	Interest Rate	Repayment Terms
Hatton National Bank PLC	AWPLR + 2% per annum (Monthly Review)	Repayable within 3 months

15.2 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.

Year ended 31 March		Carrying Amount		Fair Value	
		2024	2023	2024	2023
		Rs.	Rs.	Rs.	Rs.
Financial Assets					
Trade and Other Receivables	A	**691,069,860**	559,784,653	**691,069,860**	559,784,653
Cash in Hand and at Bank	A	**116,278,850**	159,589,493	**116,278,850**	159,589,493
		807,348,710	719,374,146	**807,348,710**	719,374,146
Financial Liabilities					
Interest Bearing Loans and Borrowings (Non-Current)	B	**397,214,041**	182,693,539	**397,214,041**	182,693,539
Interest Bearing Loans and Borrowings (Current)	A	**158,132,714**	148,630,152	**158,132,714**	148,630,152
Trade and Other Payables	A	**57,131,702**	65,328,561	**57,131,702**	65,328,561
		612,478,457	396,652,252	**612,478,457**	396,652,252

There is no difference between carrying amounts and fair values of the 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 a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values;

A. Cash in hand and at bank, 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 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 31st March 2024, the carrying amounts of such borrowings are not materially different from their calculated fair values.

16. EMPLOYEE BENEFIT LIABILITY

16.1 Net Benefit Expense

Year ended 31 March	2024	2023
	Rs.	Rs.
Current Service Cost	**11,460,313**	8,220,631
Interest Cost on Benefit Obligation	**17,178,779**	9,958,280
Total Expense	**28,639,092**	18,178,911

16.2 Employee Benefit Liability

Changes in the present value of the defined benefit obligation are as follows:

Year ended 31 March	2024 Rs.	2023 Rs.
As at 01 April	**78,085,361**	71,130,571
Current Service Cost	**11,460,313**	8,220,631
Interest Cost on Benefit Obligation	**17,178,779**	9,958,280
Adjustment due to Transfer of Employees in to/(out of) Company	**(76,963)**	631,180
Actuarial (Gain)/Loss on Obligation	**22,398,220**	(3,335,810)
Benefits Paid	**(8,784,490)**	(8,519,491)
As at 31 March	**120,261,220**	78,085,361

16.3 Messrs. Smiles Global (Pvt) Limited 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 March 2024 are as follows:

Year ended 31 March	2024	2023
Method of Actuarial Valuation:	**Projected Unit Credit Method**	Projected Unit Credit Method
Discount Rate:	**12%**	22%
Salary Increment Rate:	**13%**	15%
Mortality Table:	**A67/70 Mortality Table**	A67/70 Mortality Table

16.3.1 The Retirement Age used for the acturial valuation as at 31.03.2024 and 31.03.2023 is 55-60 years.

16.4 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 ended 31 March 2024.

The sensitivity of the statement of Profit or Loss & Other comprehensive income and statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the profit or loss and employment benefit obligation for the year is as follows.

Increase/(Decrease)		2024		
in Discount Rate	in Rate of Salary Increment	Effect on Income Statement (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 Defined Benefit Obligation Rs.
+1%		**4,206,757**	**(4,206,757)**	**116,054,462**
-1%		**(4,545,204)**	**4,545,204**	**124,806,424**
	+1%	**(5,021,360)**	**5,021,360**	**125,282,580**
	-1%	**4,728,966**	**(4,728,966)**	**115,532,254**

16.5 Changes in the Defined Benefit Obligation

The following table demonstrates the changes in the defined benefit obligation.

2024		Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income						
	01 April 2023	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	78,085,361	11,460,313	17,178,779	28,639,092	(8,784,490)	(76,963)	(284,467)	25,662,618	(2,979,932)	22,398,219	-	120,261,220
	78,085,361	11,460,313	17,178,779	28,639,092	(8,784,490)	(76,963)	(284,467)	25,662,618	(2,979,932)	22,398,219	-	120,261,220

2023		Amounts Charged to Profit or Loss				Remeasurement Gains/(Losses) in Other Comprehensive Income						
	01 April 2022	Service Cost	Interest Cost	Sub Total included in Profit or Loss	Benefits Paid	Adjustment due to transfer of employees into/(out of) Company	Actuarial Changes arising from Changes in Demographic Assumptions	Actuarial Changes arising from Changes in Financial Assumptions	Experience Adjustments	Subtotal Included in OCI	Contributions by the Employer	31 March 2024
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Defined Benefit Obligation	71,130,571	8,220,631	9,958,280	18,178,911	(8,519,491)	631,180	651,319	(5,408,022)	1,420,893	(3,335,810)	-	78,085,361
	71,130,571	8,220,631	9,958,280	18,178,911	(8,519,491)	631,180	651,319	(5,408,022)	1,420,893	(3,335,810)	-	78,085,361

