

8th Proof
of
Access Engineering PLC
Annual Report 2014/15
submitted
by
Smart Media (Pvt) Ltd.
on
28th July 2015



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Build Quality

A key distinguishing feature of Access Engineering PLC is its premium build quality. From inception, the Company has built a premium enterprise – from strategy and infrastructure, through the professionalism and high-level skills of its people to ‘expectation exceeding’ execution of projects.

This base has allowed Access Engineering to build quality in the life of the Nation and its people, through the value addition our efforts impart via our diverse and comprehensive portfolio of products and services.

Excellent build quality allows us to...build quality.



Vision

To be the foremost Sri Lankan business enterprise in value engineering.

Mission

To meet the challenges in the development of multi-sector civil engineering projects, providing innovative solutions whilst developing long-term progressive relationships with all our stakeholders.



Access Engineering PLC

Established in 2001, Access Engineering is the premier Civil Engineering firm listed in the Colombo Stock Exchange. Its track record includes over 100 major projects successfully completed; among these are Bridges and Flyovers, Roads and Highways, Harbours, Water Treatment Plants and Water Supply Projects, Land Drainage and Irrigation Schemes and Telecommunication Infrastructure Projects. Through its project implementation and services, Access Engineering has been a force behind many multidisciplinary infrastructure projects across the country.

AEL, as it is familiarly known, specializes in advanced engineering solutions, for which it possesses unmatched technical know how and resources. The in-house services of AEL offer its customers fully-integrated project solutions including Project Design, Laboratory Testing, Piling etc., whilst the Company also has its own materials supply chain, an island-wide network of quarries, crusher plants, asphalt plants and concrete-batching plants. Its modern fleet of specialized machinery and equipment coupled with some of the best human resources in the industry brings to bear the most cost-effective solutions which give a distinct advantage to AEL to be the preferred contractor in the industry.

The Company presently employs over 1,800 workers comprising more than 150 Engineering and Technical Professionals, Skilled Personnel, Tradesmen, Skilled and Unskilled Workers.

Access Engineering's fully-owned subsidiaries are, Access Realities (Private) Limited which owns Access Tower Office, Access Realities 2 (Private) Limited, the Developer of the proposed Access Tower II which is currently under construction. Its 84% owned subsidiary Sathosa Motors PLC holds the franchise for Isuzu commercial vehicles. The latest addition under the AEL umbrella is a 80% owned Access Projects Private Limited, a leader in the leisure related building construction and interior solutions. ZPMC Lanka Company Private Limited is an Associate Company of AEL with a 30% stake in a Joint Venture with Shanghai Zhenhua Heavy Industries Company Limited (ZPMC) of China, the world's largest Container Handling Equipment Manufacturer.

Access Engineering is recognized as a 'specialist contractor' by the National Contractors' Association of Sri Lanka and as a 'major contractor' by Construction Industry Development Authority (ICTAD – Institute of Construction Training and Development), with 'C1' (highest) grading for multiple engineering disciplines. It is compliant to ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 accreditations for its quality, environmental-and health and safety management systems and is a signatory to the UN Global Compact. It is also a TRACE Member in good standing.

ENGINEERING PROJECTS



Roads and Highways



At the forefront of many of the road rehabilitation and improvement projects

The work involves utility shifting, road widening, improvements to existing drainage systems, town improvements, rehabilitation and improvement of road pavements, road safety and environmental improvements.

 page 20

Bridges and Flyovers



Completed several landmark bridge/flyover projects

The scope of work includes Engineering design, construction of the substructure, approaches, service roads, erection and launching of the super structure.

 page 24

Water and Wastewater



Providing safe drinking water, better sanitation and ensuring minimal pollution

The work involves civil construction, mechanical and electrical works of water treatment plants.

 page 26

Building Projects



Providing engineering services in building projects

All Engineering services, including structural designs, piling, all civil works, design and installation of mechanical, electrical and plumbing works, landscaping etc. are being provided using in-house expertise and capabilities.

 page 32

Telecommunication Infrastructure



A catalyst of growth in the telecommunication sector through their long-term partnership with the country's leading mobile service providers

The scope work includes construction of telecommunication towers including transmission facilities, installation of cables, ducts, optical fiber telecommunication networks etc.

 page 40

Harbour and Marine Works



Completed the renovation and rehabilitation of the Unity Container Terminal of SLPA at the Port of Colombo

The work included construction of Rubber Mounted Embankment, rectification of the settlements with anchor rods, Construction of an underwater Mask Concrete Curtain wall and providing essential amenities.

Airport and Aviation



One of the key contractors at the Mattala International Airport Project

This project included the construction of cargo and fire rescue building at the Airport as well as infrastructure work such as apron fuel hydrant system, water supply mains, water tower, roads etc.

ENGINEERING SERVICES



Geotechnical and Laboratory Services



Provides investigations services for internal and external projects

The services include testing of raw and process materials and products, aggregate testing, geotechnical investigations and soil testing, surveying and levelling, quality assurance services for infrastructure projects, pile load testing and concrete mix design.

📄 page 48

Engineering Design



Provides a competitive edge in turnkey and design-and-build contracts

The team is skilled in the design of bridges, flyovers and viaducts, roads and highways, buildings, dams and other water-retaining structures, foundations and ground improvements.

📄 page 44

Piling



Engages in construction of cast, *in-situ* bored piles for buildings, bridges, etc.

Access Engineering is one of the leading piling contractors in Sri Lanka, renowned for its reliability, expertise and quality. The fleet includes hydraulic rotary drilling rigs and associated equipment.

📄 page 45

HDD and Cable Jetting Services



Involved in telecommunication infrastructure work underground

Horizontal directional drilling (HDD) is a drilling technique used to install underground utilities without disturbing the structures and without trenching. Cable jetting is the process of installing fibre optic cables in a duct through blowing.

📄 page 50

Dredging



Involved in dredging and excavation

Dredging is a process that involves the aquatic excavation of water beds to remove sediments, pollutants and other material.

📄 page 51

Production Plants



Established several quarries and crusher plants to ensure timely supply and greater sustainability of operations

Crushed rock aggregates required for road construction works; asphalt concrete and cement concrete are produced under this operation. Apart from providing for internal requirements, products of these plants also cater to external demand.

📄 page 52

Mechanical and Steel Fabrication Workshops



Maintains and repairs all Company's heavy machinery and equipment and heavy vehicle fleet

In addition, they provide support services to construction projects carried out by the Company. The in-house fabrication division customizes machinery and designs and manufactures various objects and devices.

📄 page 54

Portfolio at a Glance

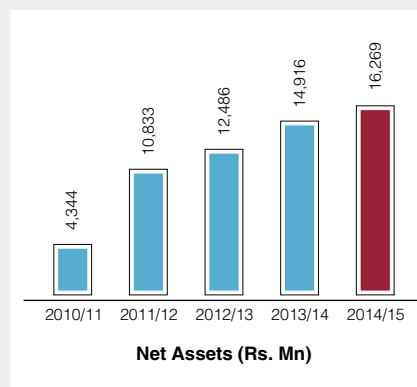
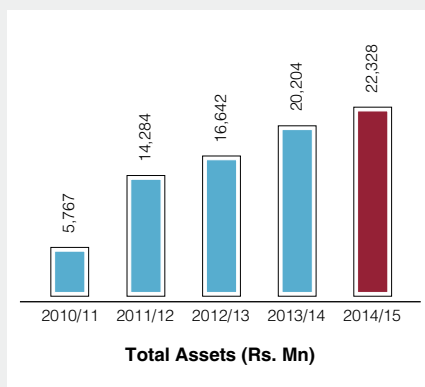
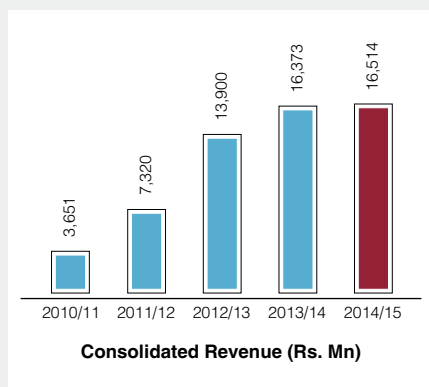
Access Engineering PLC

www.accessengsl.com

📄 Please refer indicated pages for details on the respective Projects and Services

Highlights of the Year

Financial Highlights



Group Revenue



Rs. 16,514 Mn

Earnings per Share



Rs. 2.35

Stated Capital



Rs. 9,000 Mn

		2014/15		2013/14		Change (%)	
		Group	Company	Group	Company	Group	Company
Earnings Highlights and Ratios							
Revenue	Rs. Mn	16,514	11,245	16,373	13,188	0.9	-14.7
Gross Profit	Rs. Mn	3,815	2,630	4,186	3,226	-8.9	-18.5
EBITDA	Rs. Mn	3,321	2,439	3,771	3,218	-11.9	-24.2
Earnings before Tax	Rs. Mn	2,763	1,944	3,316	2,801	-16.7	-30.6
Profit Attributable to Owners	Rs. Mn	2,346	1,753	2,833	2,524	-17.2	-30.5
Dividend	Rs. Mn	1,000	1,000	500	500	100.0	100.0
Earnings per Share	Rs.	2.35	1.75	2.83	2.52	-17.0	-30.6
Dividend per Share	Rs.	1.00	1.00	0.50	0.50	100.0	100.0
Dividend Payout	%	43	57	18	20	140.9	188.0
Statement of Financial Position Highlights and Ratios							
Total Assets	Rs. Mn	22,328	18,257	20,204	18,315	10.5	-0.3
Stated Capital	Rs. Mn	9,000	9,000	9,000	9,000	0.0	0.0
Retained Earnings	Rs. Mn	7,168	5,920	5,815	5,158	23.3	14.8
Total Equity/Shareholders' Funds	Rs. Mn	16,269	15,021	14,916	14,259	9.1	5.3
Total Liabilities	Rs. Mn	5,633	3,236	5,022	4,056	12.2	-20.2
Current Assets	Rs. Mn	13,173	9,509	12,855	10,973	2.5	-13.3
Current Liabilities	Rs. Mn	5,119	2,880	4,663	3,734	9.8	-22.9
Net Asset per Share	Rs.	16.27	15.02	14.92	14.26	9.0	5.3
Investor Highlights and Ratios							
Price per Share	Rs.	-	19.2	-	22.5	0	-14.7
Gross Profit Margin	%	23.1	23.4	25.6	24.5	-9.6	-4.5
Net Profit Margin	%	14.7	15.6	17.7	19.1	-17.2	-18.5
Return on Equity	%	14.4	11.7	19.0	17.7	-24.2	-34.1
Debt/Total Assets	%	1.12	0.00	0.32	0.03	248.0	-100.0
Debt/Equity	%	1.50	0.00	0.43	0.04	249.8	-100.0
Current Asset Ratio	times	2.6	3.3	2.8	2.9	-6.7	12.4
Quick Asset Ratio	times	2.1	3.0	2.3	2.6	-8.3	13.7



Non-Financial & Operational Highlights

Corporate Responsibility

We were selected the Infrastructure Sector winner at the Best Corporate Citizen Sustainability Awards 2014 organized by the Ceylon Chamber of Commerce



Integrated Reporting

Our 1st Integrated Report was awarded the Gold award for construction companies at the ICASL Annual Report Awards 2014



Hiring and Retaining Talent

Our staff retention of

94.2%

which is unheard in the industry

Safety Performance

Lost Time Injury Frequency Rate (LTIFR) was

1.71

Project Completion

Project completion performance was

100%



Opening of East Africa Branch Office in the Republic of Djibouti



Acquisition of Access Projects (Private) Limited



Commissioning of cranes by ZPMC Lanka in Saudi Arabia



Commencement of superstructure work of Access Tower II



Completion of Polduwa Bridge across Diyawanna Oya



Commencement of foundation work at ITC Colombo One



About This Report

This publication covers the activities of the Company during the financial year 1st April 2014 to 31st March 2015. It is an 'integrated' annual report, covering not merely business operations and financial performance but the entire scope of Company operations as they relate to our stakeholders, to society at large, and to the environment.

This is the Company's second integrated annual report, following the success of the first, which was published in March 2014 last year. Its content is based on recommendations by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G3.1 (2011) [www.globalreporting.org], with most of the pertinent GRI indicators covered. The report also follows concepts, principles and guidance from both the International Integrated Reporting Framework (2013) [www.theiirc.org] and the Smart Integrated Reporting Methodology™ [www.smart.lk]. We have presented the information in a format better suited to the particular reporting needs of our Company.

This Report is available in both print and HTML versions. The latter may be downloaded from the Company's internet site, www.accessengsl.com. Further queries regarding the Report or its contents should be addressed to the Chief Operating Officer, Access Engineering PLC, at rohana@accessengsl.com.

PROCESS FOR DEFINING REPORT CONTENT

The standard approach, as specified in GRI G3.1, was used in determining materiality. Thus reporting is confined to matters with a high or potentially high-level of economic, social or environmental impact, and those that exerted a strong influence on stakeholder decisions.

PRIORITIZING TOPICS WITHIN THE REPORT

The table below describes what is covered in this Report, and why:

Reporting Topics and Rationale

Category	Aspect	Reason for Reporting
Economic	Economic Performance	All stakeholders require enhancement in the value of their investment. Sound economic performance defines a going concern, a matter important to all stakeholders.
Environmental Performance	Energy	Construction is a heavy consumer of energy in many forms.
	Water	Heavy impact on water resources island-wide.
	Biodiversity	Heavy impact of projects on biodiversity and heavy regulation within the industry in this regard.
	Emissions, Effluents and Waste	Multiple hazards to the environment from emissions and other by-products of construction work.
	Products and Services	Our commitment to ensure that projects executed and services provided have minimal impact on the environment.
	Transport	Mass transport of physical resources is an integral component of our business.
	Overall	Our efforts to protect and conserve the environment are broad and numerous.



Category	Aspect	Reason for Reporting
Labour Practices and Decent Work	Employment	AEL is a creator and provider of employment opportunities throughout the country.
	Occupational Health and Safety	Our industry is heavily susceptible to work-related accidents, hazards and other risks.
	Training and Education	Our competitiveness depends on our competence.
	Diversity and Equal Opportunity	By default, construction is a male-dominated industry. The labour force is also heavily diversified due to the involvement of unskilled labour.
Society	Corruption	Our industry is heavily susceptible to corruption due to the large-scale nature, long-term duration and high monetary value of projects.
	Local Communities	Heavy influence of projects on local communities and our commitment to uplift the living standards of localities we operate in.

REPORTING BOUNDARIES

This Report covers only the operations of Access Engineering PLC carried out within the country. Operations of subsidiaries and foreign operations of the Company have been omitted.

Reasons for Omission

- Our subsidiaries operate in commercial sectors (renting of office space, sale of motor vehicles and provision of interior solutions) that are different to that in which AEL operates. Therefore, reporting aspects are not compatible.
- Difficulties in obtaining reliable data.
- Subsidiaries account for only a minor amount of the Company's bottom line.
- The foreign project in Papua New Guinea is excluded since its contribution to the Company's top line during the year was less than 2%.
- Operations of Access Engineering PLC (East Africa) Branch are excluded as operations were not commenced by 31st March 2015.

SOURCES, COMPILATION AND PRESENTATION OF DATA

Data found in the Report are based on the following:

- Audited Financial Statements of the Company.
- Internal records verified through periodic internal audits.

In the process of compiling indicators, we have not substantially deviated from the indicator protocols stipulated by GRI.

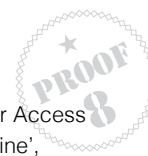
EXTERNAL ASSURANCE AND INDEPENDENT REVIEW

No independent external assurance or outside review was carried out in respect of any of the data presented in this integrated report. Company policy is to carry out self-assurance checks and verification. Based on this, Access Engineering PLC affirms that the present Report meets the standards of a B-level report according to the GRI system of classification.



A Message from the Chairman





I am glad to say that success and growth have kept to the strategic trajectory envisioned for Access Engineering for the year 2014/15. Usually, this sentiment adorns messages as 'the sum up line', but I felt it is the single valid sentiment that describes our enterprise and deserves to be the opening line of my message!

Here at home, national GDP grew by 7.37%, on the back of strong growth in the construction sector. The devaluation of the Sri Lankan Rupee against the US Dollar posed a challenge to the business sector. Also, volatility and uncertainty beset the latter part of the year due to the Presidential Elections and the subsequent change of Government. The construction industry's contribution to GDP growth stood at 10% for the year in review. For most of the year, Government support for infrastructure development remained steady.

Access Engineering has identified value engineering as a key component of its strategy and enterprise, which has helped establish the Company's edge within the industry

Internationally, the global economy continued to be driven by the powerhouses of Asia and the Far East. Economic growth in countries within the EU continued to be sluggish, whilst the USA showed encouraging signs of cautious growth. Although, continuing to drive the global economy, countries of the Eastern hemisphere, more particularly China and India did experience some constraints, which caused growth to dip slightly when

compared to their bull run of a few years ago. Growth in countries such as the USA augurs well for trade with countries such as Sri Lanka. In this backdrop, keeping Access Engineering's success and growth trajectory true to its envisioned path was vitally important. Some key initiatives helped us do this.

For a while now, Access Engineering has identified value engineering as a key component of its strategy and enterprise, which has helped establish the Company's edge within the industry and amongst its peers. By this we mean providing our clients and principals with integrated engineering solutions that are innovative and cost effective. Our value engineering solutions flowed across all manner of construction – foundation laying, bridges, flyovers, water and telecommunications works – to name a few areas we targeted during the year in review.

The acquisition and positioning of Access Projects (Private) Limited, enabled forward integration that further enhanced our integrated engineering solutions portfolio. In this manner, Access Engineering enhances not only the 'build quality' of the Company but also builds quality for people and Nation. I have to say that none of this activity would have seen the light of day had it not subscribed fully to the principles of sustainability that Access Engineering lives by. Sustainability is an integral component of our business philosophy. All our strategy and action is enacted across parameters of quality, environmental friendliness, health and safety that are in conformance with internationally-accepted frameworks and protocols.

Looking ahead, Access Engineering will continue to consolidate its core business via our value engineering approach. We will continue our exploration of opportunities overseas. We are also looking at building a land bank, with the objective of exploring opportunities in the property development market of Sri Lanka.

Before I conclude, I wish to inform you that Mr. Alexis Indrajith Lovell retired from the Board during the year in review after four years of dedicated service. Whilst thanking him for his contribution to the Company, I wish him all success in his future endeavours. I welcome Mr. Dinesh Weerakkody to the Board with effect from 1st January 2015. I have no doubt that the wealth of experience he brings to Access Engineering will augur well for the Company. I wish him a long and fruitful tenure with us. I would like to thank my colleagues on the Board, whose guidance and contribution have been invaluable in charting our course. I also thank our Managing Director and COO for the exemplary manner in which they steered the Company and also thank our staff of every rank who 'lived the Access Engineering dream' and helped the Company achieve success.

I thank our stakeholders – our customers, international partners, bankers and the State – your support and co-operation has been integral to the results we have achieved and the reputation and standing we enjoy as one of Sri Lanka's most respected firms in the industry.

Sumal Perera
Chairman



Joint Statement of the
Managing Director and
the Chief Operating Officer





Access Engineering maintained positive business sentiments and momentum during most part of the year 2014/15.

A LARGELY ENABLING OPERATING ENVIRONMENT

The external operating environment was for the most part an enabling one. From an economic perspective, Asia continued to drive global growth with India and China contributing significantly. China continued to lend/invest worldwide with an emphasis on developing both the land and maritime 'silk route'.

The Sri Lankan economy continued its healthy growth at over 7% for the year 2014. The construction sector was a major contributor to this growth. For the most part, the year in review progressed positively with a slowing down during the 3rd and 4th quarters due to impending Presidential Elections and the subsequent change in Government. This led to a slowing down of momentum in the industry, as implementation of some projects was delayed.

THE INDUSTRY

Investment in Sri Lanka's developing infrastructure continues apace, with many of the major projects receiving Chinese funding. Many other bilateral and multilateral funding agencies lent muscle to the country's infrastructure development projects.

Our primary focus for the year was on consolidation of our core business, whilst expansion was only entertained where synergies with our core values existed

The construction industry has been at the forefront of national growth and development since the cessation of hostilities in 2009. In 2014, the industry's share of contribution to national GDP was around 10% and constituted a YoY growth of approximately 12% over the results for 2013. The industry also accounted for 7.3% of the country's total labour force.

The construction of new roads and the rehabilitation of existing roads continued to be one of the development priorities in 2014 in line with the National Road Master Plan (2007-2017). Initiatives were taken to commence construction of Expressways utilizing reputed local and international contractors. The funding from China for infrastructure development included the extension of the Southern Expressway from Matara to Hambantota.

The South Container Terminal (SCT), which has the capacity of handling 2.4 Mn TEUs per annum, was completed in April 2014 and the East Container Terminal (ECT) is expected to commence operations in 2015.

The construction work of the Colombo Port City Project (CPCP) commenced in September 2014. Many projects were also initiated in the water purification and distribution sectors.

Construction work on the Colombo Water Front Project, Shangri-La Development Project, ITC Colombo One Development Project and Altair among others, also commenced during the year.

AREAS OF FOCUS

Our primary focus for the year was on consolidation of our core business, whilst expansion was only entertained where synergies with our core values existed. We continued to invest in capacity building. The bulk of such investment – Rs. 714 Mn – went towards enhancing and infusing plant, equipment and machinery with new technological capability. This expenditure comes on the back of the Rs. 3.2 Bn the Company has spent over the previous three financial years.

Our continuing search for ever greater productivity was greatly aided by the utilization to its full capacity this year, of our newly introduced ERP system. Access Engineering is the first local construction company to implement a comprehensive ERP system.



Exploring business opportunities beyond Sri Lanka's borders remains within our immediate focus. During the previous financial year, we commenced a project in Papua New Guinea which was completed in the current period of review, with a positive contribution to the bottom line. We opened a branch office in the Republic of Djibouti, to aid our push further afield in February 2015.

Our focus on planned forward integration saw the Company acquiring Access Projects (Private) Limited, a leader in leisure, related building construction and a provider of total interior solutions with manufacturing capabilities in aluminium work and metal ceilings.

Access Engineering also focused on reinforcing its presence in the field of mechanical engineering and this initiative saw fruition with the joint venture entered into by the Company with ZPMC China, the world's largest container handling equipment manufacturer, which has led to the set up of ZPMC Lanka. This entity has since expanded its services overseas during the year under review including commissioning of cranes to Port Abdullah in the Kingdom of Saudi Arabia.

This year, we were also engaged in the construction work of the superstructure of Access Tower II.

OUR PERFORMANCE

During the year under review, Access Engineering recorded a top line of Rs. 11.2 Bn. Top contributors to this result were – highways construction (40%), building construction (34%), sale of construction related material (11%) and water and drainage construction (10%). The Company enjoyed a gross profit ratio of 23%.

We experienced a reduction in other income, mainly due to the depreciation of exchange rate of the Euro against the Sri Lankan Rupee, where we had income in Euro on the Labugama-Kalatuwawa water supply project.

Our net profit ratio margin, at 16%, was well above the world industry average. Access Engineering is debt free and its liquidity is at a position of great strength.

At the Group level, Access Realties (Private) Limited contributed approximately Rs. 314 Mn to the bottom line a YoY growth of over 130% mainly on account of a revaluation gain of Rs. 174 Mn. Sathosa Motors' contribution to the bottom line was approximately Rs. 270 Mn while the recently acquired Access Projects (Private) Limited contributed Rs. 145 Mn. The Company continues to enjoy a preferential tax rate of 12% applicable to the construction industry.

ACHIEVEMENTS TO BE PROUD OF

There have been several instances where the Company has delivered results we can truly be proud of. For example we completed the Polduwa Bridge across the Diyawanna Oya, four months ahead of schedule, without compromising any of its key parameters.

The innovative solution we provided to the ITC Hotel for the construction of its basements involved the incorporation of diaphragm walls, a concept introduced by a local contractor, for the first time in Sri Lanka.

We undertook and completed piling works for the OCH Northern Section I, which to date remains the largest piling project undertaken by a private sector contractor.

The ceremonial opening of 1,137 houses constructed under Phase I of the Underserved Resettlement Programme, well within the contract period and to witness the element of people in them was particularly heartwarming.



Then, there were the accolades received – the Gold award for construction companies at the Annual Report Awards organized by ICASL and the Infrastructure Sector Winner at the Best Corporate Citizen Sustainability Awards 2014 organized by CCC, which further testified to the stature of the Company.

WHAT SETS US APART

We are renowned as the most integrated engineering company with the best available human resources in the industry. Access Engineering is a clear leader when it comes to providing value engineering solutions to our clientele across all disciplines of civil engineering. We were the first company to introduce most of these solutions to the local construction industry.

We are the only local construction company to run operations on a fully-automated ERP System which is based on SAP.

We are the only local construction company to have the highest ICTAD Grading in nine disciplines of civil engineering. This is also complemented by our subsidiary Access Projects (Private) Limited which also has the highest ICTAD Grading for building construction, aluminium and ceiling works.

Access Engineering values its positioning as a preferred partner among international contractors present in Sri Lanka. We were invited by China Harbour Engineering Company (CHEC) to work with them on a project in Papua New Guinea which has been completed successfully.

SUSTAINABILITY

Building a sustainable enterprise resides at the core of our being.

We are aware that construction as our primary activity can have an impact on societies and the environment. Every effort to mitigate or eliminate negative effects is taken. Our EMS is in conformity with the provisions of ISO 14001. We also utilize the latest and most up-to-date techniques available in construction in order to reduce the usage of natural resources.

Across the social spectrum, we care for both our employees and the wider community, in areas where we are active.

Access Engineering is a clear leader when it comes to providing value engineering solutions to our clientele across all disciplines of civil engineering

We provided industrial placements for over 90 individuals. An investment of over Rs. 10 Mn was made on Training and Development with an average training period of over 9 hours per employee. Our investment in human capital was recognized when we were rewarded at the SLITAD People Development Awards 2014.

All our projects operate in conformity with the provisions of OHSAS 18001. Our safety initiatives were recognized at the National Occupational Health and Safety Awards 2014.

During the year under review, we carried out a total of 8 CSR initiatives on various platforms covering local community development, human capital building, health and wellness and environment stewardship.

**THE CUSTOMER
AT THE CENTRE**

Customer centricity is at the top of our value chain. We recognize the customer as the foremost value driver of our enterprise. We are committed to a continuous raising of the bar when it comes to offering a product or service. Access Engineering keeps ahead of the game by offering total/integrated value engineering solutions, engineering products and services that go beyond the traditional and the conventional. This has resulted in providing customers with cost effective solutions that often exceed expectations and thus fosters a high customer retention ratio.

**LOOKING TO
THE FUTURE**

From the Company's perspective, we will look to further develop and advance in the areas of focus that have driven our business this year, which we have already alluded to. On our wish list are a few measures that would encourage us to leverage our business to serve the Nation even more effectively than at present.

