

8th December 2020

Mr. Nilupa Perera
Head of Trading Operations, Market Surveillance & Corporate Affairs
Colombo Stock Exchange,
#04-01, West Block,
World Trade Center,
Echelon Square,
Colombo 01.

Dear Sir,

CLARIFICATIONS ON UNUSUAL TRADING ACTIVITIES UNDER SECTION 8.4 (A) OF THE LISTING RULES

This is with reference to your letter on the above dated 07th December 2020 regarding your clarification on the share price increase of LGL.N0000 and LGL.X0000 recorded in 07th December 2020, we presume the following reasons may have caused such situation.

Firstly, the submission of the interim accounts on the 2nd November 2020 with a positive financial performance that has rebounded in the first half of the financial year 2021 recording a pre-tax profit of Rs 189Mn as against a loss of Rs 155Mn last year has boosted the positive sentiments by the public. On the date of submission itself, voting share price increased by over 6% to Rs 18.10 and Non-voting increased by 10% to Rs13.00. The positive performance recorded by the company despite the COVID 19 adverse affects on the business operations is a testament to the notable improvement in the business fundamentals.

Moreover, the publicity generated by the media upon the submission of the accounts on a positive note with articles published independently by Daily FT and Daily Mirror and other media may have gained investor confidence further. Immediately preceding the submission, on 3rd November, an article published by Daily FT with the title “LAUGFS Gas Powers its way to profitability in 1H” would be evidence for such positive sentiments that have regained investor confidence for investing in the company.

Also, the strong performance of ASPI index as a whole– with 3.4% gain in the month of December to 07th December (30th November closing index recording at 6,243 to ASPI recording at 6,455 in 07th December 2020); coupled with a strong prior performance in the index for the month of November with a 9.2% gain (index rising to 6,243 by end of November from 5,713 in the beginning of the month) may have had signaling effects for prospective investors. In the selection of shares, a geared company such as LAUGFS Gas PLC, generally tends to multiply the overall shareholder



returns due to the financial leverage multiplier and these improvements in business fundamentals may have positively increased the valuations of the prospective investors.

We confirm to the best of our knowledge that there had not been any undisclosed price sensitive information in relation to the company or any other reason which may have caused the increase in trading activity other than which are stated above. If you need any further clarification on this, kindly contact the undersigned.

Yours sincerely,

LAUGFS GAS PLC



C D Ediriwickrama
Chief Executive Officer