16.6 Following payments are expected contributions to the defined benefit plan obligation on the future years:

Year ended 31 March	2024	2023
	Rs.	Rs.
Less than or equal to 2 years	**1,296,149**	-
Over 2 year and less than or equal 5 years	**118,965,071**	80,137,047
	120,261,220	80,137,047

The average duration of the defined benefit plan obligating at the end of the reporting period is 4.08 years. (2023: 6.01 years)

Notes to the Financial Statements

17. TRADE AND OTHER PAYABLES

Year ended 31 March		2024 Rs.	2023 Rs.
Trade Payable	- Related Parties (Note 17.1)	**3,601,790**	4,147,962
Trade Payable	- Others	**1,982,348**	3,417,800
Other Payable	- Related Parties (Note 17.2)	**1,497,044**	2,139,850
	- Others	**50,050,520**	55,622,949
		57,131,702	65,328,561
Sundry Creditors including Accrued Expenses		**54,944,391**	65,585,329
		112,076,093	130,913,890

17.1 Trade Payables to Related Parties

Year ended 31 March	Relationship	2024 Rs.	2023 Rs.
LAUGFS Petroleum (Pvt) Ltd	Group Company	**1,141,278**	1,242,897
LAUGFS Engineering (Pvt) Ltd	Group Company	**1,178,881**	-
LAUGFS Restaurant (Pvt) Ltd	Group Company	**14,696**	-
LAUGFS Property Developers (Pvt) Ltd	Associate Company	**979,414**	1,400,660
LAUGFS International (Pvt) Ltd	Group Company	**15,500**	128,900
LAUGFS Supermarket (Pvt) Ltd	Group Company	**272,021**	-
LAUGFS Business Solution (Pvt) Ltd	Group Company	**-**	733,125
LAUGFS Leisure Ltd	Group Company	**-**	642,380
		3,601,790	4,147,962

17.2 Other Payables to Related Parties

Year ended 31 March	Relationship	2023 Rs.	2022 Rs.
LAUGFS Property Developers (Pvt) Ltd	Associate Company	**573,333**	555,312
LAUGFS Engineering (Pvt) Ltd	Group Company	**337,327**	345,000
Southern Petroleum (Pvt) Ltd	Group Company	**225,000**	75,000
LAUGFS Solutions Ltd	Group Company	**-**	791,000
LAUGFS Lubricants Ltd	Group Company	**284,575**	95,191
LAUGFS Holdings Ltd	Parent Company	**73,809**	239,047
LAUGFS Supermarket (Pvt) Ltd	Group Company	**3,000**	39,300
		1,497,044	2,139,850

As at 31 March the ageing analysis of trade payables, is as follows:

	Total Rs.	< 30 Days Rs.	31-90 Days Rs.	91-120 Days Rs.	> 120 Days Rs.
2024	1,982,348	1,982,348	-	-	-
2023	3,417,800	3,417,800	-	-	-

18. COMMITMENTS AND CONTINGENCIES

18.1 Capital Expenditure Commitments

The Company does not have significant capital commitments as at the reporting date.

18.2 Contingent Liabilities

The Company does not have significant contingencies as at the reporting date.

19. ASSETS PLEDGED

There were no assets pledged as securities for liabilities as at the year end.

20. RELATED PARTY DISCLOSURES

The following table provides the information pertaining to significant transactions that have been entered into with related parties for the relevant financial year. (for information regarding outstanding balances at 31 March 2024 and 31 March 2023, refer to Notes 11 and 17).