The continuation of the infrastructure development drive is a must for the country. We would like to see the stabilisation of the Rupee so that foreign funded projects would not suffer translation losses. The extension of facilities and incentives granted to encourage investments in new areas of business would, we feel, constitute a significant motivating factor to encourage enterprise. We would also wish for more consistency in the country's tax and monetary policy.

In conclusion, we would like to thank the Board and Corporate Management of the Company, whose guidance and input have been invaluable in administering the Company. We thank all shareholders as well as the wider stakeholder community, including our valued customers, whose trust and belief in the Company have made our task a happy one. We also thank every employee, of every rank – you are truly partners in the fortunes of Access Engineering and an invaluable asset to the Company.

Christopher Joshua
Managing Director

Rohana Fernando
Chief Operating Officer



Review of Business Operations

THE YEAR IN REVIEW

Globally, 2014/15 was what the IMF called 'another year of transition'. Trends that commenced in 2013 continued, with few international economic issues resolved. There were no major crises, though Greece edged closer to debt default and a possible exit from the Eurozone amid a great deal of sensation and comment. Some advanced economies, notably the USA, saw positive turnarounds, but in general the rich world fared less than well, while emerging economies, particularly China and the other BRICS nations, also felt the pinch. However, most consumer nations benefited from a decline in oil prices of around 40%, which helped ease the pains of economic uncertainty.

The construction industry did relatively well worldwide and also in Sri Lanka where, for the fifth consecutive year, a strong commitment to rebuilding and reconstruction following the end of the 1983-2009 war helped the sector become one of the key contributors to GDP. Sri Lanka's GDP grew by 7.37%, an increase of 1.66% compared with the figure for 2013. Industry sector (including construction) was the principal contributor to growth, followed by services sector.

Per capita GDP was measured at \$ 3,625. Private consumption declined year on year despite a substantial downward adjustment in interest rates by the Central Bank that was reflected in a decline of almost 30% in bank deposit and lending rates. With less consumer spending, there was a concomitant rise in private investments, which helped offset a fall in Government investment. The one-year Treasury Bill rate fell by approximately 28%.

The Rupee weakened somewhat against the US Dollar in the course of 2014.

The Colombo Stock Exchange had an excellent trading year in 2014, with the All Share Price Index crossing the 7,500 mark and market capitalization reaching Rs. 3 Tn. It was an active market, with daily turnover figures in the Rs. 1 Bn - Rs. 1.5 Bn range. Political events in early 2015, however, had a negative effect on the bourse, causing both trading activity and share prices to decline somewhat.

THE CONSTRUCTION INDUSTRY

The construction industry continued to be a major contributor to the national economy.

Sri Lanka: Construction Sector Contribution to Economy

	2014	2013	2012	2011	2010
Construction Sector (2002 Constant Prices, Rs. Mn)	339,906	282,742	247,091	203,204	177,912
GDP (2002 Constant Prices, Rs. Mn)	3,506,664	3,266,041	3,045,288	2,863,691	2,645,542
Contribution of the Construction Sector to GDP (%)	9.69	8.66	8.11	7.10	6.72
Growth in Contribution (%)	11.89	6.78	14.23	5.65	-
Employment in the Construction Industry	615,000	588,000	616,000	590,000	550,000
Total Labour Force	8,424,000	8,418,000	8,118,000	8,197,000	7,894,000
Contribution of Construction Sector (%)	7.30	6.99	7.59	7.20	6.97
Growth in Contribution (%)	4.43	-7.91	5.42	3.31	-



GDP and Construction Sector Growth, Year on Year

		2014	2013	Growth (%)
GDP at Current Prices (Rs. Mn)		9,784,672	8,674,230	12.80
Construction Sector at Current Prices (Rs. Mn)		1,150,010	894,683	28.54
GDP at Constant (2002) Prices (Rs. Mn)		3,506,664	3,266,041	7.37
Construction Sector at Constant (2002) Prices (Rs. Mn)		339,906	282,742	20.22

The industry continued to grow through the first three quarters of the financial year, during which many large infrastructure projects were completed. These included the Southern Expressway (Phase II), the Colombo Outer Circular Highway Project (Phase I), the Norochcholai Coal Power Plant (Phase II) and the Deduru Oya Irrigation Project. It will be noted that some of these are multiphase projects, with further phases yet to be completed in many cases.

Other large infrastructure projects made active progress in 2014. Among these were the East Container Terminal Phase of the Colombo Port Expansion Project, Phase II of the Colombo Outer Circular Highway Project, the Uma Oya Multipurpose Development Project, the Lotus Tower Project and the Port City Project. However, the future of some of these large projects is now uncertain: the new Government, formed in January 2015, is reviewing ongoing and proposed infrastructure projects to ensure their financial viability and environmental feasibility.

Roads and Highways

The construction of new roads and the rehabilitation of existing roads continued to be one of the development priorities in 2014 in line with the National Road Master Plan (2007-2017). Phase II of the Southern Expressway, a 35km stretch from Pinnaduwa to Godagama, was opened in March 2014. An Asian Development Bank-funded project to build link roads to the Southern Expressway was completed in January 2015.

Another major highway project, the Colombo Outer Circular Highway Project, continued to make progress. Phase I of the project is now completed and Phase II (Kaduwela to Kadawatha, 9km) was physically 93% completed by the end of February 2015. Land acquisition and the construction of internal roads in Phase III of the project (Kadawatha to Kerawalapitiya, 9km) are now underway.

The Hatton-Nuwara Eliya Road is being redeveloped with the assistance of the Korean Economic Development Co-operation Fund (EDCF), while the construction of the Manmunai Bridge across the Batticaloa Lagoon was completed with Japanese assistance in April 2014. The Steel Bridge Project (Phases I and II), undertaken with the assistance of the United Kingdom, continued, as did the reconstruction and rehabilitation of 46 bridges with French assistance. Several bridges and flyovers across the country, including the Polduwa Bridge, a six-lane multispan composite bridge across the Diyawanna Oya in Kotte, were completed during 2014.



Roads in the Northern and Eastern Provinces are being rebuilt and improved under three large projects: the Northern Road Rehabilitation Project (NRRP), the Conflict-Affected Region Emergency Project (CAREP) and the Northern Road Connectivity Project (NRCP). Three roads rebuilt under the NRRP – Oddusudan-Nedunkerny, Mullaitivu-Puliyankulam and Nawathkuli-Karaitivu-Mannar – were declared open in 2014.

Port of Colombo and Environs

The South Container Terminal (SCT), which can handle up to 2.4 Mn TEUs annually, was completed in April 2014. Still under construction is the East Container Terminal (ECT), which is expected to become operational in 2015.

Construction work of the Colombo Port City Project (CPCP), designed as a commercial district along with luxury apartment complexes and recreational centres to be built on 576 acres of reclaimed land adjacent to the port itself, was suspended pending Government review of an environmental-impact assessment earlier granted.

Outlook for the Industry

The review of large infrastructure projects following the change of Government in January 2015 has made forecasting future prospects for the industry an uncertain business. Though reliable estimates of future growth and activity are difficult, however, there is little doubt that the industry will continue to do well. Many ongoing projects are unaffected by the review process and will continue as before; in some other cases, there is hope that, once their utility and feasibility is confirmed, work on these projects will resume once more.

Speaking for the longer view, the prospects are extremely good. Sri Lanka is now a nearmiddle-income country with a thriving economy that, in terms of increasing complexity, integration and commitment to future growth, has passed the point of no return. Barring unforeseen natural disasters or a truly extraordinary turn of events, our industry will continue to be a vital and valued engine of growth, making a significant contribution to the Sri Lankan economy for decades to come.



BUSINESS OPERATIONS: ENGINEERING PROJECTS



Roads and Highways

Colombo-Kandy Road (A1), Kadawatha to Nittambuwa: Rehabilitation and Improvement

Status	: Ongoing
Client	: RDA
Commencement	: 11th September 2013
Funded by	: Government of Sri Lanka
Completion	: 12th November 2016 (Projected)
Project Value	: Rs. 6,956.1 Mn
Role in Contract	: Main Contractor
Location	: Gampaha District

The scope of work consists of widening the road section to a four-lane dual carriageway and improving the existing cross drainage and town areas. The completed road will provide a secure and fast drive to and from Colombo, while eliminating traffic backups at major intersections and towns.

The improved road section will also provide a convenient corridor for traffic to access the Outer Circular Highway (OCH) and the proposed Colombo-Kandy Expressway from Kadawatha.





Status	: Completed
Client	: RDA
Commencement	: 18th June 2012
Funded by	: China Development Bank
Completion	: 17th December 2014
Project Value	: Rs. 1,250 Mn
Role in Contract	: Subcontractor to Xi'an Dagang Road Machinery Co. Limited
Location	: Kandy and Kegalle Districts

Galagedara-Rambukkana Road (B122): Improvement and Rehabilitation

The object of this project was to improve the existing Galagedara-Rambukkana Road to cope with a growing traffic load. The existing 18.5km road was relatively narrow, with many difficult and potentially hazardous curves and gradients.

Completed in December 2014, improvements to the road have helped cut travel time, reduce traffic density and bring about a reduction in accidents.



Review of Business Operations



Status	: Completed
Client	: RDA
Commencement	: 31st August 2012
Funded by	: Government of China
Completion	: 26th November 2014
Project Value	: Rs. 1,537.2 Mn
Role in Contract	: Subcontractor to China Harbour Engineering Company Limited
Location	: Mannar and Puttalam Districts

Mannar-Puttalam Road (B379/B403): Rehabilitation and Improvement

With good road connections already linking Puttalam to the Western and North-Western Provinces, followed by recent improvements to the A32 and the completion of the Sangupiddy Bridge, rehabilitation of the Mannar-Puttalam Road has now established a continuous highway link between Colombo and Jaffna.

The scope of work on this project comprised rehabilitation and improvement of the two-lane Mannar-Marichchikade-Puttalam Road (B403 and B379). As a result of this project, travel time between Jaffna and the Western and Southern Provinces has been greatly reduced.



Status	: Completed
Client	: RDA
Commencement	: 10th January 2012
Funded by	: Government of China
Completion	: 30th April 2014
Project Value	: Rs. 1,006.3 Mn
Role in Contract	: Subcontractor to China Harbour Engineering Company Limited
Location	: Mannar District

Navatkuli-Karaitivu-Mannar Road (A32): Rehabilitation and Improvement

The A32, the shortest link between Jaffna and Mannar, is also the only practicable access route to the communities of Vidatthaltivu, Mundampiddi, Vellankulam and Devil's Point. This road had been all but destroyed during the 1983-2009 war, and the lives and livelihoods of people resettled in the area were seriously affected due to its poor condition. The Government of Sri Lanka initiated rehabilitation and improvement works to the road with Chinese funding. The principal Chinese contractor, CHEC, subcontracted the work to Access Engineering PLC.





Status	: Completed
Client	: RDA
Commencement	: 29th November 2012
Funded by	: Consortium of Sri Lankan Banks
Completion	: 19th November 2014
Project Value	: Rs. 2,571 Mn
Role in Contract	: Main Contractor
Location	: Puttalam District

Bangadeniya-Andigama-Anamaduwa Road (B045): Improvement and Rehabilitation

This road, situated in the North-Western Province, was in a very poor condition and badly in need of improvement. A trunk route for the transport of agricultural produce, it serves as a link between central areas of Puttalam District and the West Coast.

The project, financed by the Bank of Ceylon and People's Bank via the Government of Sri Lanka, included the design and execution of rehabilitation work and improvements to the indicated stretch, which is carried over four bridges. The work consisted of widening and resurfacing the existing two-lane carriageway and providing drainage on either side of the road. Andigama and Anamaduwa Junctions were also improved with parking lanes and proper drainage.





Bridges and Flyovers

Polduwa Bridge, Diyawanna Oya: Design and Construction

Status	: Completed
Client	: RDA
Commencement	: 20th May 2013
Funded by	: UK Government
Completion	: 10th December 2014
Project Value	: Rs. 1,819 Mn
Role in Contract	: Joint Venture with Mabey Bridge, UK
Location	: Battaramulla

A composite steel girder bridge with a span of 71m carrying a six-lane dual-carriageway deck, Polduwa Bridge is designed to support anticipated traffic volumes along this important trunk and commuter route, as well as to improve the flood-control measures and contribute to the aesthetic beauty round the nearby House of Parliament.

Scope of work included:

- Design and construction of the substructure (including pier, abutments, arch anchors, temporary works and scour protection)
- Clearing, transportation, splicing, erection and launch of the bridge superstructure
- Bridge deck concreting
- Bridge deck asphalt surfacing
- Construction of approach roads
- Kerbs and road markings on bridge and approach roads





Review of Business Operations

**Water and Wastewater****St. Sebastian South Canal: Bank Protection Works**

Status	: Ongoing
Client	: Metro Colombo Urban Development Project
Commencement	: 27th October 2014
Funded by	: World Bank
Completion	: 30th April 2016 (Projected)
Project Value	: Rs. 259.75 Mn
Role in Contract	: Main Contractor
Location	: Maligawatta, Colombo

St. Sebastian South Canal is a key storm water drainage channel for the Northern Colombo area, debouching into the Kelani River. It has an approximate length of 2km and a width of 15m.

Currently, some stretches of the canal bank are protected either by gabion or sheet-pile walls while others are unprotected, so that neither a properly defined canal bank nor a canal cross-section can be traced and storm water flow is inefficient.

The scope of this project includes canal bank protection works involving 6,000m³ of gabion construction, 90m-long sheet piling works and the repair and reopening of access roads and storm water drains blocked by construction work.

**Greater Colombo Wastewater Management Project**

Status	: Ongoing
Client	: National Water Supply and Drainage Board
Commencement	: 20th January 2015
Funded by	: Asian Development Bank
Completion	: 1st February 2016 (Projected)
Project Value	: Rs. 294.8 Mn
Role in Contract	: Subcontractor to CCB Envico of Australia
Location	: Dehiwala, Mt Lavinia and Kolonnawa

Subcontract works for rehabilitation and augmentation of wastewater pump stations at Dehiwala, Mount Lavinia and Kolonnawa were undertaken by Access Engineering for the Australia-based main contractor. The project covers rehabilitation of existing systems, repairs to sewer outfalls and the upsizing of under-capacity sewers and pumping stations in areas under the Colombo and Dehiwala-Mt. Lavinia Municipal Councils and the Kolonnawa Urban Council.

The completed project will deliver improved wastewater management services to approximately 838,000 – people resident within the project area and enhance the environment of Greater Colombo.





Review of Business Operations

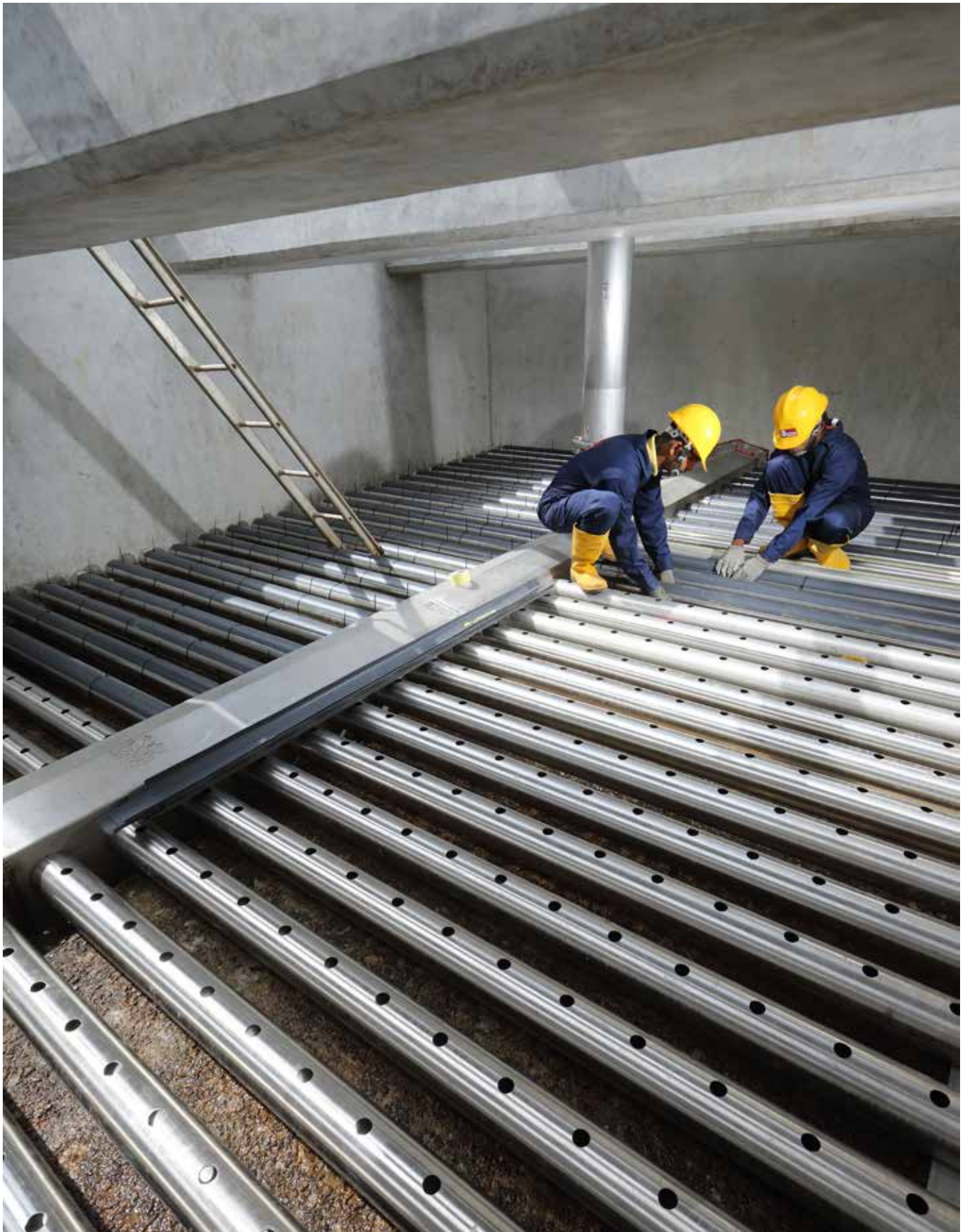


Status	: Ongoing
Client	: National Water Supply and Drainage Board
Commencement	: 23rd September 2013
Funded by	: Government of Hungary
Completion	: 30th June 2016 (Projected)
Project Value	: Rs. 2,230 Mn
Role in Contract	: Subcontractor to Fővárosi Vízművek, Hungary
Location	: Labugama (Western District) and Kalatuwawa (Ratnapura District)

Rehabilitation of Labugama and Kalatuwawa Water Treatment Plants

The object of this project is to restore the output of treated water at both plants to their original designed capacities (60,000m³/day at Labugama and 90,000m³/day at Kalatuwawa). Works undertaken by Access Engineering include the renovation and replacement of existing filters and clarifiers, intake well improvements, modification of aerators and other process structures, the design, supply and installation of all M&E equipment and the reconstruction and renovation of existing buildings, internal roads and site works, etc.







Kalu River Water Supply Project: Kandana Water Treatment Plant Extension

This project was designed to meet the increasing demand for drinking water in the Southern Part of Greater Colombo. Around 250,000 people living in the Kesbewa, Piliyandala, Jamburaliya and Kumbuke areas benefited from its completion.

The scope of work for Access Engineering included the construction of bridges, drainage and access roads to the water treatment plant, as well as the construction and installation of sedimentation and flocculation tanks, a filter unit, a construction engineering office and all-related civil, mechanical, electrical and ICM works.





Status : Completed
Client : National Water Supply and Drainage Board
Commencement : 25th March 2013
Funded by : Japan International Cooperation Agency (JICA)
Completion : 23rd March 2015
Project Value : Rs. 722.9 Mn
Role in Contract : Subcontractor to Salcon Engineering Bhd., Malaysia
Location : Kandana, Horana (Western Province)





Building Projects

Relocation of Underserved Settlements Project (Phase I): Construction of 1,137 Housing Units at Henamulla

Status	: Completed
Client	: UDA
Commencement	: 27th October 2011
Funded by	: Government of Sri Lanka
Completion	: 14th November 2014
Project Value	: Rs. 2,899.4 Mn
Role in Contract	: Main Contractor
Location	: Colombo 15

Access Engineering was assigned the design and construction of all civil engineering works for five 12-storey apartment blocks, comprising 1,137 housing units. Engineering services for the project, such as structural design, piling, design and installation of mechanical, electrical and plumbing works, landscaping, etc., were provided entirely from our in-house expertise and capabilities. Rehabilitation of the access road to the units was also subsumed under the scope of work.

This project is part of the Urban Development Authority's initiative to identify and relocate 70,000 households located in the underserved settlements in the Colombo area.

The building has been designed adhering to green concepts. Reducing power consumption, the utilization of natural ventilation and lighting to the maximum capacity are some of the features followed in the design process.

Another significant feature of this project was our introduction of a state-of-the-art formwork system, which helped reduce construction time while improving both efficiency and quality.





Status	: Ongoing
Client	: Access Realities 2 (Private) Limited
Commencement	: 27th February 2014
Funded by	: Access Realities (Private) Limited
Completion	: 30th November 2016 (Projected)
Project Value	: Rs. 3,044 Mn
Role in Contract	: Main Contractor
Location	: Dawson Street, Colombo 02

Access Tower II

Upon completion, this second-stage development and expansion of the existing Access Tower complex will create a state-of-the-art office building in one of the busiest commercial districts of Colombo. The completed tower will have 28 floors, with parking facilities for about 300 vehicles.

All design and civil engineering works, including piling, are being undertaken by Access Engineering using some of the cost effective high-rise construction techniques such as post-tensioning. The total built-up area is 387,000 sq.ft. of which approximately 198,000 sq.ft. will be made available for business tenants.





Status	: Ongoing
Client	: UDA
Commencement	: 1st August 2014
Client	: UDA
Completion	: 31st January 2017 (Projected)
Project Value	: Rs. 3,246.5 Mn
Role in Contract	: Main Contractor
Location	: Colombo 15

Relocation of Underserved Settlements Project (Phase II): Construction of 941 Low-Cost Housing Units at Henamulla

The Project is a part of Urban Regeneration Project Phase II which was initiated by the Urban Development Authority to relocate 40,000 households located in underserved settlements in the City of Colombo.

The project calls for the design and construction of four 14-storey blocks, comprising 941 housing units. Scope of work includes structural design and construction, piling, the design and installation of mechanical, electrical and plumbing works, finishing works, landscaping, external roads, storm water disposal system, etc.







Status	: Ongoing
Client	: Welcome Hotels Lanka (Private) Limited
Commencement	: 19th November 2014
Funded by	: Client
Completion	: 18th August 2015 (Projected)
Project Value	: Rs. 1,395 Mn
Role in Contract	: Main Contractor
Location	: Western Province

ITC Colombo One: Diaphragm Wall, Anchoring and Excavation for Basement Car Parks

ITC Hotels, India's largest luxury hotel chain, is building a luxury development, ITC Colombo One Hotel and Residences in Sri Lanka's capital.

The contract awarded to Access Engineering calls for the erection of a subterranean diaphragm wall of approximately 700m long and 21m deep along the perimeter of the site, for which we are utilizing a Bauer GB-34 hydraulic grab with a maximum hoisting force of 340kN. Once the diaphragm wall is built, the enclosed ground will be excavated to a depth of 13m, removing approximately 150,000m³ of soil to create space for basement car parks and to allow for pile installation. Soil nailing and shotcreting are also adopted to stabilize steep slopes formed by excavations on the site boundary. A newly acquired soil anchoring drilling rig is used to anchor the diaphragm wall on the soil mass.







Status	: Ongoing
Client	: Nagananda Buddhist University
Commencement	: 18th June 2014
Client	: Nagananda International Institute for Buddhist Studies
Completion	: 31st July 2015 (Projected)
Project Value	: Rs. 1,158.2 Mn
Role in Contract	: Subcontractor to China Harbour Engineering Company Limited
Location	: Manelwatta, Kelaniya

Proposed Nagananda International Institute for Buddhist Studies, Kelaniya

The proposed International Institute for Buddhist Studies will, when completed, serve as centre of learning, development, protection and dissemination of Buddhist culture and values. It will consist of five faculties, covering subjects ranging from the study of early Buddhist documentary sources to faculties dealing with Buddhist and related systems of medicine, as well as a faculty of the social sciences.

Access Engineering was awarded subcontract works on Block B, C1, C2, C3, H1, H2 of the proposed university complex and an on-site retaining wall. Scope of work includes the supply and installation of RCC concrete works, structural works and roof construction.







Telecommunication Infrastructure

Dialog OFN Backbone Network, Phase IV

Dialog Axiata PLC is engaged in the further expansion of its optical-fibre backbone network.

Access Engineering's scope of work on this project includes the following:

- Pre-installation survey
- Supply of ducts, cables and accessories
- Deployment of underground cabling by open trenching method wherever permitted and the rest by Horizontal Directional Drilling Method, overhead and indoor cabling
- Installation of manholes and handholes
- Road repairs following excavation works
- Cable splicing
- Testing and commissioning the project.

So far, the Mawanella-Kiribathkumbura backbone route segment and connectivity at Urapola have been completed, while work continues on the Kesbewa-Waskaduwa, Avissawella-Belihuloya and Pelmadulla-Sankapala route segments. In all, 227km of cable will be laid under this project.

Status	: Ongoing
Client	: Dialog Axiata PLC
Commencement	: 1st December 2014
Funded by	: Client
Completion	: 31st August 2015 (Projected)
Project Value	: Rs. 378.0 Mn
Role in Contract	: Main Contractor
Location	: Multiple Sites

SLT New Subscriber Connection Project

Currently, under this project, Access Engineering is tasked with installing new telephone and cable TV connections in Galle, Hambantota, Matara, Ragama and Wattala areas. Up to 31st March 2015, we have provided 3,060 customer connections in these areas. Additionally, AEL is carrying out copper network development and MSAN (Multi-Service Access Node) installation in the South of the country for SLT, as well as fibre-to-the-home network implementation, which will bring high-speed internet and data communications to previously underserved parts of the country.

The contract is being implemented on unit rate basis, renewed annually based on the performance of our installation teams. As a result of outstanding performance and our healthy relationship with SLT, this contract agreement has been regularly renewed since 2013.

Status	: Ongoing
Client	: Sri Lanka Telecom
Commencement	: 1st October 2013
Funded by	: SL Telecom
Completion	: 31st December 2015 (Projected)
Project Value	: Rs. 584.7 Mn
Role in Contract	: Main Contractor
Location	: Multiple Sites



Status	: Ongoing
Client	: Dialog Axiata PLC
Commencement	: 1st January 2013
Funded by	: Dialog Axiata
Completion	: 31st July 2015 (Projected)
Project Value	: Rs. 694.0 Mn
Role in Contract	: Main Contractor
Location	: Multiple Sites

Dialog Sprout Connectivity Project

This project involves the supply of services related to the deployment of Dialog Axiata's optical-fibre network. Scope of work includes pre-installation survey, supply and installation of ducts, manholes and hand holes, network deployment (including indoor works) and road repairs following excavations, as well as cable installation, splicing and testing and overall commissioning of the project. A total of 121.577m will be laid in Colombo and island-wide with connectivity to 287 sites.