20.1 Transaction with the Related Entities

	Parent		Associate		Other Group Companies		Total	
	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.	2024 Rs.	2023 Rs.
Nature of Transaction								
Balance as at 01st April	**418,650,831**	432,174,729	**(1,955,971)**	(3,400,916)	**127,134,378**	157,912,343	**543,829,238**	586,686,156
Purchase of Goods / Services	**(159,344,114)**	(48,830,534)	**(5,395,524)**	(6,807,916)	**(44,796,995)**	(687,555,548)	**(209,536,632)**	(743,193,998)
Sale of Goods / Services	**-**	-	**-**	-	**178,250**	-	**178,250**	-
Dividend	**(158,087,282)**	(291,376,559)	**-**	-	**-**	-	**(158,087,282)**	(291,376,559)
Leases	**-**	-	**(11,528,862)**	(15,041,866)	**(900,000)**	(900,000)	**(12,428,862)**	(15,941,866)
Payment Made for Purchase Of Good &Services	**569,847,269**	326,683,195	**17,327,609**	23,294,727	**233,486,640**	1,681,088,735	**820,661,518**	2,031,066,657
Payment Received from purchase Good & Services	**(86,900,000)**	-	**-**	-	**(219,561,713)**	(1,024,060,331)	**(306,461,713)**	(1,024,060,331)
Gratuity-Adjustment	**(17,917)**	-	**-**	-	**(40,745)**	631,179	**(58,663)**	631,179
Adjustment due to Transfer of	**-**	-	**-**	-	**87,213**	18,000	**87,213**	18,000
As at 31 March	**584,148,787**	418,650,831	**(1,552,748)**	(1,955,971)	**95,587,027**	127,134,378	**678,183,067**	543,829,238

Notes to the Financial Statements

20.2 Other Group Companies include the following Companies;

LAUGFS Supermarkets (Pvt) Ltd
LAUGFS International (Pvt) Ltd
LAUGFS Lubricants Ltd
LAUGFS Business Solutions (Pvt) Ltd
LAUGFS Leisure Ltd
LAUGFS Solutions Ltd
LAUGFS Terminals Ltd
LAUGFS Petroleum (Pvt) Ltd
LAUGFS Power PLC
LAUGFS Gas PLC
LAUGFS Engineering (Pvt) Ltd
LAUGFS Restaurants (Pvt) Ltd
LAUGFS Corporation Rubber Ltd
Anantaya Passekudah (Pvt) Ltd
Southern Petroleum (Pvt) Ltd

20.3 Transactions with Directors/ Key Management Personnel *

Year ended 31 March	2024 Rs.	2023 Rs.
Emoluments and Fees - Cash Benefits	**73,523,855**	88,940,000
Emoluments and Fees - Non Cash Benefits	**2,810,125**	3,354,000
Total compensation paid to Key Management Personnel	**76,333,980**	92,294,000

* Key Management personnel includes the Board of Directors of the Company.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Introduction

Risk is inherent in Company's business activities, but is managed through a process of on-going identifications, measurements and monitoring, subject to risk limits and other controls. The Board of Directors of the Company places special consideration on the management of such risks as detailed below.

1. Interest Rate Risk
2. Liquidity Risk
3. Credit Risk
4. Exchange Rate Risk

21.1.1 Interest Rate Risk

The entity's exposure to interest rate risk was minimized by placing surplus funds in short to medium term deposits in a diverts section of financial institution ie. Commercial Banks, Government Securities and Unit Trust.

21.1.2 Liquidity Risk

Liquidity risk arises from the financial liabilities of the entity's subsequent ability to meet their obligation to repay their financial liabilities as and when they fall due. Since the Company has no borrowings, there is no exposure to Liquidity risk.

21.1.3 Credit Risk

Credit risk is the risk counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company's not exposed to credit risk, since over 98% of business transaction are on a cash basis. Balance 2% of the business is offered on credit to state institutions and reputed corporates and the risk is insignificant.

21.1.4 Exchange Rate Risk

There is no exposure to exchange rate risk as all the transactions are done within the Country and in Sri Lankan Rupees.

22. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events after the reporting date which require adjustments to or disclosures in the Financial Statements.

Shareholders Information

LAUGFS ECO SRI LIMITED (VOTING)