Status	: Completed
Client	: Dialog Axiata PLC
Commencement	: 24th September 2014
Funded by	: Dialog Axiata
Completion	: 13th November 2014
Project Value	: Rs. 4.1 Mn
Role in Contract	: Subcontractor to Huawei Technologies Lanka
Location	: Duriyangahadeniya and Galoluwa, Western Province

Dialog Telecommunication Tower Project – Phase II

Design and construction of a 60m three-leg tower at Duriyangahadeniya and a similar 50m tower at Galoluwa, followed by commissioning and testing of both facilities.





Facility Openings and Closures

Projects

1. Project offices were opened at locations where new projects commenced during the year.
2. Access Engineering PLC (East Africa Branch) was opened in the Republic of Djibouti in February 2015.

Services

Openings:

- Vavuniya Quarry II
- Pre-Cast Unit Kotadeniyawa
- Asphalt Laying Unit

Closures:

- Vavuniya Quarry I
- Ibbagamuwa Quarry



BUSINESS OPERATIONS: ENGINEERING OPERATIONS



Engineering Design

The Engineering Design Office was closely involved with some of the Company's key projects during the year. Of particular interest was our introduction of cost-effective designs for the Access Tower II Project that adopts post-tension technique for slabs and beams.

Projects carried out with Design Office involvement during the period 1st April 2014 – 31st March 2015 are given in the table below. We have included services provided to both internal and external customers:

Engineering Design Projects – 2014

Project	Nature of Work	Type	Commencement	Completion	Client
Relocation of Underserved Settlements Project (Phase II): Construction of 941 Low-Cost Housing Units at Henamulla	Design of 15-storey building	Building	March 2014	March 2015	UDA
Access Tower II	Design of 28-storey building	Building	Dec. 2013	Dec. 2015	Access Realities 2 (Private) Limited
Sri Lanka Regional Bridge Project	Design of civil works for 18 steel bridges	Bridge	Oct. 2013	July 2015	Mabey Bridge Limited, UK
Rehabilitation of Labugama and Kalatuwawa Water Treatment Plants	Design of water treatment plant, building and other water supply system	Water supply	July 2013	July 2015	NWSDB

Engineering designs are carried out with the following software: ETAB, STAAD Pro, SAP, SAFE and ADAPT.

External Consultants

The Design Office employed two external consultants this year as part of the peer-review process for the Access Tower II designs.





Piling

A number of projects were successfully carried out by the Piling Unit, during the year under review.

Project Name	Client	Scope of Work	Inception	Average Depth (m)	Ø (mm)	Volume of Concrete Used (m ³)
Access Tower II	Access Realties 2 (Private) Limited	Installation and testing of 71 bored cast piles <i>in situ</i>	March 2014	34	1,500/1,200/ 1,000/750	4,111
Polduwa Bridge, Battaramulla	Road Development Authority	Installation of 38 piles	March 2014	9	1,000	371.5
Raththanapitiya Bridge, Boralessgamuwa	Road Development Authority	Installation and testing of 26 piles	June 2014	7.1	800	137
Urban Regeneration Project for the City of Colombo, Construction of 1,777 housing units at Colombage Mawatha, Nawala	Urban Development Authority	Installation and testing of 220 piles	Jan. 2014	20.6	600/800	2,046
Proposed Shangri-la Hotel Development (Phase II)	Shangri-la Hotels Lanka (Private) Limited	Installation and testing of 200 piles	May 2014	17.4	1,200	2,226
Construction of Housing for Relocation of Underserved Settlements in the City of Colombo – Henamulla [Phase II]	Urban Development Authority	Installation and testing of 262 piles	Aug. 2014	11.4	1,500/1,200/ 1,000/750	3,300
Proposed City Hotel and Damro Showroom Building	D R Hotels (Private) Limited	Installation and testing of 26 piles	Oct. 2014	26.3	1,500/1,200/ 1,000/750/600	462
Urban Regeneration Project for the City of Colombo, Construction of 1,650 housing units (Blocks B and C) at Henamulla, Modara, Colombo 15	Urban Development Authority	Installation and testing of 200 piles	Oct. 2014	21.67	900/750/600	2,507
Proposed Six Storey Cadet Officer Accommodation Building	General Sir John Kotelawala Defence University, Ratmalana.	Installation and testing of 31 piles	Nov. 2014	9.4	1,000/750	304
Steel Structure – Modification of Cement Unloading and Transport System	Ultratech Cement Lanka (Private) Limited	Installation and testing of 20 piles	Nov. 2014	24.3	900	327
Proposed Condominium Apartment Project at No. 46, Alfred House Gardens, Colombo 3	Blue Ocean Group of Companies	Installation and testing of 81 piles	Nov. 2014	20.5	1,000	862
Proposed Senior Officers' Quarters at Walisara Naval Base	Sri Lanka Navy	Installation and testing of 64 piles	Dec. 2014	18.3	600	432

Review of Business Operations



Project Name	Client	Scope of Work	Inception	Average Depth (m)	Ø (mm)	Volume of Concrete Used (m ³)
Proposed Development of Institute of Technology, University of Moratuwa	University of Moratuwa	Installation and testing of 302 piles	Dec. 2014	19.5	1,000/800/ 600/450	2,361
Proposed Six Storey Officers' Married Quarter Building (Blocks 1 and 2)	General Sir John Kotelawala Defence University, Ratmalana	Construct and test 86 piles	Feb. 2015	11.4	750/600	384

In addition to constructing and installing piles *in situ*, the unit also offers clients a variety of pile testing services: Cross Hole Sonic Logging test (CHSL), Low Strain Pile Integrity Test (PIT) and Maintained Load Test (MLT).





Technical Innovation

Projects in the year under review demanded the application of innovative and specialized techniques for successful, cost-effective, on-schedule completion.

- *Slope stabilization using soil nailing and 'shotcreting'*. Soil nailing is a technique for stabilizing slopes during excavation works by reinforcing the ground *in situ* with relatively small, fully-bonded inclusions, usually steel bars. These are introduced into the soil mass, the face of which has been locally stabilized by sprayed concrete (shotcrete), and act to produce a zone of reinforced ground. The shotcreting process is a unique construction method that uses compressed air to pneumatically project mortar or concrete against a surface at high velocity. The shotcrete layers are reinforced by conventional steel rods, steel mesh, and/or fibre materials.
- *Ground anchoring and micro-piling using KR 909-2 drilling rig*. This compact and powerful drill rig, featuring tried and tested Klemm components, is easily adaptable to a wide range of drilling applications in civil engineering/geo-construction fields such as anchoring, micro-piling, soil-nailing, tie-back anchor drilling and high-pressure injection for the construction of columns and base slabs or for underpinning.

Equipment

The unit owns and maintains a comprehensive inventory of relevant equipment, as given below:

- Six hydraulic rotary boring rigs (5 x BG25 plus 1 x BG24)
- Hydraulic grab and accessories (GB34)
- 50 - 60t crawler and mobile cranes
- Excavators
- De-sanders
- Concrete spraying machine ('shotcreting')
- Soil anchoring drilling rig
- Pile-testing apparatus

External Consultants

The unit obtained the services of one external consultant attached to the University of Moratuwa in the areas of interpretation of pile-testing data and validation of results.



Geotechnical and Laboratory Services

The AEL Geotechnical and Laboratory Services Unit provides essential material testing, surveying and other scientific services related to civil engineering and construction, including -

- Engineering materials testing
- Concrete testing
- Aggregate testing
- Soil-testing
- Geotechnical investigations
- Pavement investigations
- Surveying and levelling
- Quality-assurance and quality-control services for infrastructure projects
- Concrete mix design

The Unit enjoys the services of a team of technical experts. Among them are materials engineers, quality-assurance and quality-control engineers, lab technicians and surveyors. The Sri Lanka Accreditation Board (SLAB) for Conformity Assessment has certified that our Geotechnical and Laboratory Services Unit complies with international accreditation criteria for testing, calibration of laboratories and mechanical testing on building materials as described in ISO/IEC 17025.

Equipment

Specialized equipment used by the Unit include a hydrogen leak detector for tracing leaks in underground utilities, ground-penetration radar for underground utility detection, and controlled low-strength material (CLSM) for narrow trench backfilling in road works, as well as all the necessary apparatus for soil investigation and materials testing.

External Consultants

Two external consultants attached to the University of Moratuwa provided their services during the year by providing foundation recommendations for geotechnical investigations.





Projects in 2014/15

The Unit was involved in the following projects during the year under review:

Project Name	Description of Work	Client
American Embassy Building, Colombo 03	Borehole investigation and laboratory testing	Geo Technical Resource Inc., USA
Bibile-Mahiyangana Road (B57)	Soil testing	Gamini Constructions (Private) Limited
Rehabilitation and improvements to Colombo-Kandy Road (Kadawatha to Nittambuwa)	Soil investigation	PMD I, Access Engineering PLC
Construction of Housing for Relocation of Underserved Settlements in Colombo at Henamulla (Phase II)	Borehole investigation	PMD III, Access Engineering PLC
Piling Works at Kapparatota Jetty	Borehole investigation	Ministry of Fisheries and Aquatic Resources
Housing units for Government Servants, Borella	Borehole investigation	PMD III, Access Engineering PLC
Rehabilitation of Labugama and Kalatuwawa Water Treatment Plants	Field and laboratory testing	PMD III, Access Engineering PLC
Greater-Ratnapura Water Supply Project	Borehole investigation	Abeinsa Infraestructuras Medio Ambie, SA



HDD and Cable Jetting Services

Total HDD Distance	: Approximately 11.6 km
Total Cable-blowing Distance	: Approximately 19.2 km
Total Optical-fibre Network Development Distance	: 112 km
Total Sites Connected During the Year	: 172

The Unit has the capability to lay ducts underground by Horizontal Directional Drilling (HDD), a 'trenchless' method for installing pipes, ducts or cables underground with minimal disturbance at surface level. Complementing this capacity is our 'cable jetting' capability, a pneumatic method of cable insertion through ducts which helps faster cable installation while eliminating potential damage to the cable unlike in manual installation methods.

The Unit also enjoys facilities for the production of pre-cast telephone poles.

Performance

Equipment

3 x Horizontal Directional Drilling Machine

2 x Cable Blowing Machine





Dredging

In the year under review, the Dredging Unit was principally involved with a project to clear a silted intake on the Rawan Oya near Polgolla Dam in the Kandy District. Clients on this project were the Ceylon Electricity Board and the Mahaweli Authority. A total of 12,941.71m³ of silt material was removed over a total of 755 hours between April and September 2014, giving an average efficiency of 17.14m³/hr.

Equipment

The unit relies on a Beaver 300 cutter-suction dredger of 50m³/hr capacity and a maximum operating depth of 6m, featuring the ability to transport dredged material up to 1km from the worksite. The dredger is equipped with a rapid connection-disconnection system. Salient features of the vessel include a compact dredge pump drive incorporating a reduction gear with integrated pump bearing and a fresh water engine cooling system based on the well cooling principle. The cutter and swing winches, mounted on the ladder, are powered by piston-type hydraulic motors.





Production Plants

The following table depicts the sales performance of AEL's production plants in the year under review, grouped by product category:

Sr. No.	Site	Units	Sales Quantity, 2014/15	Cumulative Sales Quantity, 31st March 2015	Total Capacity
1	Asphalt Plant – Kotadeniyawa	mt	105,948	262,110	96 TPH
2	Asphalt Plant – Jaffna	mt	7,336	101,702	120 TPH
3	Asphalt Plant – Ibbagamuwa	mt	24,383	92,509	120 TPH
4	Asphalt Plant – Vavuniya	mt	19,175	79,553	120 TPH
Total Production – Asphalt Plants			156,842	535,874	
5	Quarry Vavuniya 1 and 2	Cubes	16,835	150,427	
6	Quarry Kotadeniyawa	Cubes	27,921	63,385	
Total Sales – Quarries (Quarry Products)			44,756	213,812	
7	Crusher Plant – Kumbukgate	Cubes	5,536	43,498	50 TPH
8	Crusher Plant – Vavuniya	Cubes	14,562	129,236	150 TPH
9	Crusher Plant – Kotadeniyawa	Cubes	23,498	80,211	80 TPH
Total Sales of Crusher Production (Aggregates)			43,596	252,945	
10	Concrete Batching Plant – Kandana	m ³	12,099	24,214	25m ³ /hr
11	Concrete Batching Plant – Mabima	m ³	56,637	145,266	60m ³ /hr
Total Sales of Concrete Production			68,736	169,480	
12	Precast Yard – Kotadeniyawa	No. of Items	7,635	7,635	
Total Sales of Precast Production			7,635	7,635	





Mechanical and Steel Fabrication Workshops

The following tables give an analysis by value of the earnings of AEL's mechanical and steel fabrication workshops for the year under review:

Mechanical Workshop Earnings by Project, 2014/15

Project	Rs.
Galagedara-Rambukkana Road Project, Access Engineering PLC	26,504,066.91
ITC Colombo One Development, Access Engineering PLC	22,991,681.64
Bangadeniya-Anamaduwa Road Project, Access Engineering PLC – PMD III	21,706,897.08
Dialog Optical Fibre Network Sprout Connectivity Project, Access Engineering PLC	15,336,660.15
Bangadeniya-Anamaduwa Road Project, Access Engineering PLC – PMD I	13,645,804.10
Construction and Equipment Division II, Access Engineering PLC	12,367,510.00
Kotadeniyawa Crusher Plant, Access Engineering PLC	12,320,827.50
Kadawatha-Nittambuwa Road Project, Access Engineering PLC – PMD I	10,939,856.79
Nagananda Institute for Buddhist Studies, Access Engineering PLC	9,750,820.00
Mannar-Puttalam Road Project, Access Engineering PLC	9,421,753.00
82 Miscellaneous Jobs	90,903,797.01
Total	245,889,674.18

Fabrication Workshop Earnings by Project, 2014/15

Description of Work	Project/Client	Amount Rs.
Fabrication and supply of 6 Nos. of Bentonite Silos	Nawaloka Piling (Private) Limited	6,961,812
Fabrication and supply of 5 Nos. of Piling Casing	Nawaloka Piling (Private) Limited	6,804,625
Fabrication and supply of 6 Nos. of Bentonite Silos	Nawaloka Piling (Private) Limited	6,683,334
Fabrication of 7 Nos. of Bentonite Tanks	ITC Colombo One Development, Access Engineering PLC	5,373,550
Fabrication and supply of an additional gate	Ambalantota Salinity Barrier Project, Access Engineering PLC	5,183,800
Fabrication of guide rail fence	Polduwa Bridge Project, Access Engineering PLC	4,680,000
Fabrication and supply of 4 Nos. of Bentonite Silos	Nawaloka Piling (Private) Limited	4,455,560
Fabrication of 4 Nos. of Bentonite Silos	ITC Colombo One Development, Access Engineering PLC	3,440,000
Fabrication and supply of 2 Nos. of Piling Casings	Nawaloka Piling (Private) Limited	2,721,850
Fabrication of 7 Nos. of Chisel for ITC Project	ITC Colombo One Development, Access Engineering PLC	2,417,880
79 miscellaneous jobs		43,468,872
Total		92,191,283



Value Creation and Capital Formation

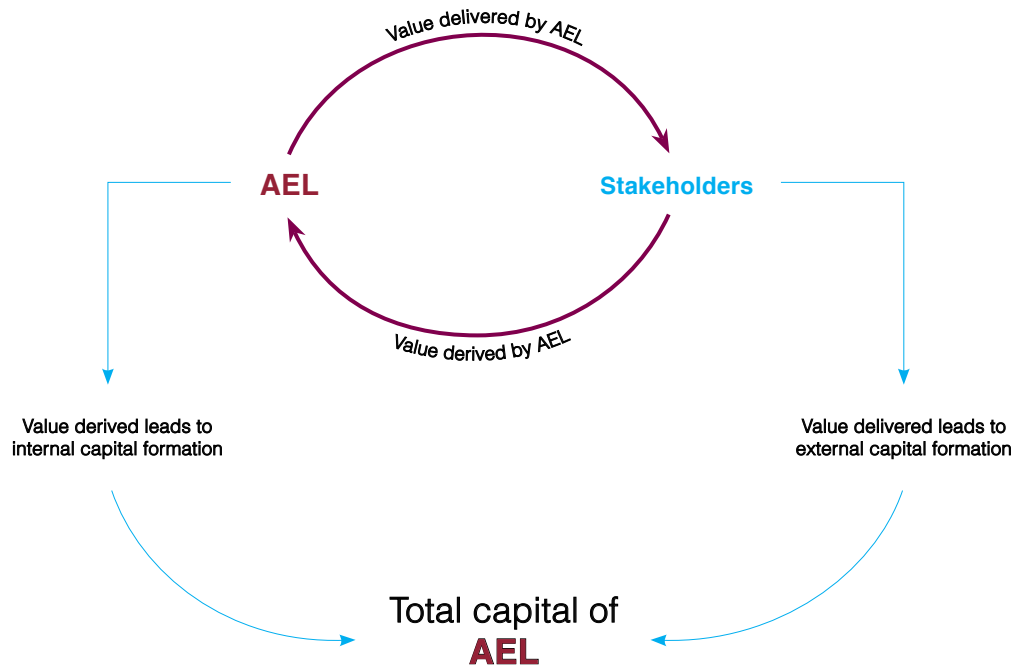
Value creation lies at the core of everything we do. It is a two-way process; value deriving and value delivering. For AEL to create sustainable value for itself, it must also create value for its stakeholders. They go hand in hand. Value creation leads to capital formation, which may be financial or non-financial, internal or external to AEL.

We derive value through the dynamic interaction between our external capital and our own internal capital, over the short, medium and long term. Our internal capital comprises financial capital and institutional capital. The latter includes intangibles such as integrity, corporate culture, specialized knowledge and processes, intellectual capital including patents and copyrights, our capacity to innovate, brand image, reputation and the like. We deliver value, both financial and non-financial, to our stakeholders. As stores of value, they constitute our stakeholder capitals that are external to the Company. They comprise investor capital, customer capital, employee capital and social & environmental capital.

Value creation is a dynamic process with flows taking place between the various forms of capital all the time.

Although we do not 'own' any of our external forms of capital, we have access to and use them, and along with our own internal forms of capital, create value for AEL (deriving value) and for our stakeholders (delivering value).

The discussion that follows reviews our performance during the year and next steps in this context – the two sides of value creation that of deriving and delivering value that leads to capital formation.





ECONOMIC VALUE CREATION

Economic performance is important for a business to grow and prosper in the long term. The benefits are not limited to the business, but they also contribute to the well-being of the local community and ultimately the growth and prosperity of the economy at large. Positive economic performance is a win-win approach to a sustainable business.

Economic value creation and distribution includes profits generated and distributed among shareholders, taxes paid to the Government, salaries and other emoluments to employees, payments to suppliers, subcontractors, etc.

ENVIRONMENTAL VALUE CREATION

The nature of our business is such that most of our projects have a direct and often significant impact on the environment. Therefore, our management approach is to design and manufacture products that do not harm the environment and to minimize the impact of our own activities.

Our operations are heavily based on consumption of natural resources and hence if not conducted without proper regard to their effects, they may pollute or degrade the environment. Such effects could result in reputation loss or loss of economic value through fines for non-compliance with pertinent laws, rules and regulations.

Thus, compliance with such laws, rules and regulations (together with periodic auditing to ensure it), enforcement of ISO 14000 environmental management standards, ecologically aware project planning and execution, the application of environment-friendly construction techniques, materials re-use and recycling, training employees in proper environmental practices and proper project demobilization are essential elements of every project we undertake. In addition, we undertake tree planting programmes in and around our project locations to increase the environmental capital generated by our operations.

SOCIAL VALUE CREATION

Being a diversified conglomerate in Sri Lanka, it is our duty to do the right thing and build strong relationships in the communities in which we operate. Our sphere of responsibility is extensive; therefore, it is of utmost importance that our operations embrace a wide awareness of their social impacts and are thus stringently managed at all times. By monitoring and managing our impacts on surrounding communities, we are able to mitigate the negative effects of our operations while striving to maximize the positive impacts.

We engage with our stakeholders, build long term and mutually beneficial relationships and nurture them, as they are of value to us in driving future earnings.

Our large infrastructure projects have significant effects on the community. Thus, the Company's conduct as a corporate citizen may have enormous consequences; Access Engineering may come to be seen as a social and national asset, or as a liability, based on its social conduct. On the positive side, good social behaviour can help smooth the way and generate support for our operations.

On the negative side, reprehensible behaviour may lead to loss of preference among principals and clients and ultimately to loss of business; it may also help generate resistance, more or less organized, from people resident in project areas, which may raise the costs and difficulties associated with a project or cause it to be cancelled altogether.

Access Engineering incorporates sensitivity to such issues into project planning and management, recruits staff from the local communities wherever possible, maintains regular and frequent dialogue with local communities and undertakes project audits at least three times during the life cycle of the project and more often if deemed necessary.



In cases where there are no injuries or losses of life, faulty construction incurs financial costs arising from repairs or rebuilding and from fines and reputation loss that may have major long-term economic consequences. Prudent project management from planning and mobilization through execution until completion and handing over of the project, the strict implementation of the ISO 9001 quality management system and the maintenance of a high degree of competence and responsibility among our people are essential factors in the mitigation of such risks.

LABOUR PRACTICES AND DECENT WORK

People are one of the most important of all our 'capitals'. True to our corporate values, we have in place a culture that moulds a winning team. As a key to organizational development we continue to invest in our people, particularly through training and development. We recruit, train, develop and motivate our people to deliver their best. These span aspects include training and development, employee welfare, above industry-average pay and benefits, reward and recognition, succession planning and leadership development.

Given the nature of the construction industry, companies engaged in it have high rates of employee turnover due to injuries and accidents associated. Some of the risks these companies are exposed to are fines for non-compliance with labour laws and regulations, the risk of lawsuits against the Company from disaffected employees and ex-employees. These could result in damaging the Company's reputation.

For all these reasons, the Company follows prudent human resources management principles, strictly applies the health and safety practices nominated in OHSAS 18001.

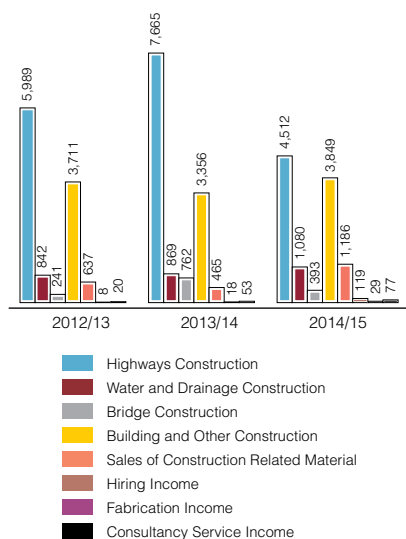
The Ten Principles promulgated by the UN Global Compact (UNGC) concerning human rights, labour, the environment and anti-corruption, underpin every endeavour at AEL. The Group is a signatory to these principles. We are guided by the principles of the UNGC and Sri Lanka's legal and regulatory regimes concerning safeguarding of human rights. We take particular care when subcontracting project work to local suppliers in remote and economically vulnerable areas of the country, where the potential exists for the exploitation of women and children as labourers, etc.

Internal Capital Formation

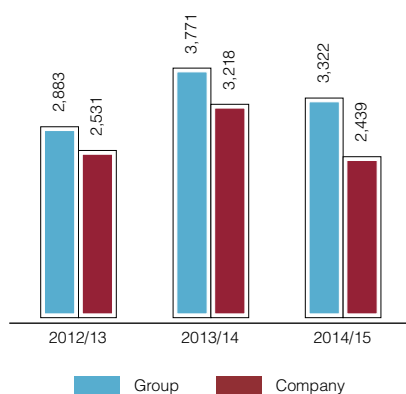


Internal Capital Formation

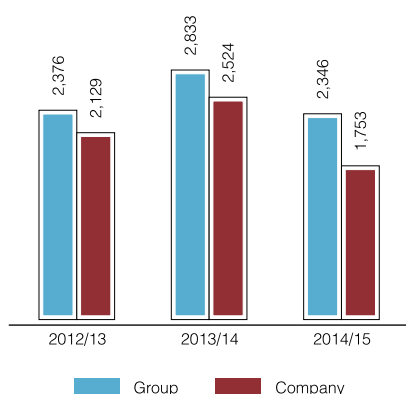
Composition of Company Revenue (Rs. Mn)



EBITDA (Rs. Mn)



Earnings to Equity Holders (Rs. Mn)



FINANCIAL CAPITAL

Despite the macroeconomic and environmental changes that pressurized the economy, Access Engineering PLC, along with its subsidiaries completed the financial year 2014/15 on a solid note. Prudent management of projects coupled with sound financial practices enabled the Group to achieve this feat. The year also saw the consolidation of half year financials of Access Projects (Private) Limited since its acquisition. Consistent performance was witnessed across all financial counters namely profitability, efficiency, liquidity and gearing while generating above average returns to shareholders.

At a Group level the turnover was recorded at Rs. 16.5 Bn, a marginal YoY growth of 0.86%. Turnover at Company level stood at 11.2 Bn, towards which the highways and construction sector contributed 40% followed by 34% from building and other construction and 10% from water and drainage construction. Gross profit for the year at Group and Company level was Rs. 3.8 Bn and Rs. 2.6 Bn respectively with a corresponding margin of 23.1% and 23.4%. Other income of Rs. 189.5 Mn at a Group level was a YoY growth of 105% mainly on account of a revaluation gain of Rs. 174 Mn at Access Realities (Private) Limited. However, at a Company level other income saw a YoY decline of 84% due to translation losses generated in water and bridge projects.

Administration expenses for the year increased by 19.6% at a Group level over the previous year due to the first time consolidation of Access Projects (Private) Limited. At a Company level the YoY growth in administration expenses was 12.8%. Due to the low interest regime that prevailed in the country throughout the year, net finance income saw a YoY decline of 20% and 18% at the Group and Company level respectively. Contribution from the Company's 30% owned Associate, ZPMC Lanka Company (Private) Limited grew YoY 66% supported by the commissioning of cranes in Saudi Arabia during the latter part of the year.

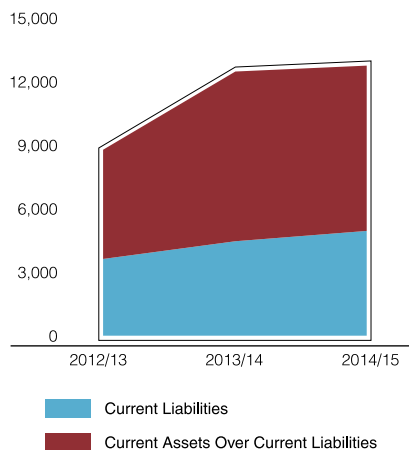
Earnings before tax at a Group and Company level were recorded at Rs. 2.8 Bn and Rs. 1.9 Bn respectively. The Company and its 80% owned Subsidiary; Access Projects (Private) Limited are on a concessionary tax rate of 12% on construction income. Additionally, the Company's fully-owned subsidiary Access Realities (Private) Limited is taxed at 2% on revenue while Sathosa Motors PLC is taxed at 28%. Furthermore, Company's sale of construction-related material is exempted from tax following a budgetary concession granted in the past. Supported by these favourable tax structures, the effective tax rate of the Group and the Company stood at 14.39% and 12% respectively.

With a net profit margin of approximately 14.7% and 15.6% respectively at Group and Company level, the after tax earnings were reported at Rs. 2.4 Bn and Rs. 1.8 Bn. Earnings per share for the year at Group and Company level was Rs. 2.35 and Rs. 1.75 respectively. Company's above industry average margins are attributable to its ability to offer fully-integrated value engineering services and turnkey engineering solutions to clients supported by prudent management of projects and internal sourcing of raw materials from its own plants and quarries.

A salient feature during the year was the 100% YoY growth in distribution of profits via dividends. Per share dividends doubled during the year with a payout of 57% at Company level.



Working Capital Management (Rs. Mn)

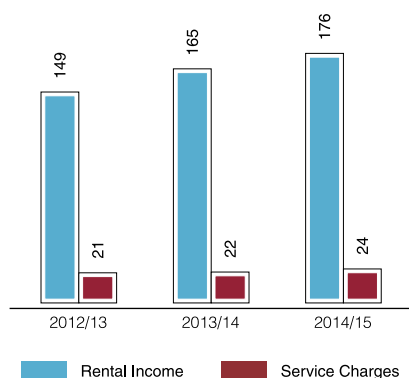


Capacity building initiatives that commenced in 2011 continued to take root during the year with more than Rs. 713.8 Mn spent mainly on plant and machinery. The Company acquired some specialized machinery to be utilized in the foundation work of ITC Colombo One project. During the year, the Company also invested Rs. 300 Mn in the construction of Access Tower II through its fully-owned subsidiary Access Realities (Private) Limited, while its investment in 80% owned Access Projects (Private) Limited was Rs. 1 Bn.

The liquidity position remains strong with approximately Rs. 2.6 Bn and Rs. 2.4 Bn held in short-term deposits and cash at Group and Company level respectively. This is further strengthened by its debt-free nature with no interest bearing borrowings at the Company level. The Current ratio of 2.6 and 3.3 at Group and Company level and the Quick ratio of 2.1 and 3 at Group and Company level are well above the industry norms.

The Net Asset Per Share of Rs. 16.27 and Rs. 15.02 at Group and Company level as at 31st March 2015 is a YoY growth of 10% and 5% approximately. The return on shareholders' equity for the year was 14.4% and 11.7% at Group and Company level respectively.

Revenue of Access Realities (Rs. Mn)



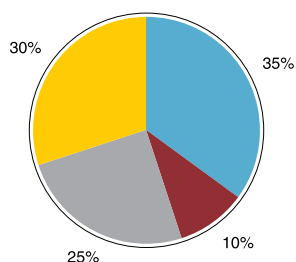
SUBSIDIARY PERFORMANCE

Access Realities (Private) Limited (ARL)

Incorporated with the objective of developing and managing high rise buildings, ARL is the owner and managing agent of Access Towers, a 12-storey modern office complex located in the heart of Colombo. The Company, which is a fully-owned subsidiary of Access Engineering PLC is also a BOI-approved establishment. At present the Company is on a concessionary tax rate of 2% on turnover for a period of 15 years commencing 2010/11.

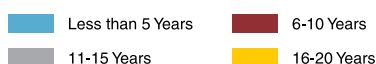
During the period under review, the Company-generated revenue through renting office space and through service charges, which amounted to a total of Rs. 200 Mn, a YoY growth of 7.2%. The Company enjoyed a one off gain of Rs.174 Mn during the year on account of revaluation of its investment property, Access Towers. Rising from this gain the after tax profit of the Company was Rs. 321 Mn a YoY growth of 136%.

Analysis of ARL Tenants (%)



Access Realities 2 (Private) Limited which is a fully-owned subsidiary of Access Realities (Private) Limited is engaged in the development of Access Tower II, a state-of-the-art office complex. The Company which is a BOI undertaking commenced work in February 2014 and construction is expected to complete in the latter part of 2016. Upon completion the tower will consist of 29 floors with a total floor area of approximately 390,000 sq.ft. with a rentable area of approximately 190,000 sq.ft. During the year, an investment of Rs. 300 Mn was made by Access Engineering PLC in this venture through its fully-owned subsidiary Access Realities (Private) Limited.

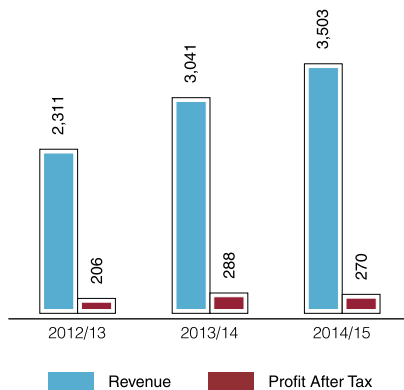
Access Towers enjoyed 100% occupancy throughout the year with 55% of the tenants being with the Company for more than 10 years.



Internal Capital Formation



Revenue and Profit After Tax (Rs. Mn)

**Sathosa Motors PLC**

A public quoted company, SML holds the franchise in Sri Lanka for Isuzu Motor vehicles and spare parts manufactured by Isuzu Motors Limited of Japan. The Company became a subsidiary of AEL in February 2012 and as of date; AEL holds approximately 84.4% of SML. With the objective of entering the luxury automobile segment of the market in April 2013 SML invested in 50% of SML Frontier Automotive (Private) Limited which is the authorized distributor for Land Rover/Range Rover automobiles in Sri Lanka.

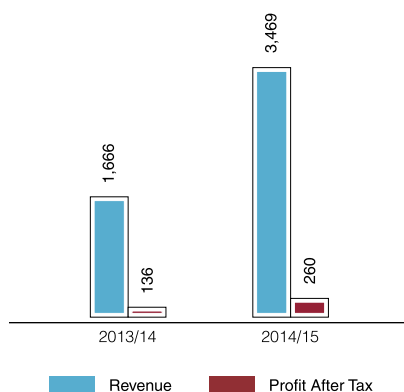
At a Group level SML recorded a top line of Rs. 3.5 Bn, a YoY growth of 15%. Turnover at the Company level was Rs. 2.7 Bn, a growth of 12% over the previous year. After tax profits for the year at Group and Company level was Rs. 270 Mn and Rs. 253 Mn respectively with corresponding net profit margins of approximately 8% and 9%.

Access Projects (Private) Limited (APL)

Established in 2002, Access Projects (Private) Limited is a leading contractor in the leisure-related building industry. It is ICTAD C1 graded for building construction and F1 graded for total interior and aluminum works. The Company operates under three divisions – construction, aluminum and ceiling. It is the only manufacturer of metal ceiling panels in Sri Lanka and is the sole franchiser of Aluk Italy proprietary aluminum doors, windows and curtain wall systems. The Company became a subsidiary of AEL in October 2014 and as of date; AEL holds 80% of APL. 2014/15 is the first half year of consolidation of APL results with AEL since the acquisition.

Turnover for the year was recorded at Rs. 3.5 Bn to which approximately 92% was from construction. The bottom line of the Company was Rs. 260 Mn, a YoY growth of approximately 92%.

Access Projects (Rs. Mn)





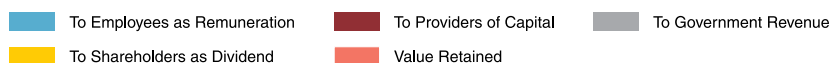
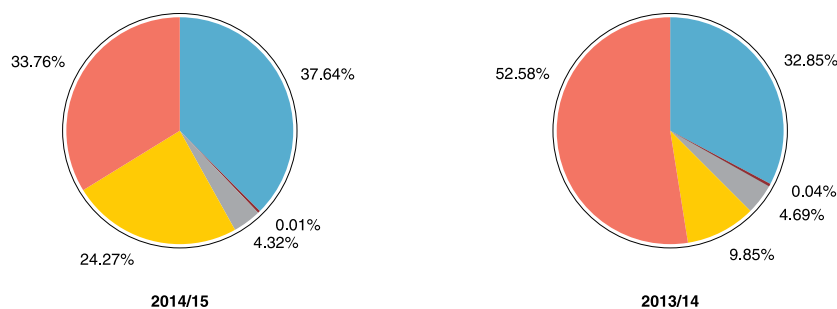
Value Creation and Distribution

The following table offers an analysis of value creation and distribution as a consequence of AEL's operations in 2014/15, with comparative figures for the two previous financial years also given. Note that, apart from retained profits, our employees received the largest share of distributed value.

Value Addition and Distribution

	2014/15		2013/14		2012/13	
	Rs.	%	Rs.	%	Rs.	%
Value Added						
Revenue	11,373,026,739		13,426,749,520		11,695,248,562	
Cost of materials and services bought in	(7,252,535,669)		(8,349,711,487)		(7,444,716,981)	
	4,120,491,070		5,077,038,033		4,250,531,581	
Value Distributed						
To employees as remuneration	1,550,805,636	37.64	1,667,587,386	32.85	1,405,274,916	33.06
To providers of capital	542,337	0.01	1,972,226	0.04	1,531,588	0.04
To Government revenue	178,137,460	4.32	237,932,779	4.69	191,494,519	4.51
To shareholders as dividend	1,000,000,000	24.27	500,000,000	9.85	500,000,000	11.76
Value Retained for Expansion and Growth						
Depreciation	605,791,129	14.70	551,874,844	10.87	449,572,762	10.57
Profit retained	785,214,508	19.06	2,117,670,798	41.71	1,702,657,796	40.06
	4,120,491,070	100.00	5,077,038,033	100.00	4,250,531,581	100.00

Value Distributed and Retained (%)





INSTITUTIONAL CAPITAL

This is not always easy to compute, since much of the institutional capital of an enterprise is mobile – information moving from one knowledge base to another, systems and structures that serve their turn and are then dismantled, to be replaced by new ones.

Often, elements of institutional capital are easier to identify than to evaluate. In this report, we confine ourselves to a listing of the most salient and valuable elements of institutional capital.

Organizational Knowledge and Expertise

Our human resource base of over 1,800 includes over 100 engineering professionals with 20 chartered engineers and quantity surveyors. Collectively, this represents a sizeable pool of relevant knowledge and skill. To ensure that it is available to all, the Company facilitates effective knowledge sharing through the AEL Central Data Repository and the AEL News e-mail platform. Another important venue for knowledge sharing is the Key Employee Forum, headed by the Managing Director.

Post project analyses are carried out to identify, clarify and record lessons learned and best practices for future reference.

Finally, an in-house library contains a variety of books, journals and audio visual materials on all aspects of civil engineering, project management, etc.

Brand Value

At Access Engineering, we build our brand by delivering value for money on every project, very often going beyond client expectations. Our products – roads, bridges, buildings and other engineering works – are tangible and functional. Their quality and value is easily judged by their owners and users. For us, our 'brand' is not an artificial creation, designed to appeal to fickle consumers; it is, quite simply, our reputation.

Thus it is with pride that we point to the fact that we are both the preferred partner of most international engineering contractors active in Sri Lanka and the preferred employer in our industrial sector due to the high retention rates we have been consistently maintaining.

We design and diligently apply systems and processes to maintain performance, output quality, timeliness, etc. Our quality management, environmental management and health and safety management systems are all ISO certified, as is our geotechnical laboratory. A fully-integrated ERP system and fully-operational HRIS system, together with a set of standard operating procedures with which all relevant employees are familiarized, support our commitment to quality.

Our broad-based capabilities enable us to offer integrated engineering solutions from design stage to commissioning, with many technical, laboratory, etc. resources available in-house.

Governance

AEL was the first diversified construction firm in Sri Lanka to broad-base its ownership through a listing on the Colombo Stock Exchange. Public ownership and the CSE's own corporate governance requirements help contribute to good governance and sustainability.

Supplementary to the basic requirements of regulators, AEL has sound internal controls in place, based on generally-agreed ethical principles that are integrated within our corporate culture. The Company's vision and mission help articulate our position for the benefit of our customers, employees and other stakeholders.

On an operation level, the Company protects its brand capital by close adherence to meaningful quality, environmental and health and safety policies and by strictly upholding a code of ethics that calls for honesty, integrity, discipline, co-operation and responsibility (both individual and collective).



External Capital Formation

INVESTOR CAPITAL

Ownership of Access Engineering PLC is mainly concentrated in the hands of a few key shareholders, many of whom have active and longstanding connections with the Company. However, the interests of those whose holdings are relatively modest are well represented and protected through good corporate governance and financial transparency.

Publicly held shares comprise 37.92% of the total share capital of the Company, held by a total of 4,596 shareholders.

Shareholding as at 31st March 2015

From	To	No. of Holders	No. of Shares	%
1	1,000	1,895	868,283	0.09
1,001	10,000	1,734	7,397,584	0.74
10,001	100,000	723	23,361,315	2.33
100,001	1,000,000	197	62,064,324	6.21
Over 1,000,000		61	906,308,494	90.63
		4,610	1,000,000,000	100.00

Categories of Shareholders

Access Engineering is an overwhelmingly Sri Lankan-owned company.

Shareholders by Category as at 31st March 2015

	No. of Holders	No. of Shares	%
Sri Lankan individuals	4,214	783,722,474	78.37
Local institutions	315	130,711,241	13.07
Foreign individuals	54	3,145,128	0.32
Foreign institutions	27	82,421,157	8.24
	4,610	1,000,000,000	100.00

Directors' Shareholding

Directors' Shareholding as at 31st March 2015

Name	No. of Holders	%
Mr. S J S Perera	250,000,000	25.0
Mr. R J S Gomez	120,000,000	12.0
Mr. J C Joshua	100,000,000	10.0
Mr. S H S Mendis	24,000,000	2.4
Mr. D A R Fernando	24,000,000	2.4
Mr. S D Munasinghe	24,000,000	2.4
Mr. S D Perera	2,000,000	0.2
Mr. K A M K Ranasinghe	Nil	Nil
Mr. N D Gunaratne	Nil	Nil
Mr. D S Weerakkody	Nil	Nil

External Capital Formation



Top Twenty Shareholders

Top 20 Shareholders – 31st March 2015

Name of Shareholder	No. of Shares 31.03.2015	%	No. of Shares 31.03.2014*	%
1. Mr. S J S Perera	250,000,000	25.00	250,000,000	25.00
2. Mr. R J S Gomez	120,000,000	12.00	120,000,000	12.00
3. Mr. J C Joshua	100,000,000	10.00	100,000,000	10.00
4. Mrs. R M N Joshua	70,000,000	7.00	70,000,000	7.00
5. Mr. S J S Perera	46,350,000	4.64	46,000,000	4.60
6. Mrs. D R S Malalasekera	45,000,000	4.50	45,000,000	4.50
7. HSBC Intl Nom Limited – SNFE-Nt Asian Discovery Master Fund	35,881,173	3.59	Nil	Nil
8. Mr. S D Munasinghe	24,000,000	2.40	24,000,000	2.40
9. Mr. S H S Mendis	24,000,000	2.40	24,000,000	2.40
10. Mr. D A R Fernando	24,000,000	2.40	24,000,000	2.40
11. Employees' Provident Fund	15,396,437	1.54	32,927,921	3.29
12. Access Medical (Private) Limited	13,000,000	1.30	Nil	Nil
13. Mellon Bank N.A. – Acadian Frontier Markets Equity Fund	10,463,006	1.05	Nil	Nil
14. Trading Partners (Private) Limited	10,170,206	1.02	250,000	0.03
15. CB London S/A Tundra Frontier Opportunities Fund	8,654,837	0.87	Nil	Nil
16. Nuwara Eliya Property Developers (Private) Limited	8,052,462	0.81	2,000,000	0.20
17. MAS Capital (Private) Limited	6,860,957	0.69	6,000,000	0.60
18. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	6,185,731	0.62	982,320	0.10
19. Hotel International Limited	5,545,460	0.56	Nil	Nil
20. HSBC Intl. Nom. Limited – SSBT – Parametric Emerging Markets	4,510,376	0.45	Nil	Nil
	828,070,645	82.81	745,160,241	74.52
Others	171,929,355	17.19	254,839,759	25.48
Total	1,000,000,000	100.00	1,000,000,000	100.00

* Comparative shareholdings as at 31st March 2014 of the twenty largest shareholders as at 31st March 2015.

Share Price Performance

The following tables show AEL share price movements and trading performance and compare price performance with two key indices, the ASPI and the S&P SL20:

Share Price Movement – 2013-2015

Market Price Per Share	2014/15 Rs.	2013/14 Rs.
Highest during the Year	43.50 (18.11.14)	23.50 (03.02.14)
Lowest during the Year	18.50 (31.03.15)	19.10 (08.04.13)
As at end of the Year	19.20	22.50

Share Price Performance (Year under review)

	31st March 2015	1st April 2014	Change (%)
AEL Price (Rs.)	19.20	22.60	(15.04)
ASPI	6,820.34	6,001.83	13.64
S&P SL 20	3,852.43	3,299.90	16.74



Trading Statistics – 2011-2015

	31st March 2015	31st March 2014	31st March 2013	31st March 2012
No. of Shares Traded	476,248,674	64,571,998	99,057,069	1,668,272
Value of Shares Traded (Rs.)	14,900,355,246	1,265,038,262	2,147,640,644	45,103,518
Number of Days Traded	239	239	243	4
Number of Trades	49,154	13,535	10,229	975

Investor Relations

Access Engineering undertakes regular investor relations activity as a matter of policy. In the year under review, members of the Board, including the Chairman, participated at overseas investor forums hosted by the CSE in New York and London.

Presentations were also made by company managers and Board members at investor forums organized by various broking firms active on the CSE.

Online Resources for Investors

Trading details for Access Engineering shares are updated daily in real time on the Company website, www.accessengsl.com. The site has a dedicated space for investors, giving access to annual reports, interim statements and research studies. Beyond this, the Company website contains up to date information about Company operations and achievements.

Disclosure of Financial Information

The schedule of disclosure is given in the following tables:

Release Dates of Interim Financial Statements – 2014/15

	Due Date	Actual Release Date
Quarter 1	15th August 2014	7th August 2014
Quarter 2	15th November 2014	13th November 2014
Quarter 3	15th February 2015	6th February 2015
Quarter 4	31st May 2015	22nd May 2015

Release Date of the Annual Report – 2013/14

	Due Date	Actual Release Date
Annual Report	31st August 2014	5th August 2014
AGM	30th September 2014	28th September 2014



Dividends

The Company dividend policy remains unchanged. The table below gives the schedule of earnings and dividends per share since our listing in 2012:

Earnings and Dividends – 2011-2015

	2014/15		2013/14		2012/13		2011/12	
	Group	Company	Group	Company	Group	Company	Group	Company
EPS (Rs.)	2.35	1.75	2.83	2.52	2.38	2.13	1.83	1.52
DPS (Rs.)	1.00	1.00	0.50	0.50	0.50	0.50	0.27	0.27
Payout (%)	43	57	18	20	21	23	15	18

- An interim dividend of Rs. 0.50 per share was declared for 2014/15 and paid in full by the Company on 3rd December 2014
- The final dividend of Rs. 0.25 per share was declared for 2014/15 on 8th June 2015 and paid in full by the Company on 26th June 2015



CUSTOMER CAPITAL **Customer Base**

The Company has seen a steady increase in its customer base for products and services alike. The increase in customers for aggregate, concrete, etc. reflects the recent construction boom.

Access Engineering has been identified a 'preferred partner' by most international civil engineering contractor currently active in Sri Lanka. In May 2013, one of them – China Harbour Engineering Company (CHEC) invited us to work with them on a project in Papua New Guinea. This was completed successfully and handed over in November 2014. AEL is also the only company to have formed a joint-venture partnership with the world's largest container-handling equipment manufacturer, ZPMC (China).

Customers by Product/Service – 2009-2015

	Sector	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Services	Piling	15	2	3	3	5	4
	Mechanical and Steel Fabrication Workshops	4	4	3	3	-	-
	Geotechnical and Laboratory Services	3	1	1	1	1	-
	Supply of Asphalt Concrete	30	21	22	20	-	-
	Quarry Operations and Aggregate Production	57	56	11	12	-	-
	Supply of Ready Mix Concrete	123	38	40	5	-	-
	Engineering Designs	1	1	-	-	1	2
Products	Roads and Highways	5	7	7	7	5	5
	Bridges and Flyovers	1	2	2	1	1	1
	Water and Waste Water	5	5	4	3	3	3
	Building and Other	5	4	4	3	2	3
	Airport and Aviation	1	1	1	1	-	-
	Harbours and Marine Works	-	1	1	1	-	-
	Dredging and Reclamation	-	-	-	1	1	-
Telecommunication Infrastructure	3	3	2	2	1	2	

External Capital Formation



Customer Turnover

Customer Turnover – 2009-2015

	Sector	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Services	Piling	1,278.00	1,797.40	1,411.69	284.09	51.81	23.18
	Mechanical and Steel Fabrication Workshops	28.86	52.52	20.19	1.60	-	-
	Geotechnical and Laboratory Services	2.96	0.89	9.75	2.98	4.00	-
	Supply of Asphalt Concrete	717.68	331.11	407.58	494.09	-	-
	Quarry Operations and Aggregate Production	77.41	31.30	53.37	55.31	-	-
	Supply of Ready Mix Concrete	391.17	84.44	161.53	1.58	-	-
	Engineering Designs	24.00	35.00	-	-	20.00	88.00
Products	Roads and Highways	3,905.40	6,752.96	5,410.90	3,989.92	1,695.61	1,356.42
	Bridges and Flyovers	392.72	761.63	241.41	17.93	667.01	364.12
	Water and Wastewater	1,079.61	869.09	967.76	472.76	325.73	550.56
	Building and Other	3,790.20	1,276.41	1,443.46	753.08	10.91	7.22
	Airport and Aviation	15.03	9.78	387.29	257.48	-	-
	Harbours and Marine Works	-	12.06	270.08	43.75	-	-
	Dredging and Reclamation	-	-	-	7.07	31.19	-
	Telecommunication Infrastructure	650.62	1,115.41	650.46	578.69	738.08	735.24



Customers by Type

An analysis of customers by type reveals a substantial increase in private customers in the services sector in the year under review:

Customers by Type – 2014/15

	Sector	Public	Private	Foreign
Services	Piling	2	10	3
	Mechanical and Steel Fabrication Workshops	–	3	1
	Geotechnical and Laboratory Services	–	2	1
	Supply of Asphalt Concrete	2	27	1
	Quarry Operations and Aggregate Production	–	57	–
	Supply of Ready Mix Concrete	3	113	7
	Engineering Designs	–	–	1
Products	Roads and Highways	2	–	3
	Bridges and Flyovers	1	–	–
	Water and Waste Water	1	1	3
	Building and Other	2	2	1
	Airport and Aviation	–	–	1
	Harbours and Marine Works	–	–	–
	Dredging and Reclamation	–	–	–
Telecommunication Infrastructure	1	2	–	

How We Do Business

Access Engineering secures new projects by a number of different methods, as listed below:

Public Sector

- International competitive bidding
- National competitive bidding
- Limited/restricted international and national bidding
- Direct contracting and repeat orders
- Two stage bidding
- Two envelope system

Private Sector

- Responses to requests for proposals
- Bidding
- Preferred contractor
- Repeat orders



Our role in a contract can be that of main contractor, subcontractor, joint venture partner, consortium partner or member of a public-private partnership.

Elements of Customer Value Creation

Value Engineering Solutions

Given the nature of our business, customer value creation must begin with engineering. AEL offers customers a number of engineering solutions that deliver value in terms of strength, longevity, economy, etc. Among these, the following are especially noteworthy:

Responsible Design

Product designs are usually provided by architects or engineers separately retained by the customer. Our responsibility is to deliver a product that is fit for the purpose. This demands constant dialogue with customers, as well as with the architects and/or engineers retained by them. We often go to the extent of educating our customers on design aspects that require alteration or modification.

We undertake compliance with all applicable standards. Consequently, we are often directly involved in details of the design of temporary works. Stability checks for walls, slopes and excavations are also carried out by us; we avoid reliance on 'rules of thumb'. The Design Department also carries out model testing and all in-house designs are peer reviewed by third party consultants.

Better Construction Techniques

- A technique of basement construction using diaphragm walls which can be erected in close, congested areas with minimal vibration and noise. Construction time is also reduced by this method.
- Slope stabilization using soil nailing and 'shotcreting' to increase landslide resistance. The technique creates slopes with low absorption and high strength. Shotcreting can even be used on slopes that are not easily accessible to heavy machinery.
- The use of post-tensioned concrete for high-rise buildings, which results in thinner concrete sections and/or longer spans between supports. This method saves energy in the construction process and also reduces cost and construction time.
- Ground anchoring and micro piling using a compact, remote controlled machine that can be used in limited-access situations due to its compact size and easy manoeuvrability. This is ideal for environmentally sensitive projects because it causes relatively little disturbance to the surrounding area.
- Horizontal directional drilling for trenchless underground cable installation.
- Cable blowing for telecommunication works.
- Prefabricated panel walls that demand less working space, install faster and last longer.
- A new guardrail installation method that increases speed of installation, reduces costs and improves quality.
- The use of prefabricated steel bridges and flyovers to save project time and costs.

**Surveillance and Monitoring**

- Quality control of deep excavations using ultrasonic drilling monitors.
- Hydrogen leak detection for post-installation testing of pipes and ducts.
- Ground-penetrating radar for detecting underground utilities and artefacts.

Quality Assurance

Both our Company-wide quality management system and our geotechnical laboratory operations are ISO certified. An integrated audit of company QMS and EMS were carried out by Det Norske Veritas in the year under review.

Every project we undertake is subject to a minimum of three internal audits during its life cycle in order to ensure the quality of the final product. These audits cover all aspects including quality, environmental performance and health-and-safety performance. Additional special audits are conducted if and when the need arises.

Other Aspects of Customer Value Creation

Access Engineering is the only Sri Lankan construction company to run its operations on a fully-automated, SAP-based enterprise resource-planning system. All operational centres – project management, sales and distribution, equipment and tools management, financial management, materials management, procurement and production planning – are based on this system.

AEL is also the only local construction company to receive the highest ICTAD grading in nine disciplines of civil engineering. This is complemented by our subsidiary Access Projects (Private) Limited, which also has the highest ICTAD grading for building construction, aluminum works and ceiling works.

Our in-house service portfolio covers a diverse spectrum of civil, telecommunications and mechanical engineering solutions. Again, our capabilities are complemented by our Subsidiary, Access Projects (Private) Limited, a leader in providing interior solutions.

Finally, our commitment to sustainability and good corporate governance are also important contributors to customer value creation.



EMPLOYEE CAPITAL

Despite its high turnover and broad technical and geographical scope, Access Engineering has a relatively modest number of full-time employees: 1,887 as at 31st March 2015. Due to the physically demanding nature of work in our industry, the great majority of employees are male. The large manual labour demand on various projects is met through subcontracting of casual or contract workers.