MAJOR THIRTY SHAREHOLDERS LIST AS AT 31ST MARCH 2024

No.	NAME	No. of Shares	%
1	MES LAUGFS HOLDINGS LIMITED	247,980,050	74.024
2	MES EMPLOYEES PROVIDENT FUND	57,897,800	17.283
3	MES SEYLAN BANK PLC/CARLINES HOLDINGS (PRIVATE) LIMITED	1,953,696	0.583
4	MES AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,547,795	0.462
5	MR W.K.H. WEGAPITIYA	1,411,536	0.421
6	MES DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE FUND	1,339,563	0.400
7	MES DEUTSCHE BANK AG-NATIONAL EQUITY FUND	1,318,182	0.393
8	MES DEUTSCHE BANK AG-NAMAL GROWTH FUND	1,198,934	0.358
9	MR U.K.T.N. DE SILVA	1,077,897	0.322
10	MR G.Y.N. MAHINKANDA	794,572	0.237
11	MR H.D.M.P. SIRIWARDENA	749,000	0.224
12	MES SEYLAN BANK PLC/MOHAMED MUSHTAQ FUAD	625,521	0.187
13	MR M.K. DE VOS & MRS. D.J. DE VOS	436,000	0.130
14	MR A. RAJARATNAM	209,705	0.063
15	MES EMPLOYEES TRUST FUND BOARD	205,304	0.061
16	MR C.S. KARIYAWASAN	200,000	0.060
17	MR H.A. VAN STARREX	197,098	0.059
18	MES J.B. COCOSHELL (PVT) LTD	187,669	0.056
19	MES CEYLON BISCUITS LIMITED	170,000	0.051
20	MES BANK OF CEYLON NO. 1 ACCOUNT	168,727	0.050
21	MRS C.N.G. NARAYANA	162,300	0.048
22	MR W.V. JAGATH PUSHPA KUMARA	153,072	0.046
23	MES UNIMO ENTERPRISES LTD	143,049	0.043
24	MES SEA CONSORTIUM LANKA (PRIVATE) LIMITED	139,400	0.042
25	MR M.M. FUAD	138,285	0.041
26	MR B.S.E. FERNANDO	131,785	0.039
27	MES SEYLAN BANK PLC/S.R. FERNANDO	130,615	0.039
28	MR S. GNANASEKARAN	126,972	0.038
29	MES COMMERCIAL BANK OF CEYLON PLC./ M R H GALAPPATTI	126,714	0.038
30	MES BANK OF CEYLON A/C CEYBANK UNIT TRUST	122,600	0.037
		321,043,841	95.834
	OTHERS	13,956,245	4.166
	TOTAL	335,000,086	100.000

LAUGFS ECO SRI LIMITED (NON-VOTING)

MAJOR THIRTY SHAREHOLDERS LIST AS AT 31ST MARCH 2024

No.	NAME	No. of Shares	%
1	MES EMPLOYEES PROVIDENT FUND	18,041,300	34.695
2	HSBC INTL NOM LTD-STATE STREET LUXEMBOURG C/O SSBT-ALLIANCEBERNSTEIN NEXT 50 EMERGING MARKETS (MASTER) FUND SICAV-SIF S.C.SP.	3,846,247	7.397
3	MES BANK OF CEYLON NO. 1 ACCOUNT	3,420,538	6.578
4	MR M.A. JAFFERJEE	2,653,032	5.102
5	MES SEYLAN BANK PLC/CARLINES HOLDINGS (PRIVATE) LIMITED	2,213,417	4.257
6	MES AMANA BANK PLC/ALMAS ORGANISATION (PVT) LTD	1,249,845	2.404
7	MES J.B. COCOSHELL (PVT) LTD	1,247,549	2.399
8	MR A.M. WEERASINGHE	813,471	1.564
9	MES COMMERCIAL BANK OF CEYLON PLC/DUNAMIS CAPITAL PLC	793,906	1.527
10	MES SEYLAN BANK PLC/S.R. FERNANDO	704,992	1.356
11	MES DEUTSCHE BANK AG-NATIONAL EQUITY FUND	663,000	1.275
12	MR S. SIVASHANTH	404,447	0.778
13	MES GOLD INVESTMENT LIMITED	390,000	0.750
14	MRS C.N.G. NARAYANA	378,800	0.728
15	MRS S.D. AMARASINGHE	372,400	0.716
16	MES NARATHA VENTURES PRIVATE LIMITED	308,000	0.592
17	MES PERSHING LLC S/A AVERBACH GRAUSON & CO.	307,604	0.592
18	MR M.A. VALABHJI	280,000	0.538
19	MES PEOPLE'S LEASING & FINANCE PLC/C.D.KOHOMBANWICKRAMAGE	167,934	0.323
20	MR S.G.H.I. JAFFERJEE	153,236	0.295
21	MR K.B. DE VOS	151,202	0.291
22	MR W.J.A.M. SOYSA	150,000	0.288
23	MR M.G.H.I. JAFFERJEE	147,336	0.283
24	MES HSBC INTL NOM LTD-UBS AG SINGAPORE BRANCH (EX SBC)	146,765	0.282
25	MES PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PVT) LTD	142,991	0.275
26	MR M.A.H. ESUFALLY	140,000	0.269
27	MRS N. MULJIE	139,217	0.268
28	MES MOUNT LAVINIA HOTEL (PVT) LIMITED	130,000	0.250
29	DR N.A.J.R. SAMANKUMARA	129,348	0.249
30	MES JAFFERJEE BROTHERS (EXPORTS) LIMITED	128,200	0.247
		39,814,777	76.567
	OTHERS	12,185,223	23.433
	TOTAL	52,000,000	100.000