The following discussion focuses on full-time employees, commencing with an analysis of AEL's workforce by age and gender:

Human Resources Analysis

Employees by Gender

Category	Male	Female	Total
Management and Professional	149	22	171
Technical	500	26	526
Clerical and Supportive (Operational)	439	104	543
Skilled and Unskilled	646	1	647
Total	1,734	153	1,887

A similar gender balance is seen among new employees:

New Employees by Gender

Division	Male	Female	Total
Head Office	23	6	29
Project Management Division I	9	4	13
Project Management Division II	107	3	110
Project Management Division III	56	5	61
Total	195	18	213

An age analysis shows that our workforce largely follows the typical demographic pattern:

Employees by Age Group

Age Group	Male	Female	Total
18-20	9	1	10
21-25	264	35	299
26-30	374	44	418
31-35	331	39	370
36-40	266	23	289
41-45	210	7	217
46-50	166	3	169
51-55	54	1	55
Above 55	60	0	60
Total	1,734	153	1,887



Where Do Our People Work?

Most employees work in the Western and North-Western Provinces, where non-agricultural economic activity in Sri Lanka is largely concentrated. The relatively high Northern Province head count reflects the focus on infrastructure reconstruction and rehabilitation in that province following the end of the war in 2009.

Employees by Region

Province	Head Count
Western	1,607
Eastern	5
North-Western	141
Southern	16
Northern	97
Uva	21
Total	1,887

The majority of our employees work in one of the three project management divisions, reflecting a relatively lean administrative infrastructure. Recent business growth saw a large influx of people into Project Management Division 2 during the course of the year.

Employees by Division

Division	Employees
PMD III	281
PMD II	739
PMD I	750
Head Office	117
Total	1,887

New Employees by Division

Division	Employees
PMD III	61
PMD II	110
PMD I	13
Head Office	29
Total	213



Staff Retention and Benefits

The year under review, saw an increase in the number and value of benefits granted to employees. Among these was a rise in the value of personal accident insurance covering all our employees. Moreover, our people continued to enjoy the full range of benefits conferred in previous years.

Staff retention rate for the year was just above 94%. This is a commendable retention rate for our industry. Our reputation as a preferred employee in the sector is borne out by this figure.

Training and Development

A close focus on training and development is an integral part of human-resource capital formation at AEL. In the year under review, we spent almost Rs. 10.26 Mn on training and development. The average Access Engineering employee spent almost nine and a half hours during the year in training and development activities.

In addition, we facilitated a total of 96 industrial placements during the period.

Average Training Hours by Employee Category

Average training hours for staff	9h 41'
Average training hours for workers	7h 27'

Average Training Hours by Employee Category

Men	9h 21'
Women	9h 37'

Subject Areas

Training at AEL covers the gamut of relevant subjects. A strong emphasis on technical training is inevitable in our field, but our training schedule also covers health and safety training as well as the following:

- Technical skills
- Training and development ('training of trainers' or ToT)
- Management systems
- Leadership skills
- Soft skills
- Personal development

All new employees participate in induction and orientation programmes. Apart from formal training sessions conducted at our head and site offices or at external venues, all employees also undergo continuous on-the-job training. Job rotation, job enrichment and job enhancement measures also form part of the process of employee training and development.

External training and development activity includes employee participation in non-company, subject appropriate seminars, workshops and other knowledge-sharing forums, as well as industry visits and overseas training opportunities.



Anti-Corruption Measures and Training

Our industry is one that is traditionally vulnerable to corruption. Our stance on this issue, that of zero tolerance for corruption at any level, remains unchanged.

All business units were analyzed for risks related to corruption in the year under review. The analysis covered a total of 71 operational projects in the year under review, whether begun, ongoing or completed – the latter consisting of projects still within the Defect Liability Period (DLP) or Financial Contribution Period (FCP) at year's end.

Operational Projects – 1st April 2014 - 31st March 2015

Completed	21
Commenced	15
Ongoing	23
DLP/FC	12
Total	71

Training in Anti-Corruption Measures

All our staff receive information and training to ensure that they understand and accept our stance on corruption and to help them identify instances of corruption and the correct, ethical course of action to take in various situations.

Anti-Corruption Training (%)

New recruits in 2014/15	213
Total staff as at 31st March 2015	1,887
% of staff that underwent training	11%

Evaluating T&D Effectiveness

We use a set of indirect indicators to measure the effectiveness of our training and development initiatives. An analysis for the year under review is given below:

Measures of T&D Effectiveness

Indicator	Measurement
Lost Time Injury Frequency Rate (LTIFR)	1.71 in 2014/15 (cf. 1.01 in 2013/14)
Employee Retention Rate	This measure was 94.2% for 2014/15 (cf. 93.4% in 2013/14)

The effectiveness of our training and development policy was also reflected in our receipt of a Silver 'People Development Award' from the Sri Lanka Institute of Training and Development in the year under review.



Health and Safety

As befits an organization involved in heavy construction, health and safety (H&S) is a key concern at AEL. Our record in this area is good and major effort is expended to maintain it.

Annual maxima are set for H&S indicators such as accidents, diagnoses of occupational diseases, etc. For the year under review, these targets were:

- Occupational disease diagnoses: 0
- Fatalities: 0
- Major injuries: 0
- Minor injuries: 4

The following statistics give a picture of operational health and safety at our project sites, plants, offices, etc. during the course of the year under review.

Occupational H&S Indicators – 2014/15

Total safety hours	5,831,207
Fatalities	1
Major accidents	1
Minor accidents	6
Frequency of major accidents	0.137 < 1
Frequency of minor accidents	0.206 < 1
'Lost time to injury' frequency rate (LTIFR)	1.71

The LTIFR figure for 2014/15 represents a reduction of 70% compared to 2013/14. In addition to our standard H&S procedures, such as safety signage displays, training sessions and awareness programmes, all of which are carried out at every project site and office location, we also screened a series of safety videos at project sites for new inductees.

AEL employees are incentivized to follow safety procedures through the presentation of a monthly 'Best Safety Performance' Award at each project site.



Future plans and strategies in relation to H&S system compliance include the following:

- Conducting health and wellness programmes on a continuous basis
- Weekly health and safety e-mail to all employees
- Health and wellness sessions every month at Access Towers
- Elaboration of the health-screening programme by considering employees' health-screening history and individual job-related risk
- Calculation of the Body-Mass Index (BMI) of all workers
- Initiative for hazardous-waste management

Health and Safety Training

Between 1st April 2014 and 31st March 2015, the following H&S training sessions were conducted:

Occupational H&S Training Schedule

Programme	Type	Dates	No. of Participants	Average Training Hours
General H&S Training (by Internal Audit Team)	Internal	April 2014 - March 2015	1,737	5,424
General H&S Training (by Project Managers and Safety Officers)	Internal	April 2014 - March 2015	1,500	18,000
Seminar on Occupational H&S	External	29th April 2014	10	80
Certificate Course in Occupational H&S	External	13th August 2014 (15 days)	5	600
'Industrial Safety for Higher Productivity'	External	18th September 2014 (2 days)	6	102
Internal Auditor Course (OHSAS 18001)	External	2nd October 2014 (2 days)	4	64
Seminar on Occupational Injuries and Diseases	External	14th October 2014	53	424
National Occupation Safety and Health Conference, 2014	External	16th October 2014	42	336
OHSMS Lead Auditor Course	External	8th December 2014 (5 days)	2	80
First-aid Training	Internal	4th -18th December 2014 (3 active days)	30	720



Health Screening for Employees

As an additional benefit, all our employees undergo regular health screening at Company expense. The table below gives details of screening programmes carried out in 2014/15.

Health Screening for Employees – 2014/15

Project/Plant	Number Screened	Cost (Rs.)	
		Hospital Charges	Doctors' Expenses
Central Equipment Division II	54	16,200.00	
Batching Plant, Kandana	14	4,200.00	
Labugama-Kalatuwawa Water Project	14	4,200.00	
Kandana Water Project	5	1,500.00	
Nagananda Institute for Buddhist Studies Building Project	19	5,700.00	25,217.00
Telecommunication Project Division	13	3,900.00	
Batching Plant, Mabima	34	10,200.00	
Ibbagamuwa Asphalt Plant	9	2,700.00	
Kotadeniyawa Asphalt Plant	14	4,200.00	
Galagedara-Rambukkana Road Project	6	1,800.00	
Piling Yard, Kaduwela	29	8,700.00	
Central Equipment Division I, Kaduwela	26	7,800.00	
Quarry and Crusher Plant, Vavuniya	13	3,900.00	10,086.00
Kadawatha-Nittambuwa Road Project	30	9,000.00	
Access Tower II Project	18	5,400.00	
UDA Underserved Resettlement Project – Phase II	30	9,000.00	
Total Cost	328	98,400.00	35,303.00

The cost of training was one component of a total cost of Rs. 6,151,771/- incurred in relation to safety initiatives. The other major component of expenditure was the purchase of safety equipment.

Recognition

Health-and-safety awards won during 2014/15 included two National Occupational Health and Safety Excellence Awards. AEL won the Sector Award for the Construction Sector Outright for its Performance on the Kadawatha-Nittambuwa Road Project, while our Polduwa Bridge Project obtained a Merit Award.



BUSINESS PARTNER CAPITAL

Another aspect of capital formation is partnerships. More often than not, AEL works in partnership with other suppliers and contractors. Our involvement may be as a joint-venture partner, as a subcontractor to the lead contractor (this is often the case with respect to large public infrastructure projects) or as a principal contractor overseeing one or more subcontractors and suppliers. Often these partnerships evolve into long-term strategic alliances.

The year under review, saw the establishment or consolidation of several such partnerships. Of particular note was the further expansion of our partnership with Shanghai Zhenhua Heavy Industries (ZPMC) through the commissioning of three 65-ton ship-to-shore cranes at King Abdullah Port in the Kingdom of Saudi Arabia.

AEL was also chosen as the private partner in a public-private partnership undertaken by the Government of Sri Lanka: an Urban Development Authority Project to construct 608 residential housing units for public sector employees. The commencement of this project is currently delayed due to finalization of facilities and financial options to be made to the prospective public sector buyers.

Growth in Joint Ventures and Subcontracting – 5-year Analysis (Rs. Mn)

Sector	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
JV	444.66	734.92	717.61	453.4	852.04	814.24
Subcontractor	3,684.05	6,240.17	6,290.79	3,589.33	1,353.56	817.39



SOCIAL AND ENVIRONMENTAL CAPITAL

Corporate Social Responsibility (CSR)

AEL is a company that creates and improves national infrastructure, to the benefit of all citizens. Thus, the most important component of our input to society and culture comes from our normal business operations – and from our active commitment to quality and sustainability in respect of those operations. However, recognizing that good corporate citizenship in our day and age means more than simply a job well and appropriately done, we undertook a number of dedicated CSR projects in the year under review. These are grouped below, ordered by area of intervention:

CSR Initiatives by Category – 2014/15

CSR Platform	No. of Projects
Human Capital Building	02
Local Community Development	04
Health and Wellness	01
Environmental Stewardship	01
Total	08

Building Human Capital

In a country where technical skills are in short supply at all levels, a company like ours has the responsibility to promote their acquisition and development among future generations. This is enlightened self-interest – it is from the pool of technically trained and capable Sri Lankans that we will draw our future employees – but it also benefits our industry and the nation as a whole.

Mentoring Programme: 'Life Skills for Engineering Students'

This programme, conducted for undergraduates in the Engineering Departments of the Universities of Moratuwa, Peradeniya and Ruhuna, is designed to prepare them for smooth entry into the corporate world.

'Personal and Practical Views on Getting Ahead' – Mentoring and Motivational Session

Again targeted at Engineering Students at Peradeniya, this initiative saw AEL's Managing Director and Chief Operating Officer make presentations on prospects and developments in the construction industry.

Local Community Development

AEL will consider supporting or funding appropriate and sustainable community projects where a clear need and clear potential benefits are demonstrated. In the year under review, we undertook community projects of two very different kinds.

Meth Mihira

This is a home for 'differently-abled' children in Moratuwa, built and donated by AEL as a service to the community.

Distribution of Stationery and Clothing to Poor Villagers in the Gampaha District

Used, but usable garments, collected from our employees and their families, were donated to needy families in the Gampaha District. Along with clothes we also provided stationery items to schoolchildren in the district.



Rehabilitation of Irrigation Works at Kebithigollewa

The Kuda Nelugola Tank near Kebithigollewa had been abandoned for some thirty years. Rehabilitating this small tank would enable 15 farmers in the vicinity to resume cultivation of a ten-acre extent of adjacent paddy land. AEL identified this as a CSR project of a type that we were well-qualified to undertake and rehabilitation work commenced in August 2014.

Additionally, we installed a water-purification plant fed from a deep artesian well, complete with elevated storage tank and pump system, supplying the local community with potable water. The plant has a daily output of 5,000 and benefits 125 families in the area.

As part of this community-development initiative, we also equipped the nearby Halmillawatiya Public School with textbooks, sport equipment, uniform ties and school badges, as well as a mini-drip irrigation system for the school vegetable garden.

Rehabilitation of Irrigation Works in Vavuniya

An initiative similar to the one mentioned above, but on a larger scale, saw the restoration of Kande Nawakkulama Tank in the Vavuniya District, which had been abandoned for the past three years in Vavuniya District. Work included reconstruction of the tank bund, spillway, sluice-gates and distribution canals. The restored tank irrigates more than 200 acres of paddy, benefiting more than 75 farmers, who can now obtain two harvests a year instead of the one previously obtained.

Health and Wellness

As with community development, this is another area in which AEL is happy to consider proposals for interventions that result in tangible improvements in the lives of the target group.

Donation of Spectacles

In collaboration with the organization 'So Others May See', we screened 6,086 children in the Trincomalee District for vision defects such as myopia and donated a total of 1,200 pairs of spectacles to children who required them. This project was undertaken through public schools in the district.

Environmental Stewardship

Construction projects have the potential to cause environmental degradation. For the most part, this is temporary, but definite action is required to avoid permanent damage. One way in which Access Engineering seeks to mitigate the environmental consequences of its business operations is through the restoration and rehabilitation of local environments and more broadly through maintaining and extending tree cover.

Tree-Planting Campaign, 2014/15

During the financial year under review, we planted 1,719 trees across the island. This is in addition to the 11,726 trees planted over the years to date – a significant contribution to a greener Sri Lanka.

Mitigating Our Environmental Impact

Acutely conscious of the potential for ecological degradation and pollution resulting from our operations, we undertake extensive and responsible actions to mitigate their environmental impacts. The following table lists operational aspects, their impacts and the mitigation strategies adopted in each case. These activities were undertaken – as and when appropriate – at all project sites and facilities during the course of the year.

External Capital Formation



Environmental Impacts and Mitigation – 2014/15

Significant Aspect	Environmental Impact	Mitigation Strategies Adopted During 2014/15						
Dust from roadworks	Air quality degradation	Road watering						
Dust from crusher plants	Air quality degradation	Water sprinkling and water jacketing						
Oil waste from mechanical workshop	Water quality degradation	Water treatment and monitoring of water quality						
Cement contamination from batching plant	Water quality degradation	Sedimentation and re-use of water						
Spillage from vehicles carrying concrete mixture, etc.	Water quality and environmental degradation	Vehicle washing facilities at piling plants						
Bentonite and sludge contamination	Water quality and environmental degradation	Appropriate disposal facilities						
Organic waste (various sources)	Landfill expansion	Composting						
Waste paper (office operations)	Landfill expansion	Recycling						
E-waste (office operations)	Heavy-metal contamination	Recycling						
Steel (workshops)	Landfill expansion	Recycling						
Fuel/oil leaks and spillages from machinery	Ground and groundwater contamination	Secondary containment for oil storage						
Fossil fuel use	Natural resource depletion	Strict monitoring and control Preventive and corrective maintenance of machinery and vehicles						
Emission of CO ₂	Air quality degradation Contribution to anthropogenic climate change	Emissions testing Preventive and corrective maintenance						
Noise from generators	Local nuisance	Soundproofing						
Noise from explosives	Local nuisance	Substitute chemicals for explosives where possible						
Tree-felling during roadworks	Carbon sink destruction Degradation of natural environment Biodiversity loss (knock-on effect) Contribution to anthropogenic climate change	Tree-planting programmes, <table border="1" style="margin-left: 20px;"> <tbody> <tr> <td>• During FY 2014/15</td> <td style="text-align: right;">1,719</td> </tr> <tr> <td>• In previous years</td> <td style="text-align: right;">11,726</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">13,445</td> </tr> </tbody> </table>	• During FY 2014/15	1,719	• In previous years	11,726	Total	13,445
• During FY 2014/15	1,719							
• In previous years	11,726							
Total	13,445							

Energy Conservation

Construction and engineering are energy-intensive activities. It is in AEL's interest to reduce energy consumption as much as possible through the adoption of conservation and efficiency measures. Perhaps even more important, in the long term, is the need to reduce both our carbon footprint and the national energy debt.

In the year under review, we targeted a reduction of 2% in electricity consumption. To reach this target, we adopted the following practices:

- Site offices, meal rooms and rest rooms rely on natural ventilation rather than air conditioners and fans.
- Use of thermal insulation on the roofs of AEL buildings.
- Use of solar energy for welding, drilling and powering service vehicles.



- Installation of energy-efficient light bulbs (compact fluorescent lamps and LEDs).
- Evaluating vehicle and machinery procurement choices based on energy efficiency.
- The introduction of LCD monitors for desktop computers.
- Configuring all computers and laptops for more efficient power management
- Isolating meeting rooms from the central AC system.
- Dividing the lighting system into active zones with separate switching.
- Installation of a power factor correction capacitor.

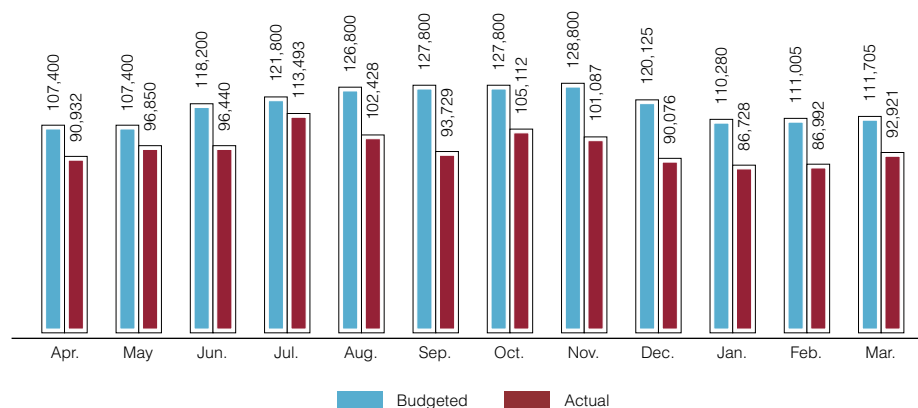
Through these and other measures, the amount of electricity consumed by AEL was reduced. The budgeted reduction of 2% implied an annual consumption of 1,419,115 units (as defined by the Ceylon Electricity Board). Actual consumption for the year under review was held to 1,156,788 units.

This amounted to a total saving in electricity consumed of 18.48%, more than achieving the objective. Indeed, this was one of the noteworthy achievements of the financial year.

Electricity Consumption (Monthly) – Budgeted vs. Actual, April 2014-March 2015

Month	Total Budgeted Units	Total Actual Units
April	107,400	90,932
May	107,400	96,850
June	118,200	96,440
July	121,800	113,493
August	126,800	102,428
September	127,800	93,729
October	127,800	105,112
November	128,800	101,087
December	120,125	90,076
January	110,280	86,728
February	111,005	86,992
March	111,705	92,921
Total	1,419,115	1,156,788

Electricity Consumption for the Year - Budgeted vs. Actual (Units)





Water Conservation

While no general conservation targets were set for water in 2014/15, we nevertheless set water budgets at various projects and facilities and undertook a wide range of water conservation measures. These included:

- Re-using water as much as possible at all our construction sites.
- Installation of waste water treatment plants to purify and recycle water to avoid contamination of the soil, surface water and natural water bodies. In the year under review, treatment plants were in operation at Mabima Batching Plant and Ranala Workshop.
- Improving efficiency in water consumption by budgeting water usage by activity (construction and day-to-day) at all work sites.

Water Usage – 2014/15

Total water usage	65,307.54 units
Annual usage per employee	34.61 units
Monthly usage (average) per employee	2.88 units
Water re-used and recycled units	2,560
Percentage recycled and re-used	3.92%

1 unit = 1,000 litres

Waste Management and Recycling

Waste management practices adopted during 2014/15 included the following:

- Use of non-hazardous construction and demolition debris for land fills.
- Use of wood debris for chipping.
- Solid-waste segregation for re-using, recycling and composition.

Results of Paper Recycling Programme – 2014/15

Wastepaper Recycled (kg)	792
Full-grown Trees Saved (No.)	13
Oil Saved (l)	1,386
Electricity Saved (kWh)	3,160
Water Saved (l)	25,106
Landfill Saved (m ³)	2
Reduction in GHG Emissions (kg of Carbon Equivalent)	792

Other Eco-Friendly Activity

Other actions regularly taken to protect and improve the environment include:

- The use of environmental conservation notices at offices and sites to raise employee awareness of specific issues.
- The erection of plant offices with minimum damage to the natural environment, using environmentally-friendly materials.
- Evaluating suppliers on the basis of environmental responsibility.
- Training and raising the awareness of suppliers and subcontractors with respect to environmental responsibility.
- The use of control procedures to prevent the damage to the environment during materials transporting, loading, unloading and storage.



The Cost of Protecting the Environment

Environmental responsibility does not come cheap, yet this is not an area in which it is possible to cut corners. The table below shows the cost incurred in the course safeguarding communities and the environment in the year under review:

Costs of Environmental-Protection Activity – 2014/15

Activity	Project/Plant	Cost (Rs.)
Water treatment	CED II	7,500.00
Water recycling	Batching plant, Kandana (electricity cost)	4,500.00
	Batching plant, Mabima (electricity cost)	96,000.00
	Batching plant, Mabima (sludge collection cost)	360,000.00
Exposure levels monitoring	Kadawatha-Nittambuwa Road Project	395,000.00
	Piling (ICC Diyagama project)	25,000.00
	Central Equipment Division II	15,000.00
	Batching plant, Mabima	73,575.00
	Asphalt plant, Ibbagamuwa	27,500.00
	Batching plant, Kandana	24,000.00
	Asphalt plant, Kotadeniyawa	24,000.00
	Asphalt plant, Vavuniya	24,000.00
	ITC Colombo	15,000.00
	Telecommunication projects	15,000.00
	Access Tower II	15,000.00
Dust barriers	Asphalt plant, Ibbagamuwa	60,000.00
Secondary containment cost	All sites	58,500.00
Tree planting	Project Management Division I	398,380.00
	Project Management Division II	27,000.00
Watering activity	Kadawatha-Nittambuwa Road Project	1,350,000.00
	ITC Colombo	858,000.00
Total Cost		3,872,955.00

Location and Extent of Land Owned, Leased, Managed in or Adjacent to Protected Areas and Areas of High Biodiversity

- Vavuniya crusher plant: 1.0 acre
- Vavuniya asphalt plant: 1.0 acre
- Labugama: 13.1 acres
- Kalatuwawa: 15.8 acres



Board of Directors





1. Sumal Joseph Sanjiva Perera

Chairman

2. Joseph Christopher Joshua

Managing Director

3. Dalpadoruge Anton Rohana Fernando

Executive Director/COO

4. Shevantha Harindra Sudharaka Mendis

Executive Director/Director – Business Development

5. Saumaya Dharshana Munasinghe

Executive Director/Director – Business Development

6. Dilhan Perera

Non-Executive Director

7. Ranjan John Suriyakumar Gomez

Non-Executive Director

**8. Prof. Kulatilleke Arthanayake
Malik Kumar Ranasinghe**

Independent Non-Executive Director

9. Niroshan Dakshina Gunaratne

Independent Non-Executive Director

10. Dinesh Weerakkody

Independent Non-Executive Director



Board of Directors

**Sumal Joseph Sanjiva Perera**

Chairman

The Founder Chairman of the Access Group of Companies founded in 1989, he is also the Founder Chairman and a shareholder of Access Engineering. He continues to be the Chairman of all companies under the umbrella of the Access Group and Chairman of Sathosa Motors PLC, a company that gained a public listing in 1993. He is a Fellow Member of the Chartered Institute of Management Accountants – UK. It is under his vision and leadership that the Access Group of Companies has grown to be a diversified and successful business enterprise, in a short span of over 2 decades.

Joseph Christopher Joshua

Managing Director

One of the founder Directors of the Access Group of Companies, he was instrumental in heading some of the most successful business units within the Group. A founder shareholder, he was the Joint Managing Director/CEO of the Company. It was under his leadership that Access Engineering achieved significant milestones in growth. He also functions as the Joint Managing Director of the Access Group since 1997. Companies under his purview include Access Realities (Private) Limited Access Energy (Private) Limited, Access Natural Water (Private) Limited, Eco Friendly Power Developers (Private) Limited, and business units of Access International (Private) Limited. He is also a Director of Sathosa Motors PLC.

Dalpadoruge Anton Rohana Fernando

Executive Director/COO

Joining the Access Group in 1998 as an Engineer based in the Engineering Division, he played a vital role in enabling the division to become a separate business entity, encompassing the name and persons of Access Engineering. Having held senior management positions in Access Engineering, he was appointed to the Board in 2002. In 2007, he was

appointed as the Director/COO of Access Engineering. He is a Corporate Member of Institution of Engineers, Sri Lanka (IESL) and has a B.Sc. Degree in Civil Engineering from the University of Peradeniya. He is also a Director of Access International (Private) Limited, Sathosa Motors PLC and Eco Friendly Power Developers (Private) Limited.

Shevantha Harindra Sudharaka Mendis

Executive Director/Director – Business Development

Having held many executive and management positions within the Access Group, he has functioned within the Engineering Division since its inception. With the genesis of Access Engineering, he became a part of that unit and was appointed as Director – Business Development in 2002. He is also a Director of Access International (Private) Limited, Sathosa Motors PLC and SML Frontier Automotive (Private) Limited.

Saumaya Dharshana Munasinghe

Executive Director/Director – Business Development

He joined Access International (Private) Limited in 1996 and was promoted to the position of Assistant Manager in 1999. In 2001, he assumed duties as Manager – Special Projects in Access International (Private) Limited and was promoted as General Manager – Special Projects in 2004. He joined Access Engineering in 2006 and was appointed to the Board of Access Engineering as Director – Business Development. He is also a Director of Access International (Private) Limited, Sathosa Motors PLC and SML Frontier Automotive (Private) Limited.

Dilhan Perera

Non-Executive Director

Mr. Dilhan Perera is the Chief Financial Officer at Access Group of Companies and has been involved with the Access Group since its inception in that capacity.

Ranjan John Suriyakumar Gomez

Non-Executive Director

One of the Founder Directors of the Access Group of Companies and has functioned as the Joint Managing Director of the Group since 1997. Companies under his purview include ATSL International (Private) Limited, ATSL Telesoft (Private) Limited, Access Energy Solutions (Private) Limited, Think Cube Systems (Private) Limited, Science Land Information Technology (Private) Limited, e-buy (Private) Limited and business units of Access International (Private) Limited. He is also a Director of Sathosa Motors PLC.

Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe

Independent Non-Executive Director

A member of the Access Engineering Board since 2011, he is a Senior Professor in Civil Engineering at the University of Moratuwa, a Chartered Engineer and International Professional Engineer, a Fellow of the Institution of Engineers, Sri Lanka, National Academy of Sciences, Sri Lanka and Institute of Project Managers. A past Vice-Chancellor of the University of Moratuwa, he functions as an independent Non-Executive Director of Sampath Bank PLC, Textured Jersey Lanka PLC, United Motors Lanka PLC and Resus Energy PLC. He is a former Fellow of The National University of Singapore and has been a Non-Executive Director of the Colombo Stock Exchange, Hemas Power PLC and Lanka IOC PLC.

His research focus is to combine applications in Engineering Economics and Environmental Economics with Project Management. He has published over 120 research papers, of which over 70 are international refereed publications. He has been honoured with the SLAAS General Research Committee Award for Outstanding Contribution to Sri Lankan Science, Committee of Vice-Chancellors and Directors (CVCD) Excellence Award 2012 for the Most Outstanding Senior



Researcher in Technology and related Sciences in the Sri Lankan Universities, Award for Outstanding Contribution to Education at the World Education Congress 2012, India and the Education Leadership Award 2013 at the 4th Asia's Best B-School Awards in Singapore.

Niroshan Dakshina Gunaratne

Independent Non-Executive Director

Appointed to the Access Engineering Board in 2011, he is also the Finance Director of ASCOT Holdings PLC, an Associate Member of the Chartered Institute of Management Accountants – UK. He possesses over nineteen years of experience in the field of finance and accounting and has been at MB Financial Services (Private) Limited, a primary dealer appointed by the CBSL and Jewelknit, a subsidiary of Mast Industries – USA.

Dinesh Weerakkody

Independent Non-Executive Director

Mr. Dinesh Weerakkody is the Chairman of the National Human Resource Development Council of Sri Lanka and Cornucopia Sri Lanka. He is an Advisor to the Ministry of Policy Planning, Economic Affairs, Cultural Affairs and Youth Affairs. He is also the Chairman of the Government-appointed Committee to review the Banking Sector and NBF1 consolidation and the Committee appointed to review the budgetary allocation for education. He is a former Chairman of the Commercial Bank of Ceylon PLC and the Employees' Trust Fund Board of Sri Lanka. He serves in a number of private sector Boards including Glaxo SmithKline Consumer Sri Lanka and Ceylon Tobacco PLC.

He is a Graduate in Business Administration from UK, a Fellow of both CIMA (UK) and CMA (Sri Lanka), Professional Member of the Singapore Human Resource Institute and holds an MBA from the University of Leicester, UK. He was conferred an honorary membership by the Institute of Personnel Management of Sri Lanka.

He is the recipient of Jaycees Ten Outstanding Young Persons Award in 1999 and an International Associations of Lions Clubs National Achievers Award in 2008 for the advancement of good governance in the public sector.



Corporate Management Team



Sumal Perera
Chairman



Christopher Joshua
Managing Director



Rohana Fernando
Executive Director/COO



Shevantha Mendis
Executive Director/Director –
Business Development



Dharshana Munasinghe
Executive Director/Director –
Business Development



Vasantha Manatunge
Senior General Manager



Dharmasiri Chandrapala
General Manager – Technical



Manoj Jayahsuriya
General Manager – Project Management
Division – I



Srimal Fernando
General Manager – Project Management
Division – II



Palitha Wanigasundara
General Manager – Project Management
Division – III



Kosala Wickramasinghe
General Manager – Planning and Development



Niroshan Thilakarathne
General Manager – Commercial



Neranjala Priyadarshani
General Manager – Finance



Ariadasa Fernando
Deputy General Manager – Project Co-ordination



Thasantha Kumara
Deputy General Manager



Prabashana Kumara
Deputy General Manager –
Project Management Division – II



Sumal Perera

Chairman

Profile is given on page 88.

Christopher Joshua

Managing Director

Profile is given on page 88.

Rohana Fernando

Executive Director/COO

Profile is given on page 88.

Shevantha Mendis

Executive Director/Director – Business Development

Profile is given on page 88.

Dharshana Munasinghe

Executive Director/Director – Business Development

Profile is given on page 88.

Vasantha Manatunge

Senior General Manager

V K Manatunge joined the Company in early 2003 and is currently functioning as the Senior General Manager of Access Engineering. He obtained his Degree in Civil Engineering from the University of Moratuwa in 1978 and has been a Corporate Member of the Institution of Engineers, Sri Lanka since 1982. He counts over 34 years of experience in the civil engineering field and has worked in various capacities in the state sector as well as private sector.

Dharmasiri Chandrapala

General Manager – Technical

T D D Chandrapala Joined the Company in 2002 and counts over 10 years of experience at the Senior Management level of the Company. He holds a B.Sc. Degree in Civil Engineering and he is also a Chartered Civil Engineer. He has over 36 years of experience in the fields of Irrigation and Drainage, Building Construction, Water Supply, Roads and Bridges.

Manoj Jayahsuriya

General Manager – Project Management Division – I

Manoj joined the Company in March 2006. He has 30 years of experience in diversified fields such as the Sri Lanka Navy, operations, apparel manufacturing, corporate planning and human resources management. He holds an MBA from the Postgraduate Institute of Management (PIM) of University of Sri Jayewardenepura, B.Sc. (Hons.) from University of Colombo and a Postgraduate Diploma in Psychology as well as several naval professional qualifications.

Srimal Fernando

General Manager – Project Management Division – II

Srimal joined the Company in August 1999 as a civil engineer and was promoted to Manager - Engineering in January 2004 and as General Manager in January 2008. He holds a Bachelor's Degree in Civil Engineering from the University of Peradeniya and is a Corporate Member of the Institute of Engineers, Sri Lanka. During the period of his service, he was involved with major projects in many diversified fields such as Roads and Highways, Bridges, Telecommunication, Water and Waste Water, Piling and Buildings in a senior level management capacity.

Palitha Wanigasundara

General Manager – Project Management Division – III

Palitha joined the Company in 2007 as Deputy General Manager (Construction) and currently functions as the General Manager (Project Management Division – III). He holds a Master of Science Degree in Civil Engineering (USSR), a Master of Engineering Degree in Construction Management (University of Moratuwa) and a Master of Business Administration Degree (Postgraduate Institute of Management, University of Sri Jayewardenepura). He is a Fellow Member of Institute of Engineers,

Sri Lanka and a Corporate Member of the Institute of Engineers (Australia). Prior to joining the Company, he served in the National Water Supply and Drainage Board for 20 years in the capacities of Chief Engineer, Project Manager, Assistant General Manager and a Project Director.

Kosala Wickramasinghe

General Manager – Planning and Development

Kosala joined the Company as a Project Manager in 2007. He holds a Bachelor of Science Degree in Civil Engineering from University of Moratuwa and a Postgraduate Diploma in Structural Engineering from University of Moratuwa. He is also a Corporate Member of the Institution of Engineers, Sri Lanka and a Corporate Member of the Society of Structural Engineers Sri Lanka. He has over 13 years experience in the field of Civil Engineering including Structural Engineering and Project Management.

Niroshan Thilakarathne

General Manager – Commercial

Niroshan presently serves in the capacity of the General Manager (Commercial) after serving in various capacities in the Company over a period of almost 12 years. Also, he has over 5 years of experience before joining Access having worked in a professional firm which provides Audit, Tax, Finance and Advisory services. He is also a Finalist of the Institute of Chartered Accountants of Sri Lanka.

Neranjala Priyadarshani

General Manager – Finance

Neranjala joined the Company in 2005 and presently serves in the capacity of the General Manager – Finance of the Company. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and an Associate of the Society of Certified Management Accountants of Sri Lanka. She holds a Special Degree in Accountancy and Financial Management from the University of Sri Jayewardenepura.



Aariadasa Fernando

Deputy General Manager – Project Co-ordination

A A Fernando joined the Company in August 2003 and presently serves as Deputy General Manager (Project Co-ordination). He is also functioning as the Company's Lead Auditor of the ISO systems. He has over 39 years of experience in civil engineering to his credit and has worked in a number of Government institutions such as Public Works Department, Highways Department, Road Development Authority and Road Construction and Development Company (Ministry of Highways) before joining the private sector. He holds a graduateship in Civil Engineering from City and Guilds, London and possesses several other qualifications in civil engineering and is a Member of the Institute of Incorporated Engineers, Sri Lanka.

Thasantha Kumara

Deputy General Manager

He joined the Company at the beginning of 2013. Thasantha has over 20 years of experience in the field of Civil Engineering including Roads, Highways and Bridge Engineering and Project Management. He has served in the capacity of Resident Engineer, Design Engineer, Executive Engineer for the Road Development Authority for seven years and in the private sector for 13 years in the capacity of Project Manager, Senior Project Manager and Divisional Co-ordinator in the Roads, Highways and Bridges Division. He has a B.Sc. (Hons.) in Civil Engineering from the University of Moratuwa and is a Corporate Member of the Institution of Engineers, Sri Lanka.

Prabashana Kumara

Deputy General Manager – Project Management Division – II

Prabashana Joined the Company in December 2006 as an Operations Manager (Telecom Projects) and was promoted to Senior Manager (Telecom Projects) in 2010 and as Deputy General Manager in April 2014. He holds a Bachelor of Science Degree in Electrical and Electronics Engineering from the University of Peradeniya. He has 16 years of experience in the fields of Telecommunication and Building Services (M&E) and was involved in several major projects in Sri Lanka and overseas in Key Management roles.



Corporate Governance

Constructed on a sound philosophy, ethics, policies, values, accountability and sincerity of action, AEL's corporate governance ethos works within a culture of performance that emphasizes a framework of conformance and compliance. To us, corporate governance goes beyond the tenets of conformance and compliance into a milieu where our business is grown and nurtured into a sustainable and equitable one, presenting all our stakeholders with a future to grow with us. Maximizing shareholder wealth on a sustainable basis while safeguarding the rights of multiple stakeholders are fundamentals which are permeated through all levels of our management and staff, who in turn work on the trusses of truth, trust, principles and honesty to ensure that the end justifies the means and remain strategically aligned to the core principles of our corporate governance practice.

Our governance and operating model facilitates efficient and timely decision-making coupled with pragmatic resource allocations, which in turn are integrated into a transparent, accountable and ethical framework that are compliant not only with the laws of the country but also with self-imposed codes of ethics, standards and regulations that position us on a platform of critical governance features to ensure a culture that goes beyond compliance. This is thus manifested in the composition of the corporate management team, division of powers and duties and the promotion of sound corporate ethics across the Company.

The Company's vision and mission remain firmly embedded in our future journey with the Board of Directors and Executive Management providing the necessary stewardship to our team and other stakeholders to achieve our objectives. Evaluating and setting the direction of the Company's strategic initiatives, performance objectives and targets also remain entrenched within the Board of Directors, in addition to strengthening the overarching Company principle of protecting the interests of all stakeholders and consolidation of business activities to ensure continuity and sustainability.

The Board of Directors of AEL endeavours to provide entrepreneurial leadership through effective formulation and execution of policies and procedures to attain the objectives of the Company. The Board comprises of ten Directors out of which five are Executive Directors and five are Non-Executive Directors. There is no female representation on the Board. Chairman of the Company who acts in an Executive Capacity is mainly responsible for directing the affairs of the Board while maintaining effective external relationships. Day-to-day affairs of the Company are headed by the Managing Director who is supported by the Director/ Chief Operating Officer (COO). Three of the Non-Executive Directors are independent in respect of criteria laid down by the regulatory authorities and have no interests or relationships in relation to the affairs of the Company. This composition has encouraged the Company to demonstrate more transparency and independent judgment in the decision-making process. Decisions regarding new Board appointments are taken by the Board collectively and the qualifications and experience of Board members are decided based on the nature of the business of the Company and the value addition the member is expected to bring to the Board and the Company.

The Company also adopts the main corporate governance committees under the highest governance body; Audit Committee and Remuneration Committee to strengthen its commitment on corporate governance. Beyond the mandatory requirements, the Company also has in place a Strategic Planning and a Compliance Committee to ensure adherence to best practices.

The Board carries out a self-evaluation of its performance both individually as well as collectively against economic, environmental and social targets/goals set at the beginning of each year. Results of these evaluations are properly minuted by the Company Secretary who is responsible for maintaining the same. The Executive Directors are required to adhere with the provisions of the 'Company Policy on Disciplinary Management' to avoid any potential



conflict of interest. Implementation of the said policy is periodically monitored by a six-member committee. The Non-Executive Directors are required to confirm the existence or non-existence of conflict of interest in the dated declaration submitted to the Board.

Shareholders being the primary stakeholder group, the Company has in place a clear mechanism for facilitating their recommendations. Shareholders could meet the Members of the Board on prior appointment or via the Company Secretary who keeps a record of their concerns. These concerns are promptly replied either directly or via the Company Secretary as the case maybe.

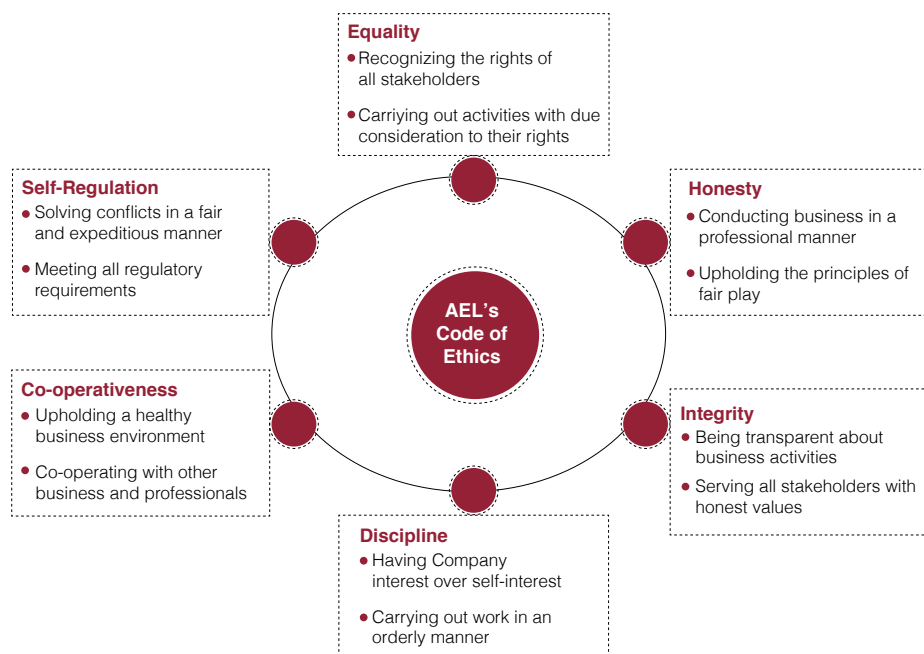
Access Engineering's Corporate Management team is committed to achieving sustained value creation for the benefit of all stakeholders through adherence to a set of well-defined corporate governance principles, coupled with maintaining effective structures and processes within the Company. The team, which comprises the Managing Director, Chief Operating Officer, Board Members and Senior Management, meet at regular intervals to discuss the management of business activities. Project implementation is carried out by the Project Management Divisions wherein General Managers and Deputy General Managers work on plans and targets, matching those to realistic time frames and ensuring any shortfalls or delays are speedily rectified. Authority is exercised within an ethical framework of business practices established by the Board, which demands compliance with existing laws and regulations as well as best practices in dealing with employees, customers, suppliers and the community at large.

We have also infused a milieu of increased participation by middle management to permeate the need for a more responsible, transparent and accountable administration, which in turn will strengthen the financial discipline of the Company. The culture of high authority tied-up with high accountability has given us the freedom to respond to customer needs faster than most of the competitors which has been the cornerstone of our competitive advantage. The permeation of authority and accountability right down to the shop-floor level and the front-line has freed up the top management to dwell on the more strategic and conceptual inputs.

Driving a team branded on excellence, people remain centric to our entire operational capabilities and engineering competencies. The experience and professionalism within our team has been the catalyst in integrating our core competencies into strategic partnerships. Maintaining a healthy work life balance with an environment of superior human resource development via a comprehensive Quality Management System and Occupational Health and Safety Management System inculcate the culture of meritocracy and performance oriented individuals who make up for an excellent team, driven to achieve ambitious goals. Part of the compensation of staff including Executive Directors and the Corporate Management is performance based and the distribution of the same is decided by the Board and the Management after the evaluation of multiple factors including but not limited to performance of the Company and the individual concerned. Employees are encouraged to make recommendations to the Board via their respective Department Heads.

1. BUSINESS ETHICS

Our Code of Ethics has been devised with the objective of developing and maintaining long-term relationships with all stakeholders while satisfying the requirements of our valuable customers. It is our belief that upholding these values will result in the Company being profitable. Thus every employee at Access Engineering including the new recruits are firmly guided to abide by the following ethics.



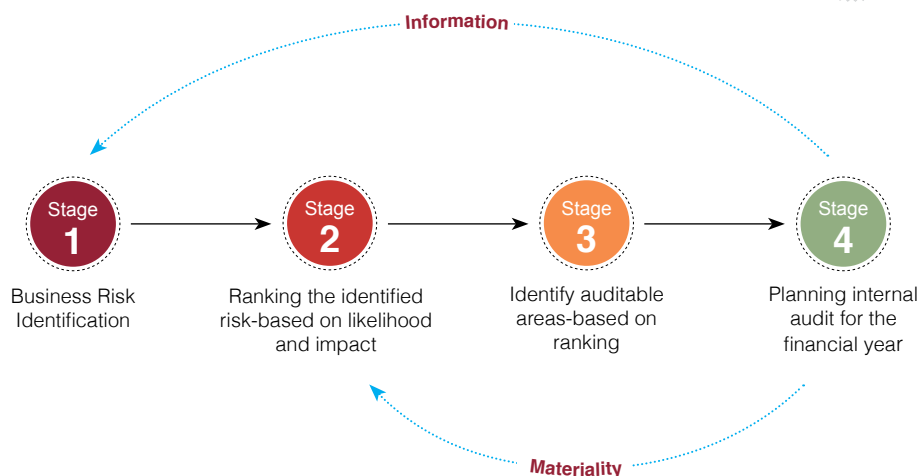
2. INTERNAL CONTROL

The Company adopts a risk assessment-based approach with regard to its internal audit functions with the objective of Maintaining Safety, Reliability, Profitability and Integrity of the organization and to overlook key operational and regulatory deficiencies. The risk-based approach considers both high risk areas as well as core organizational processes.

Key functions of the Internal Audit Department include the following:

- Objectively evaluating current risks and the internal control framework
- Systematically analyzing business process and associated controls
- Reviewing the existence and value of assets
- Providing information on major frauds and irregularities
- *Ad hoc* review of other areas of concern, including unacceptable levels of risk
- Reviewing the compliance framework and specific compliance issues
- Reviewing operational and financial performance
- Making recommendations for more effective and efficient use of resources
- Assessing the accomplishment of corporate goals and objectives
- Providing feedback on adherence to Organizational Values and Code of Conduct/ Code of Ethics
- Monitoring compliance with Company's policies and procedures
- Reviewing systems for ensuring legislative or regulatory issues impacting the Company are recognized and addressed properly
- Conducting special investigative reviews at the request of Management/Board

Based on a thorough evaluation and previous audit findings the department's key focus areas for the financial year 2015/16 were identified to be tendering, statutory compliance, finance, operation of the ERP System and IT. The evaluation process of identifying key focus areas consists of a four stages approach.



3. COMPANY POLICIES

3.1 Quality Policy

AEL has always been concerned about its multifaceted stakeholders ranging from customers, its dedicated and committed staff, principals, subcontractors, suppliers and the society at large. This concern is driven by the Company's commitment to satisfy customer needs by providing high quality civil construction services with effective, efficient and innovative solutions. This commitment is met by continually improving the quality management system whilst adhering to the ISO 9001:2008 and other applicable regulatory requirements through cost effective, profitable, safe and sound environmental friendly operations.

3.2 Environment Policy

AEL recognizes that in carrying out its activities it has a responsibility to customers, employees and the general public to minimize environmental impacts. The Company's environmental policy has been devised around this motive to:

1. Ensure compliance with all applicable legal and other requirements, which relate to its environmental aspects.
2. Promote environmental awareness and commitment to the policy amongst all employees and stakeholders through training and communications to encourage suppliers and subcontractors to apply sound environmental principles.
3. Avoid the wastage of materials, water and energy by paying careful attention to their use.
4. Prevent pollution and minimize environmental disturbance from its activities.
5. Promote continual improvement by reviewing the environmental aspects related to Company activities by setting appropriate targets and objectives for improving performance.

This commitment is met by continually improving the environmental management system whilst adhering to the ISO 14001:2004 and other applicable regulatory requirements.

Health and Safety Policy

AEL is committed to uplift the living standards and the well-being of everyone who is affected by its operations. This commitment is strictly embedded in the Company's affairs via the Health and Safety Policy which focuses on preventing injury and ill health of employees and others affected by its operations and complying with all legal and other requirements to which it has subscribed.

AEL is firmly dedicated to promote awareness of health and safety and continuously improve the Health and Safety Management System and performance by periodically reviewing and making modifications of the same.



This commitment is met by continually improving the Health and Safety Management system whilst adhering to the OHSAS 18001 and other applicable regulatory requirements.

The above policies are enforced and implemented company-wide on a continuous basis. Effectiveness of their implementation is measured from time to time via periodic audits conducted both internally and externally.

4. BOARD COMMITTEES

4.1 Audit Committee

Appointed by the Board of Directors, the Committee comprises of three (03) Independent Non-Executive Directors and one (01) Non-Executive Director of the Board.

Members of the Audit Committee

Niroshan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Alexis Indrajit Lovell (Resigned w.e.f. 1st September 2014)	Independent Non-Executive Director
Suresh Dilhan Perera	Non-Executive Director
Dinesh Weerakkody (Appointed w.e.f. 5th February 2015)	Independent Non-Executive Director

The Audit Committee Charter formalizes the authority, responsibilities and specific duties pertaining to the Committee as follows:

1. Overseeing preparation, presentation and adequacy of disclosures in the Financial Statements of the Company, in accordance with Sri Lanka Accounting Standards;
2. Ensuring compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial-related regulations and requirements;
3. Ascertaining that the Company's internal controls and risk management processes are adequate and meet the Sri Lanka Auditing Standards requirements;
4. Assessing the independence and performance of the Company's External Auditors;
5. Making recommendations to the Board pertaining to appointment, reappointment and removal of External Auditors and to approve remuneration and terms of engagement of the External Auditors;

4.2 Remuneration Committee

Comprising of three (03) Independent Non-Executive Directors and one (01) Non-Executive Director of the Board, this Committee is appointed by the Board.

Members of the Remuneration Committee

Dinesh Weerakkody (Chairman) (Appointed as Chairman w.e.f. 5th February 2015)	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe (Resigned as Chairman w.e.f. 5th February 2015)	Independent Non-Executive Director
Niroshan Dakshina Gunaratne	Independent Non-Executive Director
Suresh Dilhan Perera	Non-Executive Director



With the primary objective of the Company's remuneration policy being effective enough to attract and retain the best human capital to sustain operations while rewarding performance, the Remuneration Committee is tasked with recommending the remuneration payable to the Executive Directors and Chief Executive Officer of the Company and/or equivalent position thereof. This recommendation is made to the Board, which is responsible for the final determination upon consideration of such recommendations.

During the financial year the Committee met once on 23rd September 2014 with the attendance of all committee members.

4.3 Strategic Planning Committee

Essentially focusing on assessing existing and new investments, this Committee is responsible for identifying, appraising and monitoring the investment purview, in order to ensure optimum resource allocation by the Company.

Members of the Strategic Planning Committee

Sumal Joseph Sanjiva Perera (Chairman)	Chairman
Joseph Christopher Joshua	Managing Director
Dalpadoruge Anton Rohana Fernando	Executive Director/ Chief Operating Officer
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Alexis Indrajit Lovell (Resigned w.e.f. 1st September 2014)	Independent Non-Executive Director

The Committee's mandate includes:

1. Formulating criteria and guidelines for assessing existing and new investments.
2. Planning investments periodically, targeting at optimum utilization of resources.
3. Reviewing existing investments.
4. Assessing new investments for strategic fit, risk profile, profitability and future potential.
5. Making recommendations to the Board on investment portfolio, contingency planning and desired future corporate goals.

4.4 Compliance Committee

The Compliance Committee is appointed by the Chief Operating Officer and is set up to further strengthen good governance at Corporate Management level. This mechanism will bridge the gap between the Senior Management and the Board of Directors when important decisions are to be made on operational issues. The Board oversees the performance of the Company against the triple bottom line Objectives and Codes of Conduct based on the recommendations made by the Compliance Committee via the COO.

**Members of the Compliance Committee**

Rohana Fernando (Chairman)	Chief Operating Officer/Executive Director
V K Manatunge (Convener)	Senior General Manager
Palitha Wanigasundara	General Manager (Project Management Division III)
Manoj Jayahsuriya	General Manager (Project Management Division I)
Kosala Wickramasinghe	General Manager (Planning & Development)
Niroshan Thilakaratne	General Manager (Commercial)
A A Fernando	Deputy General Manager (Project Co-ordinating)

The Committee's mandate includes:

1. Establish and monitor if the organization's objectives are met.
2. Evaluate Company policies, formulate new policies, advise and take the initiative to revise existing policies.
3. Ensure that policies are in compliance with laws and regulations.
4. Ensure that project management, accounting, procurement, stores and human resource functions are carried out according to established processes and procedures.
5. Ensure that control systems are laid down and operated to promote the most economic, efficient and effective use of resources as well as safeguard assets.