Notice of Meeting

Notice is hereby given that the 7th Annual General Meeting of the Company will be held by way of electronic means on 06th September 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 of the Board of Directors on the affairs of the Company and the Statement of Accounts for the year ended 31st March 2024 and the Report of the Auditors thereon.

2. To elect Mr. P. M. B. Fernando who retires by rotation, in terms of Article 26 (6) of the Articles of Association, as a Director of the Company.

3. To re-appoint Messrs Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.

4. To authorise the Directors to determine and make donations for the year ending 31st March 2025 and upto the date of the next Annual General Meeting.

By Order of the Board

LAUGFS Eco Sri Ltd

P W Corporate Secretarial (Pvt) Ltd
Secretaries
Colombo

25th July 2024

Notes:

- Below mentioned documents can be now downloaded via the corporate website https://www.ecosri.lk/investor-relations/

a. Notice of Meeting

b. Circular to shareholders

c. Form of Proxy

d. Guideline and Registration Process to join the AGM virtually

e. Registration Form for the AGM

f. Request Form for the printed copy of the Annual Report

- A shareholder entitled to participate and vote at the above virtual meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy which can be downloaded as above

- Shareholders who are unable to participate in the above virtual meeting are also encouraged to submit a duly completed Form of Proxy appointing the Chairman or any other Member of the Board to participate and vote on their behalf.

- A proxy need not be a shareholder of the Company.

- For more information on how to participate by virtual means in the above virtual meeting, please refer Registration Process which can be downloaded as above.

Form of Proxy (Voting)

*I/We... holder of NIC No .... of..

being a *Shareholder /Shareholders of LAUGFS Eco Sri Ltd, do hereby appoint .... holder of NIC

No.................................. of ....or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr, H. L. V. S. E. Silva	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 06th September 2024 at 10.00 am and any adjournment thereof and at every poll which may be taken in consequence thereof.

	For	Against
1. To elect Mr. P. M. B. Fernando who retires by rotation, in terms of Article 26 (6) of the Articles of Association, as a Director of the Company.		
2. To re-appoint M/s. Ernst & Young, Chartered Accountants, the retiring Auditors and to authorise the Directors to determine their remuneration.		
3. To authorise the Directors to determine and make donations for the year ended 31st March 2025 and up to the date of the next Annual General Meeting.		

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 Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Form of Proxy (Non-Voting)

*I/We... holder of NIC No .... of...

being a *Shareholder /Shareholders of LAUGFS Eco Sri Ltd, do hereby appoint .... holder of NIC

No.................................. of ....or failing him/her

Mr. W. K. H. Wegapitiya	of Colombo or failing him
Mr. U. K. T. N. De Silva	of Colombo or failing him
Mr. P. M. B. Fernando	of Colombo or failing him
Mr. P. Kudabalage	of Colombo or failing him
Mr, H. L. V. S. E. Silva	of Colombo

as *my/our proxy to represent me/us at the Annual General Meeting of the Company to be held on 06th September 2024 at 10.00 am 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.

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   (b) In the case of a company or corporate / statutory body either be under its Common Seal or signed by its Attorney or by an Officer on behalf of the company or corporate / statutory body in accordance with its Articles of Association or the Constitution or the Statute (as applicable).

3. To be valid, the completed Form of Proxy must be deposited with the Company Secretaries, P W Corporate Secretarial (Pvt) Ltd at No. 3/17, Kynsey Road, Colombo 08, Sri Lanka or must be emailed to laugfsgroup.pwcs@gmail.com by 48 hours before the AGM.

Designed & produced by
emagewise

LAUGFS
ECO SRI

No: 101, Maya Avenue, Colombo 06, Sri Lanka.
www.ecosri.lk