COMPANY'S ADHERENCE TO THE REQUIREMENTS STIPULATED IN SECTION 7.10 ON 'CORPORATE GOVERNANCE' OF THE CONTINUING LISTING REQUIREMENTS OF THE COLOMBO STOCK EXCHANGE

7.10 Corporate Governance

Principle	Description	Comment	Status of Compliance
7.10.1 Non-Executive Directors			
	<p>(a) The Board of Directors of a Listed Entity shall include at least</p> <ul style="list-style-type: none"> - Two Non-Executive Directors; or - Such number of Non-Executive Directors equivalent to one-third of the total number of Directors whichever is higher. <p>(b) The total number of Directors is to be calculated based on the number as at the conclusion of the immediately preceding Annual General Meeting.</p> <p>(c) Any change occurring to this ratio shall be rectified within ninety (90) days from the date of the change.</p>	<p>The Board comprises of ten (10) Directors of which five (05) are Executive Directors and five (05) are Non-Executive Directors.</p>	Complied
7.10.2 Independent Directors			
	<p>(a) Where the constitution of the Board of Directors includes only two Non-Executive Directors in terms of Rule 7.10.1 above, both such Non-Executive Directors shall be independent. In all other instances two or 1/3 of Non-Executive Directors appointed to the Board of Directors, whichever is higher shall be 'independent'. In all other instances two or 1/3 of Non-Executive Directors appointed to the Directors appointed to the Board of Directors, whichever is higher shall be 'independent'.</p> <p>(b) The Board shall require each Non-Executive Director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria. A specimen of the said declaration is given in Appendix 7A of this Section.</p>	<p>The Board comprises of five (05) Non-Executive Directors out of which three (03) are independent.</p> <p>Each NED signs and submits an annual declaration to the Board of his independence against the criteria specified in Appendix 7A of the Listing Rules.</p>	Complied
7.10.3 Disclosure Relating to Directors			
	<p>(a) The Board shall make a determination annually as to the Independence or Non-Independence of each Non-Executive Director based on such declaration and other information available to the Board and shall set out in the Annual Report the names of Directors determined to be independent.</p> <p>(b) In the event a Director does not qualify as 'independent' against any of the criteria set-out below but if the Board, taking account all the circumstances, is of the opinion that the Director is nevertheless 'independent', the Board shall specify the criteria not met and the basis for its determination in the Annual Report.</p> <p>(c) In addition to disclosures relating to the independence of a Director set out above, the Board shall publish in its Annual Report a brief résumé of each Director on its Board which includes information on the nature of his/her expertise in relevant functional areas.</p> <p>(d) Upon appointment of a new Director to its Board, the Entity shall forthwith provide to the exchange a brief résumé of such Director for dissemination to the public. Such résumé shall include information on the matters itemized in paragraphs (a), (b) and (c) above.</p>	<p>The Company annually reviews the independence or non-independence of each of the Non-Executive Directors and the names of Directors determined to be independent are disclosed on page 87 of the Annual Report.</p> <p>Brief résumés of all Directors are found on pages 88 - 89 of the Report.</p> <p>Upon Mr. D S Weerakkody being appointed to the Board, a brief résumé was forwarded to the exchange for public dissemination.</p>	Complied



Principle	Description	Comment	Status of Compliance
7.10.4 Criteria for defining 'Independence'			
	<p>Subject to Rule 7.10.3 (a) and (b), a Non-Executive Director shall not be considered independent if he/she -</p> <ul style="list-style-type: none"> • Has been employed by the Listed Entity during the period of two years immediately preceding appointment as Director. • Currently has/had during the period of two (02) years immediately preceding appointment as a Director, a Material Business Relationship with the Listed Entity, whether directly or indirectly. • Has a close family member who is a Director, Chief Executive Officer (and/or equivalent position) in the listed Entity. • Has a significant shareholding in the Entity. • Has served on the Board of the listed entity continuously for a period exceeding nine (09) years from the date of the first appointment; provided however, if such Director is reappointed after a period of two (02) years from the date of completion of the proceeding nine (09) year period, he will be considered as 'independent' for the purpose of this section. • Is employed in another company or business - <ul style="list-style-type: none"> - In which a majority of the other Directors of the listed entity are employed or are Directors; or - In which a majority of the other Directors of the listed entity have a significant shareholding or material business relationships; or - That has significant shareholding in the listed entity or with which the listed entity has a business connection. • Is a Director of another company - <ul style="list-style-type: none"> - In which a majority of the other Directors of the listed entity are employed or are Directors, - That has a business connection in the listed entity or a significant shareholding. • Has a material business relationship or a significant shareholding in another company or business - <ul style="list-style-type: none"> - In which a majority of the other Directors of the listed entity are employed or are Directors; and or - Which has a business connection with the listed entity or significant shareholding in the same. 	<p>In determining the Independence/ Non-Independence of the NEDs the Company takes into account criteria specified in Section 7.10.4.</p>	<p>Complied</p>
7.10.5 Remuneration Committee			
A listed entity shall have a Remuneration Committee in conformity with the following:			
	<p>(a) Composition The Remuneration Committee shall comprise of a minimum of two Independent Non-Executive Directors (in instances where an entity has only two Directors on its Board); or of Non-Executive Directors a majority of whom shall be independent, whichever shall be higher.</p>	<p>The Remuneration Committee of the Company consists of four (04) Non-Executive Directors out of which three (03) are independent.</p>	<p>Complied</p>



Principle	Description	Comment	Status of Compliance
	<p>(b) Functions The Remuneration Committee shall recommend the remuneration payable to the Executive Directors and Chief Executive Officer of the listed entity and/or equivalent position thereof, to the Board of the listed entity which will make the final determination upon consideration of such recommendations.</p>	<p>The Remuneration Committee operates with the primary objective of ensuring that the remuneration policy of the Company is effective enough to attract and retain the best human capital. The Committee holds the responsibility of recommending the remuneration payable to the Executive Directors of the Company. The recommendation is made to the Board, which is responsible for the final determination upon consideration of such recommendations.</p>	Complied
	<p>(c) Disclosure in the Annual Report The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.</p>	<p>Details with regard to the Remuneration Committee and the remuneration policy of the Company are disclosed on pages 99 - 100 of this Report.</p> <p>Refer Note 36.4 of 'Notes to the Financial Statements' for a disclosure of the aggregate remuneration paid to Executive and Non-Executive Directors.</p>	Complied

7.10.6 Audit Committee

A listed entity shall have an Audit Committee in conformity with the following:

	<p>(a) Composition The Audit Committee shall comprise:</p> <ul style="list-style-type: none"> - Of a minimum of two Independent Non-Executive Directors (in instances where a entity has only two Directors on its Board); or - Of Non-Executive Directors a majority of whom shall be independent, whichever shall be higher. 	<p>The Audit Committee of the Company comprises of three (03) Independent Non-Executive Directors and one (01) Non-Executive Director of the Board. Two (02) members of the Committee are members of professional accounting bodies.</p>	Complied
	<p>(b) Functions Shall include -</p> <ol style="list-style-type: none"> 1. Overseeing of the preparation, presentation and adequacy of disclosures in the Financial Statements of a listed entity, in accordance with Sri Lanka Accounting Standards. 2. Overseeing of the entity's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. 3. Overseeing the processes to ensure that the entity's internal controls and risk management are adequate, to meet the requirements of the Sri Lanka Auditing Standards. 4. Assessment of the independence and performance of the Entity's External Auditors. 5. To make recommendations to the Board pertaining to appointment, reappointment and removal of External Auditors and to approve the remuneration and terms of engagement of the External Auditors. 	<p>The Charter of the Audit Committee of the Company includes the following:</p> <ul style="list-style-type: none"> • Overseeing the preparation, presentation and adequacy of disclosures in the Financial Statements of the Company, in accordance with the Sri Lanka Accounting Standards. • Ensuring compliance with financial reporting requirements of the Companies Act and other relevant financial-related regulations and requirements; • Ascertaining that the Company's internal controls and risk management processes are adequate and meet the Sri Lanka Auditing Standards requirements; • Assessing the independence and performance of the Company's External Auditors; • Making recommendations to the Board pertaining to appointment, reappointment and removal of External Auditors and to approve remuneration and terms of engagement of the External Auditors. 	Complied



Principle	Description	Comment	Status of Compliance
	<p>(c) Disclosure in the Annual Report</p> <p>The names of the Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report.</p> <p>The Committee shall make a determination of the independence of the Auditors and shall disclose the basis for such determination in the Annual Report.</p> <p>The Annual Report shall contain a report by the Audit Committee, setting out the manner of compliance by the entity in relation to the above, during the period to which the Annual Report relates.</p>	<p>Composition of the Audit Committee is disclosed on page 121 of the Annual Report.</p> <p>Independence of the Auditors is disclosed on page 136 of the Annual Report.</p> <p>Audit Committee Report is found on page 121 of the Annual Report.</p>	Complied

COMPANY'S ADHERENCE TO CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE ISSUED JOINTLY BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA AND THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA

SECTION 01: THE COMPANY

Principle	Description	Comment	Extent of Compliance																																																																								
A. Directors																																																																											
A.1 The Board																																																																											
A.1	Every public company should be headed by an Effective Board, which should direct, lead and control the Company.	<p>The Company is headed by a Unitary Board comprising of ten (10) members. Primary objective of the Board is to provide necessary stewardship in achieving the vision of the Company. Composition of the Board is as follows:</p> <ul style="list-style-type: none"> • Five (05) Executive Directors • Two (02) Non-Executive Directors • Three (03) Independent Non-Executive Directors <p>The Board consists of Professionals from diverse fields such as Engineering, Accounting, Finance, Business Development, Human Resources and Consultancy. All Members of the Board possess the adequate level of skills, competencies and knowledge so as to provide overall strategic direction to the Company. The Board also sets the level of Risk Appetite of the Company.</p>	Complied																																																																								
A.1.1	The Board should meet regularly. Board meetings should be held at least once in every quarter of a financial year, in order to effectively execute Board's responsibilities, while providing information to the Board on a structured and regular basis.	<p>During the year, five (05) Board meetings were conducted and the attendance of which were as follows:</p> <p>Note</p> <ul style="list-style-type: none"> • Mr. A I Lovell ceased to be a Director with effect from 1st September 2014 • Mr. D S Weerakkody was appointed to the Board with effect from 1st January 2015 <table border="1"> <thead> <tr> <th>Name</th> <th>21st May 2014</th> <th>5th Aug. 2014</th> <th>23rd Sep. 2014</th> <th>13th Nov. 2014</th> <th>5th Feb. 2015</th> </tr> </thead> <tbody> <tr> <td>Mr. S J S Perera</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. R J S Gomez</td> <td> </td> <td>√</td> <td> </td> <td>-</td> <td> </td> </tr> <tr> <td>Mr. J C Joshua</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. S H S Mendis</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. D A R Fernando</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. S D Munasinghe</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Prof. K A M K Ranasinghe</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. N D Gunaratne</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. A I Lovell</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. S D Perera</td> <td> </td> <td>√</td> <td> </td> <td>√</td> <td> </td> </tr> <tr> <td>Mr. D S Weerakkody</td> <td> </td> <td>-</td> <td> </td> <td>-</td> <td> </td> </tr> </tbody> </table>	Name	21st May 2014	5th Aug. 2014	23rd Sep. 2014	13th Nov. 2014	5th Feb. 2015	Mr. S J S Perera		√		√		Mr. R J S Gomez		√		-		Mr. J C Joshua		√		√		Mr. S H S Mendis		√		√		Mr. D A R Fernando		√		√		Mr. S D Munasinghe		√		√		Prof. K A M K Ranasinghe		√		√		Mr. N D Gunaratne		√		√		Mr. A I Lovell		√		√		Mr. S D Perera		√		√		Mr. D S Weerakkody		-		-		Complied
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Principle	Description	Comment	Extent of Compliance
A.1.2	The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed.	<p>The Board of Directors provides the entrepreneurial leadership through effective formulation and execution of strategies in order to ensure sustainable value creation to all stakeholders. The Corporate Management team which is collectively responsible for the execution of strategies set by the Board is directly headed by the Managing Director and the Chief Operating Officer.</p> <p>The system of internal controls which is based on a 'Risk Assessment Approach' ensures safety, reliability, profitability and integrity of the organization within a broader framework of enterprise risk management. The Board is responsible for the efficient functioning of the system as the level of risk appetite of the Company is set by the Board.</p>	Complied
A.1.3	The Board collectively, and Directors individually, must act in accordance with the laws of the country, as applicable to the business enterprise. There should be a procedure agreed to by the Board of Directors, to obtain independent professional advice where necessary, at the Company's expense.	The Board collectively and the Directors individually have recognized their duty to act in accordance with the prevailing laws of the Country. The Board also complies with the sound framework of business practices in place which further strengthens compliance with existing laws and regulations. In matters of strategic importance to the Company, the Board obtains independent professional advice if it deems necessary at the expense of the Company.	Complied
A.1.4	All Directors should have access to the advice and services of the Company Secretary, who is responsible to the Board in ensuring that Board procedures are followed and that applicable rules and regulations are complied with. Any questions of the removal of the Company Secretary should be a matter for the Board as a whole.	All Directors had access to the services of a professional secretarial company which ensured that the Board received information on a timely manner for the effective conduct of meetings. The firm also provided the Board with advice on matters relating to compliance with rules and regulations and the proper conduct of meetings.	Complied
A.1.5	All Directors should bring independent judgment to bear on issues of strategy, performance, resources (including key appointments) and standards of business conduct.	All Directors are encouraged to bring independent judgment on matters relating to strategic direction of the Company, effective utilization of resources and performance. Transparency of the judgments is further enhanced with the existence of three (3) Independent Non-Executive Directors who continue to critically evaluate the decisions of the Executive Directors. All Directors have an equal opportunity to express their views and ideas.	Complied
A.1.6	Every Director should dedicate adequate time and effort to matters of the Board and the Company, to ensure that the duties and responsibilities owed to the Company are satisfactorily discharged. It must be recognized that Directors have to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarification, and after a meeting to follow-up on issues consequent to the meeting. This should be supplemented by a time allocation for familiarization with business changes, operations, risks and controls.	All Directors dedicated an adequate amount of time on matters relating to the Company and the Board. Their contribution to the Company was evident in the participation at Board meetings, Board Sub-Committee meetings and in the decisions passed via circular resolution. Relevant Board Papers together with supplementary information were sent at least a week prior to the Board meetings so as to give them adequate time to critically review and study the contents. In the event, additional information was requested by the Board through the Company Secretary the same was made available at the earliest in order to enhance the effectiveness of Board decisions.	Complied



Principle	Description	Comment	Extent of Compliance
A.1.7	Every Director should receive appropriate training when first appointed to the Board of a company, and subsequently as necessary. Training curricula should encompass both general aspects of directorship and matters specific to the particular Industry/Company concerned. A Director must recognize that there is a need for continuous training and an expansion of the knowledge and skills required to effectively perform his duties as a Director. The Board should regularly review and agree the training and development needs of the Directors.	<p>A new Director who is appointed to the Board receives an orientation on the operations, risk management, internal control and other areas from the Managing Director in order to familiarize the new Director with the Company.</p> <p>During the year, Independent Directors attended the training session organized by the Securities and Exchange Commission of Sri Lanka on the theme 'Symposium on the Role of an Independent Director'. Each Director was well aware of the need to continuously enhance his knowledge and skills so as to effectively perform his duties as a Director.</p>	Complied
A.2 Chairman and Chief Executive Officer (CEO)			
A.2	There are two key tasks at the top of every public company – conducting of the business of the Board, and facilitating executive responsibility for management of the Company's business. There should be a clear division of responsibilities at the head of the Company, which will ensure a balance of power and authority, such that no one individual has unfettered powers of decision.	<p>The Chairman is responsible for the effective conduct of the business of the Board while the executive responsibility for management of the Company's business is vested with the Managing Director. The Managing Director is supported by the Chief Operating Officer in managing the day-to-day affairs of the Company.</p> <p>Decision-making at the highest level happens by adopting the rule of simple majority. No one individual is vested with unfettered powers of decision-making.</p>	Complied
A.2.1	A decision to combine the posts of Chairman and CEO in one person should be justified and highlighted in the Annual Report.	<p>The Chairman is mainly responsible for leading, directing and controlling the affairs of the Board including the Board Balance, effective conduct of Board meetings and Special meetings of the Board. He is also responsible for maintaining effective external relationships.</p> <p>Day-to-day affairs of the Company are headed by the Managing Director who is supported by the Director/Chief Operating Officer (COO). The MD and COO give leadership to the Corporate Management team who is collectively responsible for the conduct of day-to-day operations.</p>	Complied
A.3 Chairman's Role			
A.3	The Chairman's role in preserving good corporate governance is crucial. As the person responsible for running the Board, the Chairman should preserve order and facilitate the effective discharge of Board functions.	As the highest member of the organization, the Chairman is committed to the practice of good corporate governance. As the head at the Board meetings, the Chairman ensures that the objectives of the meeting are achieved and adequately discussed among the members. Chairman is also responsible for the composition and the structure of the Board, representing the views of the Company to the public, maintaining relationships with shareholders and overseeing the self-evaluation of Board Members performance.	Complied

Corporate Governance



Principle	Description	Comment	Extent of Compliance
A.3.1	The Chairman should conduct Board proceedings in a proper manner.	The Chairman is responsible for making sure that the agenda, minutes of prior meetings, Board papers and supplementary information are circulated among the members in advance giving sufficient time for preparation. He encourages active and effective participation of all Board members facilitating productive discussions. The Chairman ensures the proper recording of all matters discussed at the meetings through the Company Secretary. He is also responsible for making the Board members aware of the importance of creating value to all stakeholders of the Company.	Complied
A.4 Financial Acumen			
A.4	The Board should ensure the availability within it of those with sufficient financial acumen and knowledge to offer guidance on matters of finance.	The Board comprises of four (4) members with extensive knowledge and experience in financial matters and who are professionally qualified in finance. This is further strengthened since three (3) of these members operate in a Non-Executive capacity. In addition, rest of the Board members sufficiently possesses knowledge on financial matters based on experience gathered in their respective fields.	Complied
A.5 Board Balance			
A.5	It is preferable for the Board to have a balance of Executive and Non-Executive Directors such that no individual or small group of individuals can dominate the Board's decision-taking.	The Board comprises of ten (10) Directors of which five (5) are Executive Directors and five (5) are Non-Executive. This ratio was maintained throughout the financial year. Thus no individual or small group of individuals can dominate the Board's decision-taking.	Complied
A.5.1	The Board should include Non-Executive Directors of sufficient calibre and number for their views to carry significant weight in the Board's decisions. The Board should include at least two Non-Executive Directors or such number of Non-Executive Directors equivalent to one-third of total number of Directors, whichever is higher. In the event the Chairman and CEO is the same person, Non-Executive Directors should comprise a majority of the Board.	50% of the Board of Directors of the Company operates in a Non-Executive capacity and this ratio was maintained throughout the year. Every NED on the Board has excelled in their respective discipline. Thus their contribution to the decision-making of the Board was noteworthy during the year both quantitatively as well as qualitatively.	Complied
A.5.2	Where the constitution of the Board of Directors includes only two Non-Executive Directors, both such Non-Executive Directors should be 'independent'. In all other instances two or one-third of Non-Executive Directors appointed to the Board of Directors whichever is higher should be 'independent'.	The Board of Directors of the Company comprises of five (5) Non-Executive Directors out of which three (3) are Independent and this ratio was maintained throughout the year.	Complied
A.5.3	For a Director to be deemed 'independent' such Director should be independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.	Three (3) Non-Executive Directors on the Board are not involved in day-to-day affairs of the Company and they do not have any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment. Additionally each Independent NED submits a written declaration of his independence to the Board on an annual basis. This written annual submission is also considered as a part of their annual performance evaluation.	Complied
A.5.4	Each Non-Executive Director should submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria set out in the specimen in Schedule H of the Code.	During the year, each Non-Executive Director submitted a dated and signed declaration regarding their independence against the specified criteria set out in Schedule H of the Code.	Complied



Principle	Description	Comment	Extent of Compliance
A.5.5	The Board should make a determination annually as to the independence or non-independence of each Non-Executive Director based on such a declaration made of decided criteria and other information available to the Board. The Board should determine whether the Director is independent in character and judgment and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgment. The Board should specify the criteria not met and the basis for its determination in the Annual Report, if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which indicate the contrary and should set out in the Annual Report the names of Directors determined to be 'independent'.	Based on the declarations submitted to the Board and other information available, the following NEDs' of the Board were decided to be independent as at the end of the financial year. <ul style="list-style-type: none"> • Mr. D S Weerakkody • Prof. K A M K Ranasinghe • Mr. N D Gunarathne 	Complied
A.5.6	If an Alternate Director is appointed by a Non-Executive Director such Alternate Director should not be an Executive of the Company. If an Alternate Director is appointed by an Independent Director, the person who is appointed also should meet the criteria of independence and the provision on minimum number of Independent Directors also should be satisfied.	This is not applicable as there are no alternate Directors in the Company.	Not Applicable
A.5.7	In the event the Chairman and CEO is the same person, the Board should appoint one of the Independent Non-Executive Directors to be the 'Senior Independent Director' (SID) and disclose this appointment in the Annual Report.	This is not applicable as the Chairman of the Company is not the CEO.	Not Applicable
A.5.8	The Senior Independent Director should make himself available for confidential discussions with other Directors who may have concerns which they believe have not been properly considered by the Board as a whole and which pertain to significant issues that are detrimental to the Company.	Not Applicable	Not Applicable
A.5.9	The Chairman should hold meetings with the Non-Executive Directors only, without the Executive Directors being present, as necessary and at least once each year.	The Chairman holds meetings with the NEDs' without the presence of Executive Directors as and when necessary. During the year one (1) such meeting was held prior to the acquisition of Access Projects (Private) Limited.	Complied
A.5.10	Where Directors have concerns about the matters of the Company which cannot be unanimously resolved, they should ensure their concerns are recorded in the Board minutes.	During the year, there were no matters of the Company that the BOD was unable to resolve unanimously. However, in the event such matter arises, the Company Secretary records the same in sufficient detail in the Board minutes. These Minutes are circulated among Board members prior to the next meeting.	Complied
A.6 Supply of Information			
A.6	The Board should be provided with timely information in a form and of a quality appropriate to enable it to discharge its duties.	The Board was provided with timely information by way of Management Reports and Board Papers during the year. The information was made available by the Company Secretary along with the agenda at least 7 days prior to the meeting in order to provide sufficient time for preparation. In the event information provided was not sufficient additional information was provided on the request of Board members.	Complied



Principle	Description	Comment	Extent of Compliance
A.6.1	Management has an obligation to provide the Board with appropriate and timely information, but information volunteered by management may not be enough in all circumstances and Directors should make further inquiries where necessary. The Chairman should ensure all Directors are properly briefed on issues arising at Board meetings.	Members of the Board (mainly Executive) are provided with Management Reports and Project Performance Reports on a monthly basis. In addition to this, the entire Board is provided with Board Papers and other relevant information by the Corporate Management. The Board is also appraised on areas such as CSR, Risk Management, Corporate Governance and Legal Compliance by the Corporate Management time-to-time. In instances where additional information is required the same is requested from the corporate management or the responsible individuals. The Board has free and open access to all Corporate Management members.	Complied
A.6.2	The minutes, agenda and papers required for a Board meeting should ordinarily be provided to Directors at least seven (7) days before the meeting, to facilitate its effective conduct.	Effective conduct of the Board meetings was facilitated through the proper circulation of agenda, Board minutes and other papers among the Directors by the Company Secretary seven (7) days before the meeting.	Complied
A.7 Appointments to the Board			
A.7	There should be a formal and transparent procedure for the appointment of New Directors to the Board.	All Board appointments are based on the capacity of the individual concerned to pass the 'fit & proper' test which in turn is based on the qualifications, experience and the value that can be added by the individual to the Board as well as to the Company. Existing Directors are vested with the autonomy to critically evaluate the potential candidate in the above test and a final decision is taken by the Board collectively. During the year Mr. D S Weerakkody was appointed to the Board after the consent given by all existing Directors.	Complied
A.7.1	Nomination Committee should be established to make recommendations to the Board on all new Board appointments. Terms of Reference for Nomination Committees are set out in Schedule A. The Chairman and members of the Nomination Committee should be identified in the Annual Report.	The Company does not have a Nomination Committee in place. However, the existing Board members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board.	Not Complied
A.7.2	The Nomination Committee or in the absence of a Nomination Committee, the Board as a whole should annually assess Board-composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company. The findings of such assessment should be taken into account when new Board appointments are considered and when incumbent Directors come up for re-election.	During the year, the Board critically evaluated the 'quality' of the Board in terms of their qualifications, experience, independence and the value that can be added to the Company to effectively meet the demands of the Company. The results of this assessment were utilized by the Board in appointing Mr. D S Weerakkody as a NED. The Board is satisfied with its composition and the level of qualifications, knowledge and experience it possesses as a whole in order to meet strategic demands facing the Company.	Complied
A.7.3	Upon the appointment of a new Director to the Board, the Company should forthwith disclose to shareholders: <ul style="list-style-type: none"> • A brief résumé of the Director; • The nature of his expertise in relevant functional areas; • The names of companies in which the Director holds directorships or memberships in Board Committees; and • Whether such Director can be considered independent. 	Upon Mr. D S Weerakkody being appointed to the Board during the year, a brief résumé containing his expertise, other directorships held and his independence was submitted to the CSE for public dissemination.	Complied



Principle	Description	Comment	Extent of Compliance
A.8 Re-Election			
A.8	All Directors should be required to submit themselves for Re-election at regular intervals and at least once in every three years.	Directors are Re-elected with the sanction of the shareholders at the Annual General Meeting of the Company. The Articles of Association of the Company requires one NED to appear for re-election every year and as such 2014 saw the re-election of Mr. N D Gunarathna who retired by rotation. Recommendations on the re-election of Directors are given by the Company Secretary and the same is reviewed by the Board.	Complied
A.8.1	Non-Executive Directors should be appointed for specified terms subject to re-election and to the provisions in the Companies Act relating to the removal of a Director and their reappointment should not be automatic.	In terms of the Articles of Association of the Company one NED is required to retire by rotation every year. The re-election of NEDs is sanctioned by the shareholders at the AGM of the Company.	Complied
A.8.2	All Directors including the Chairman of the Board, should be subject to election by shareholders at the first opportunity after their appointment, and to re-election thereafter at intervals of no more than three years. The names of Directors submitted for election or re-election should be accompanied by a resume minimally as set out in paragraph A.7.3 above, to enable shareholders to make an informed decision on their election.	Mr. D S Weerakkody who was first appointed to the Board in January 2015 will stand for election at the AGM. A résumé of him is found in page 89 of this Report.	Complied
A.9 Appraisal of Board Performance			
A.9	Boards should periodically appraise their own performance in order to ensure that Board responsibilities are satisfactorily discharged.	Performance of the Board is evaluated from time to time with at least once a year to ensure that responsibilities are satisfactorily discharged. Appraisal of Board performance is usually co-ordinated by the Company Secretary and overseen by the Chairman.	Complied
A.9.1	The Board should annually appraise itself on its performance in the discharge of its key responsibilities.	Performance of the Board for the FY 2014/15 was assessed at the first Board meeting conducted for the FY 2015/16. The evaluation was done against the targets and goals set at the beginning of the FY 2014/15 covering areas such as strategic direction of the Company, regulatory and legal compliance, corporate governance, risk management, financial performance, systems management and internal audit function among others. The Board was satisfied as a whole of its performance in the year 2014/15.	Complied
A.9.2	The Board should also undertake an annual self-evaluation of its own performance and that of its committees.	Members of the Board and Board Committees carried out self-assessments of their performance for the FY 2014/15 against targets set at the beginning of the year. Minutes of the results of these assessments were recorded by the Company Secretary and areas for improvement in the FY 2015/16 were identified. Each individual Director was satisfied of his performance in the FY 2014/15.	Complied
A.9.3	The Board should state how such performance evaluations have been conducted in the Annual Report.	Refer A.9.2 above.	Complied



Principle	Description	Comment	Extent of Compliance																
A.10 Disclosure of Information in Respect of Directors																			
A.10	Shareholders should be kept advised of relevant details in respect of Directors.	Shareholders are informed as and when necessary about changes to the Board, interest in the shares of the Company and other relevant details via disclosures and financial results released to the CSE for public dissemination.	Complied																
A.10.1	The Annual Report of the Company should set out the relevant information in relation to each Director.	<p>Please refer the following pages for the information relating to Directors of the Company.</p> <table border="1"> <thead> <tr> <th>Information Requirement</th> <th>Page/s</th> </tr> </thead> <tbody> <tr> <td>• Brief Profile</td> <td>88 - 89</td> </tr> <tr> <td>• Nature of Expertise</td> <td>88 - 89</td> </tr> <tr> <td>• Related Party Transactions</td> <td>176 - 179</td> </tr> <tr> <td>• Other Directorships Held</td> <td>88 - 89</td> </tr> <tr> <td>• Attendance at Board Meetings</td> <td>105</td> </tr> <tr> <td>• Composition of Board Committees</td> <td>99 - 100</td> </tr> <tr> <td>• Attendance at Committee Meetings</td> <td>100 & 121</td> </tr> </tbody> </table>	Information Requirement	Page/s	• Brief Profile	88 - 89	• Nature of Expertise	88 - 89	• Related Party Transactions	176 - 179	• Other Directorships Held	88 - 89	• Attendance at Board Meetings	105	• Composition of Board Committees	99 - 100	• Attendance at Committee Meetings	100 & 121	Complied
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• Attendance at Committee Meetings	100 & 121																		
A.11 Appraisal of Chief Executive Officer																			
A.11	The Board should be required at least annually to assess the performance of the CEO.	Not applicable as the Company doesn't have a CEO.	Not Applicable																
A.11.1	At the commencement of every fiscal year, the Board in consultation with the CEO, should set, in line with the short, medium and long-term objectives of the Company, reasonable financial and non-financial targets that should be met by the CEO during the year.	Not applicable as the Company doesn't have a CEO.	Not Applicable																
A.11.2	The performance of the CEO should be evaluated by the Board at the end of each fiscal year to ascertain whether the targets set by the Board have been achieved and if not, whether the failure to meet such targets was reasonable in the circumstances.	Not applicable as the Company doesn't have a CEO.	Not Applicable																
B. Directors' Remuneration																			
B.1 Remuneration Procedure																			
B.1	Companies should establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his/her own remuneration.	Remuneration payable to the Executive Directors of the Company is recommended by the Remuneration Committee. Remuneration payable to the Non-Executive Directors of the Company is recommended by the Board as a whole. No Director is involved in deciding his own remuneration.	Complied																
B.1.1	To avoid potential conflicts of interest, the Board of Directors should set up a Remuneration Committee to make recommendations to the Board, within agreed terms of reference, on the Company's framework of remunerating Executive Directors. (These also include Post-Employment Benefits as well as Terminal Benefits).	The Remuneration Committee is responsible for recommending the remuneration payable to the Executive Directors. The Committee makes recommendations to the Board which is responsible for the final determination.	Complied																
B.1.2	Remuneration Committees should consist exclusively of Non-Executive Directors, and should have a Chairman, who should be appointed by the Board.	The Remuneration Committee appointed by the Board consisted of four (4) Non-Executive Directors out of which three (3) were independent.	Complied																
B.1.3	The Chairman and the members of the Remuneration Committee should be listed in the Annual Report each year.	Details of the Remuneration Committee are given on pages 99 - 100 of this Report.	Complied																



Principle	Description	Comment	Extent of Compliance
B.1.4	The Board as a whole, or where required by the Articles of Association the shareholders, should determine the remuneration of Non-Executive Directors, including members of the Remuneration Committee, within the limits set in the Articles of Association. Where permitted by the Articles, the Board may delegate this responsibility to a subcommittee of the Board, which might include the CEO.	Remuneration payable to the Non-Executive Directors is decided by the Board as a whole. The Non-Executive Directors are paid a monthly fee for being a member of the Board and its sub-committees. Since the Non-Executive Directors are not involved in the day-to-day affairs of the Company. They are not entitled to any performance incentives.	Complied
B.1.5	The Remuneration Committee should consult the Chairman and/or CEO about its proposals relating to the remuneration of other Executive Directors and have access to professional advice from within and outside the Company, in discharging their responsibilities.	The Remuneration Committee consulted the Chairman and the Managing Director in providing recommendations regarding the remuneration of other Executive Directors. The Chairman or the MD is not remunerated by the Company.	Complied
B.2 The Level and Make-Up of Remuneration			
B.2	Levels of remuneration of both Executive and Non-Executive Directors should be sufficient to attract and retain the Directors needed to run the Company successfully. A proportion of Executive Directors' remuneration should be structured to link rewards to corporate and individual performance.	The remuneration package of both Executive and Non-Executive Directors is based on a variety of factors including their contribution to the Company, market rates of remuneration and their expectation. Portion of the remuneration of the Executive Directors is linked to their performance which is evaluated against targets set and agreed at the beginning of the period.	Complied
B.2.1	The Remuneration Committee should provide packages needed to attract, retain and motivate Executive Directors of the quality requires but should avoid paying more than is necessary for this purpose.	The Remuneration Committee considers the value addition of Executive Directors and their contribution to the achievement of short and long-term objectives in structuring their remuneration packages so as to ensure that nothing is paid more than necessary.	Complied
B.2.2	The Remuneration Committee should judge where to position levels of remuneration of the Company, relative to other companies. It should be aware what comparable companies are paying and should take account of relative performance, but should use such comparisons with caution, mindful of the risk that they can result in an increase of remuneration levels with no corresponding improvement in performance.	The Committee conducts an analysis of other companies in the industry in deciding the levels of remuneration of the Company.	Complied
B.2.3	The Remuneration Committee should be sensitive to remuneration and employment conditions elsewhere in the Company or Group of which it is a part, especially when determining the annual salary increases.	Companies within the Group operate in different industry and market sectors where the remuneration and employment conditions are substantially different to those of the Company.	Not Applicable
B.2.4	The performance related elements of remuneration of Executive Directors should be designed and tailored to align their interest with those of the Company and main stakeholders and to give these Directors appropriate incentives to perform at the highest level.	The extent of contribution and value addition towards achieving the set targets and objectives of a particular year is the key determinant in deciding the performance-related element of the remuneration of the Executive Directors.	Complied
B.2.5	Executive share options should not be offered at a discount (i.e., less than market price prevailing at the time the exercise price is determined), save as permitted by the Listing Rules of the Stock Exchange.	Not applicable as there are no Executive share options in the Company.	Not Applicable
B.2.6	In designing schemes of performance-related remuneration, Remuneration Committee should follow the provisions set out in Schedule E.	Provisions of Schedule E of the Code were followed in designing schemes of performance-related remuneration.	Complied



Principle	Description	Comment	Extent of Compliance
B.2.7	Remuneration Committee should consider what compensation commitments (including pension contributions) their Directors' contracts of service, if any, entail in the event of early termination. Remuneration Committees should in particular, consider the advantages of providing explicitly for such compensation commitments to apply other than in the case of removal for misconduct, in initial contracts.	There are no compensation commitments (including pension contributions) in Directors contracts of service.	Not Applicable
B.2.8	Where the initial contract does not explicitly provide for compensation commitments, Remuneration Committees should, within legal constraints tailor their approach in early termination cases to the relevant circumstances. The Board aim should be, to avoid rewarding poor performance while dealing fairly with case where departure is not due to poor performance.	Not applicable as the Company's objective is to avoid early termination by all means.	Not Applicable
B.2.9	Levels of remuneration for Non-Executive Directors should reflect the time commitment and responsibilities of their role taking into consideration market practices. Remuneration for Non-Executive Directors should not normally include share options. If exceptionally options are granted, shareholder approval should be sought in advance and any shares acquired by exercise of the options should be held until at least one year after the Non-Executive Director leaves the Board. Holding share options could be relevant to the determination of a Non-Executive Directors independence.	The remuneration of Non-Executive Directors reflects the degree of responsibilities and the level of time commitment extended by them in contributing and adding value to the Company's decision-making. The NEDs do not have any share options in the Company.	Complied
B.3 Disclosure of Remuneration			
B.3	The Company Annual Report should contain a Statement of Remuneration Policy and details of the Board as a whole.	Compensation paid to Key Management Personnel is given on page 179 of this Report.	Partly Complied
B.3.1	The Annual Report should set out the names of Directors (or persons in the Parent Company's Committee in the case of a Group Company) comprising the Remuneration Committee, contain a Statement of Remuneration Policy and set out the aggregate remuneration paid to Executive and Non-Executive Directors.	Names of the members of the Remuneration Committee and the compensation paid to Key Management Personnel are given in page 99 and 179 of this Report respectively.	Partly Complied
C. Relations with Shareholders			
C.1 Constructive use of the Annual General Meeting (AGM) and Conduct of General Meetings			
C.1	Boards should use the AGM to communicate with shareholders and should encourage their participation.	The Company considers the AGM as the primary tool of communication with shareholders. The Notice of Meeting inviting all shareholders is given in page 202 of this Report. All shareholders are free to raise any queries from the Board on matters relating to the Company at the AGM. The Board encourages an open dialogue with shareholders at the AGM.	Complied
C.1.1	Companies should count all proxy votes and should indicate the level of proxies lodged on each resolution and the balance for and against the resolution and withheld after it has been dealt with on a show of hands, except where poll is called.	Secretaries of the Company record and count all Proxy Forms lodged on each resolution separately. The Proxy Forms are sent to all registered shareholders along with the Notice of Meeting.	Complied
C.1.2	Companies should propose a separate resolution at the AGM on each substantially separate issue and should in particular propose a resolution at the AGM relating to the adoption of the Report and Accounts.	To receive and consider the Annual Report and Accounts is the first resolution adopted at every AGM. Further, the Company proposes separate resolutions on each substantially separate issue. Hence, shareholders are given the opportunity to vote separately on each substantial issue.	Complied



Principle	Description	Comment	Extent of Compliance
C.1.3	The Chairman of the Board should arrange for the Chairmen of the Audit, Remuneration and Nomination Committees to be available to answer questions at the AGM relating to the adoption of the Report and Accounts.	The Chairman of the Audit Committee, Remuneration Committee and the Strategic Planning Committee attended the 2014 AGM of the Company and answered questions raised by shareholders.	Complied
C.1.4	Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders as determined by statute, before the meeting.	All related papers and the Notice of Meeting are sent to the shareholders 15 days before the AGM through the Company Secretary.	Complied
C.1.5	Companies should circulate with every Notice of General Meeting a summary of the procedures governing voting at General Meetings.	Summary of procedures governing voting at the General Meeting is distributed with the Notice of Meeting by the Company Secretary.	Complied
C.2 Communication with Shareholders			
C.2	The Board should implement effective communication with shareholders.	The AGM and the Annual Report are the primary means of communication with shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for dissemination among the public. Similarly the Company's website www.accessengsl.com is updated with financial and project-related information, corporate disclosures and other press releases for public viewing.	Complied
C.2.1	There should be a channel to reach all shareholders of the Company in order to disseminate timely information.	The AGM and the Annual Report are the primary means of reaching all shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for timely dissemination of information. Similarly the Company's website is also used as a tool to reach shareholders on a continuing basis.	Complied
C.2.2	The Company should disclose the policy and methodology for communication with shareholders	Company's policy on information dissemination is based on the prime need of creating a fair market for the Company's securities among all market participants. Hence the Company focuses on accurate, timely and relevant information dissemination so as to avoid any market malpractice or doubt.	Complied
C.2.3	The Company should disclose how they implement the above policy and methodology.	The Company held its 3rd AGM on 28th August 2014 and disseminated the circular to shareholders, Proxy Form, the Notice of Meeting and the CD containing the Annual Report fifteen (15) days before. Any shareholder who requested a Printed Version of the Annual Report was given the same within the stipulated period through the Company Secretary.	Complied
C.2.4	The Company should disclose the contact person for such communication.	The point of contact is given in page 8 of this Report	Complied
C.2.5	There should be a process to make all Directors aware of major issues and concerns of shareholders, and this process has to be disclosed by the Company.	The shareholders are free to correspond with the Board either directly or through the Company Secretary as they wish. The Directors can also be met by the Shareholders on appointment. The Company Secretary keeps a record of all valid correspondence from the shareholders and directs them to the appropriate Board member who in return would respond as necessary. The Company also has a dedicated investor relations e-mail that could be equally utilized by any shareholder to correspond.	Complied

Corporate Governance



Principle	Description	Comment	Extent of Compliance
C.2.6	The Company should decide the person to contact in relation to shareholder matters. The relevant person with statutory responsibilities to contact in relation to shareholder matters is the Company Secretary or his/her absence should be a member of the Board of Directors.	Both the Company Secretary as well as members of the Board act as contact points in relation to shareholder matters.	Complied
C.2.7	The process for responding to shareholder matters should be formulated by the Board and disclosed.	Responses for shareholder queries directly sent to individual members of the Board are sent by the respective members. Queries directed to the Company Secretary are responded by the Directors via Company Secretary.	Complied
C.3 Major and Material Transactions			
C.3	Further to complying with the requirements under the Companies Act, Securities and Exchange Commission Law and Colombo Stock Exchange Regulations; as applicable, Directors should disclose to shareholders all proposed material transactions, which if entered into, would materially alter/vary the Company's net assets base or in the case of a Company with subsidiaries, the consolidated group net asset base.	No material transactions were entered into by the Company during the financial year.	Not Applicable
C.3.1	Prior to a Company engaging in or committing to a 'Major related party involving the acquisition, sale or disposition of greater than one-third of the value of the Company's assets or that of a subsidiary which has a material bearing on the Company and/or consolidated net assets of the Company, or a transaction which has or is likely to have the effect of the Company acquiring obligations and liabilities, of greater than one-third of the value of the Company's assets, Directors should disclose to shareholders the purpose and material facts of such transactions and obtain shareholders' approval by ordinary resolution at an Extraordinary General Meeting. It also applies to transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company.	No major related party transactions were carried out by the Company during the financial year.	Not Applicable
D. Accountability and Audit			
D.1 Financial Reporting			
D.1	The Board should present a balanced and understandable assessment of the Company's financial position, performance and prospects.	Annual Report containing the Audited Financial Statements, performance, prospects and Interim Financial Reports were released to the CSE within the period stipulated by the CSE and other regulatory authorities.	Complied
D.1.1	The Board's responsibility to present a balanced and understandable assessment extends to interim and other price-sensitive public reports and reports to regulators, as well as to information required to be presented by statutory requirements.	Audited Financial Statements giving a true and fair view of the operations of the Company, Interim Financial Statements and other price-sensitive disclosures are made by the Company periodically and as and when required in accordance with the applicable rules and regulations.	Complied
D.1.2	The Directors' Report, which forms part of the Annual Report, should contain declarations by the Directors.	The Annual Report of the Board of Directors on the Affairs of the Company making the relevant declarations is given on page 134 of this Report.	Complied
D.1.3	The Annual Report should contain a statement setting out the responsibilities of the Board for the preparation and presentation of Financial Statements, together with a Statement by the Auditors about their reporting responsibilities. Further, the Annual Report should contain a Report/Statement on Internal Control.	'Directors Responsibility for Financial Reporting', 'Statement of Auditors' and the 'Directors' Statement on Internal Control' are given in pages 140, 143 and 141 respectively.	Complied



Principle	Description	Comment	Extent of Compliance
D.1.4	The Annual Report should contain a 'Management Discussion and Analysis'.	Management Discussion and Analysis is given in pages 12 - 85 of this Report.	Complied
D.1.5	The Directors should report that the business is a going concern, with supporting assumptions or qualifications as necessary.	Refer Note 2.2 'Basis of Measurement' of 'Notes to the Financial Statements'.	Complied
D.1.6	In the event the net assets of the Company fall below 50% of the value of the Company's shareholders' funds, the Directors shall forthwith summon an Extraordinary General Meeting of the Company to notify shareholders of the position and of remedial action being taken.	Not applicable as there was no serious loss of capital during the year.	Not Applicable
D.1.7	The Board should adequately and accurately disclose the related party transactions in its Annual Report.	Refer Note 36 of 'Notes to the Financial Statements'.	Complied
D.2 Internal Control			
D.2	The Board should have a process of risk management and a sound system of internal control to safeguard shareholders' investments and the Company's assets. Broadly, risk management and internal control is a process, affected by a Company's Board of Directors and management, designed to provide reasonable assurance regarding the achievement of Company's objectives.	The Company operates with a sound system of internal control within an integrated risk management framework that is formulated and ratified by the Board. The Board is responsible for effective operation of the system of internal controls to ensure the achievement of objectives.	Complied
D.2.1	The Directors should, at least annually, conduct a review of the risks facing the Company and the effectiveness of the system of internal controls, so as to be able to report to shareholders as required in D.1.3. This could be made the responsibility of the Audit Committee.	Annual review of risks faced by the Company is conducted by the Directors. The Audit Committee Charter of the Company authorizes the Audit Committee to ascertain the adequacy of internal controls and risk management processes.	Complied
D.2.2	Companies should have an internal audit function.	The Company has an Internal Audit Function headed by the 'Chief Internal Auditor'.	Complied
D.2.3	The Board should require the Audit Committee to carry out reviews of the process and effectiveness of risk management and internal controls, and to document to the Board and Board takes the responsibility for the disclosures on internal controls.	Operation and review of internal controls is done by the Internal Audit function as a continuous and ongoing process. These Reports are forwarded to the Audit Committee which in turn presents it to the Board. The Board is responsible for making disclosures on internal controls.	Complied
D.2.4	The responsibilities of Directors in maintaining a sound system of internal control and the contents of the Statement of Internal Control should be in accordance with the Schedule K.	Refer Page 141 for the 'Directors' Statement on Internal Controls'.	Complied
D.3 Audit Committee			
D.3	The Board should establish formal and transparent arrangements for considering how they should select and apply accounting policies, financial reporting and internal control principles and maintaining an appropriate relationship with the Company's Auditors.	Accounting policies and financial reporting principles of the Company are formulated so as to ensure compliance with all applicable standards, rules and other regulations. At times the guidance of the External Auditors is also sought in this process. The Board maintains cordial relationships with the External Auditors.	Complied
D.3.1	The Audit Committee should be comprised of a minimum of two Independent Non-Executive Directors (in instances where a Company has only two Directors on its Board) or exclusively by Non-Executive Directors, a majority of whom should be independent, whichever is higher. The Chairman of the Committee should be a Non-Executive Director appointed by the Board.	The Audit Committee comprises of three (3) Independent Non-Executive Directors and one (1) Non-Executive Director of the Board. The Chairman of the Committee is an Independent Non-Executive Director.	Complied

Corporate Governance



Principle	Description	Comment	Extent of Compliance
D.3.2	The duties of the Audit Committee should include keeping under review the scope and results of the audit and its effectiveness and the independence and objectivity of the Auditors. Where the Auditors also supply a substantial volume of non-audit services to the Company, the Committee should keep the nature and extent of such services under review, seeking to balance objectivity, independence and value for money.	Charter of the Audit Committee specifies duties of its Members one of which is assessing the independence and performance of External Auditors. Performance of the External Auditor is assessed considering the audit and non-audit services provided and the level of skills and experience.	Complied
D.3.3	The Audit Committee should have a written Terms of Reference, dealing clearly with its authority and duties. The Audit Committee's written Terms of Reference must address: <ul style="list-style-type: none"> • The Committees purpose • The duties and responsibilities of the Audit Committee 	The Audit Committee Charter specifies the Committee's purpose, duties and responsibilities	Complied
D.3.4 Disclosures			
D.3.4	The names of Directors (persons in the Parent Company's Committee in the case of a Group Company) comprising the Audit Committee should be disclosed in the Annual Report. The Committee should also make a determination of the Independence of the Auditors and should disclose the basis of such determination in the Annual Report. The Annual Report should contain a report by the Audit Committee, setting out the manner of compliance by the Company, in relation to the above, during the period to which the Annual Report relates.	The composition of the Audit Committee is given in page 121 of this Report. A statement on the 'Independence of Auditors' is given in the 'Annual Report of the Board of Directors'. The Audit Committee Report is given on page 121 of this Report.	Complied
D.4 Code of Business Conduct and Ethics			
D.4	Companies must adopt a Code of Business Conduct and Ethics for Directors and Key Management Personnel and must promptly disclose any waivers of the Code for Directors or others.	Directors and Key Management Personnel are expected to comply with the 'Code of Ethics' of the Company outlined in page 138 of this Report. Said individuals have not violated or waived from the said 'Code of Ethics' during the year.	Complied
D.4.1	All Companies must disclose whether they have a Code of Business Conduct and Ethics for Directors and Key Management Personnel and if they have such a Code, make an affirmative declaration in the Annual Report that all Directors and Key Management Personnel have declared compliance with such Code, and if unable to make that declaration, state why they are unable to do so. Each company may determine its own policies in the formulation of such a Code.	The 'Code of Ethics' of the Company is given in page 97 of this Report. The affirmative declaration on compliance with this Code is given in page 138 of this Report.	Complied
D.4.2	The Chairman must affirm in the Company's Annual Report that he is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics.	Refer page 138 of this Report	Complied
D.5 Corporate Governance Disclosure			
D.5	Directors should be required to disclose the extent to which the Company adheres to established principles and practices of Good Corporate Governance.	This Report on the Company's compliance with the ICASL/SEC 'Code of Corporate Governance' meets this requirement.	Complied
D.5.1	The Directors should include in the Company's Annual Report a Corporate Governance Report, setting out the manner and extent to which the Company has complied with the principles and provisions of this Code.	Same as D.5	Complied



SECTION 2: SHAREHOLDERS

Principle	Description	Comment	Extent of Compliance
E. Institutional Investors			
E.1 Shareholder Voting			
E.1	Institutional shareholders have a responsibility to make considered use of their votes and should be encouraged to ensure their voting intentions are translated into practice.	Board encourages the active participation of institutional shareholders at the AGM. In addition, Executive Directors meet institutional shareholders upon their request to discuss about the Company's past performance and future strategies.	Complied
E.1.1	Listed company should conduct a regular and structured dialogue with shareholders based on a mutual understanding of objectives. Arising from such dialogue, the Chairman should ensure the views of shareholders are communicated to the Board as a whole.	The most structured and continuous dialogue Company has with the shareholders is the AGM. The Chairman is available to meet shareholders at the end of each AGM and can be met on appointment on other occasions. The Chairman then communicates the views and concerns of shareholders to the Board as a whole.	Complied
E.2 Evaluation of Governance Disclosure			
E.2	When evaluating Companies' governance arrangements, particularly those relating to Board structure and composition, institutional investors should be encouraged to give due weight to all relevant factors drawn to their attention.	Institutional investors are encouraged to give due weight to all relevant factors drawn to their attention in evaluating Companies' governance arrangements	Complied
F. Other Investors			
F.1 Investing/Divesting Decisions			
F.1	Individual shareholders, investing directly in shares of companies should be encouraged to carry out adequate analysis or seek independent advice in investing or divesting decisions.	The Company encourages individual shareholders to carry out adequate analysis or seek independent advice in investing or divesting decisions. The Company facilitates this process by providing information necessary for the same on a timely and unbiased basis.	Complied
F.2	Individual shareholders should be encouraged to participate in General Meetings of companies and exercise their voting rights.	The Company encourages individual shareholders to participate in General Meetings and exercise their voting rights.	Complied
G. Sustainability Reporting			
G.1 Principles of Sustainability Reporting			
G.1.1	Economic Sustainability The principle of economic sustainability governance recognizes how organizations take responsibility for impacts of their strategies, decisions and activities on economic performance and corporate citizenship in their sphere of influence (including geographic) and how this is integrated throughout the organization.	Refer page 199 of this Report for a full list of performance indicators relating to economic sustainability.	Complied
G.1.2	The Environment Environmental governance of an organization should adopt an integrated approach that takes into consideration the direct and indirect economic, social, health and environmental implications of their decisions and activities, including pollution prevention, sustainable resource use, climate change, protection of environment, biodiversity and restoration of national resources.	Refer page 199 of this Report for a full list of performance indicators relating to the environment.	Complied

Corporate Governance



Principle	Description	Comment	Extent of Compliance
G.1.3	Labour Practices Labour practices governance of an organization encompass all policies and practices relating to work performed by or on behalf of the organization.	Refer page 200 of this Report for a full list of performance indicators relating to labour practices	Complied
G.1.4	Society Society governance encompasses support for and building a relationship with the community and striving for sustainable development including responsible public policy participation, fair competition and responsible community involvement.	Refer page 200 of this Report for a full list of performance indicators relating to the society	Complied
G.1.5	Product Responsibility Product responsibility governance includes manufacturing quality products and distributing them and ensuring that the products are safe for the consumers and the environment and also communicating clearly with consumers so that they can make an informed choice including factual unbiased information and fair contractual practices and consumer data protection and privacy.	All construction related activities of the Company are carried out with highest quality in accordance with the best practices adopted. The QMS of the Company is also ISO 9001:2008 certified.	Complied
G.1.6	Stakeholder identification, engagement and effective communication.	Refer pages 8 - 9 of this Report.	Complied
G.1.7	Sustainability reporting is and disclosure should be formalized as a part of the Company's reporting processes and take place on regular basis.	Prior to 2013/14 the Company produced stand-alone Sustainability Reports. This Report is the Company's second Integrated Report.	Complied



Report of the Audit Committee

ROLE OF THE AUDIT COMMITTEE

The Audit Committee's authority, responsibilities and specific duties have been formalized through an Audit Committee Charter. The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities for the integrity of the Financial Statements of the Company and the Group, the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements, the External Auditors' performance, qualifications and independence.

Composition of the Committee

The Audit Committee of AEL is appointed by the Board of Directors and the present Committee comprises of three (03) Independent Non-Executive Directors and one (01) Non-Executive Director of the Board.

Members of the Audit Committee are as follows:

Mr. Niroschan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Mr. Suresh Dilhan Perera	Non-Executive Director
Mr. Dinesh Weerakkody	Independent Non-Executive Director

Mr. Alexis Indrajit Lovell who served on the Committee resigned with effect from 1st September 2014 and I thank him for his valuable support given in discharging my duties. Mr. Dinesh Weerakkody was appointed to the Committee with effect from 5th February 2015. While welcoming him I'm very much confident that his wealth of experience will contribute immensely to the effective functioning of the Committee.

Meetings and Attendance

The Committee met on the following occasions to discuss matters relating to the financial year of which the Members' attendance was as follows:

Name	21st May 2014	5th August 2014	13th November 2014	22nd December 2014 (Special Meeting)	5th February 2015
Mr. Niroschan Dakshina Gunaratne (Chairman)	✓	✓	✓	✓	✓
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	✓	✓	✓	✓	✓
Mr. Suresh Dilhan Perera	✓	✓	✓	✓	✓
Mr. Alexis Indrajit Lovell (Resigned w.e.f. 1st September 2014)	✓	✓	-	-	-
Mr. Dinesh Weerakkody (Appointed w.e.f. 5th February 2015)	-	-	-	-	-

In addition to the Committee members, the meetings (except the Special Meeting) were attended by the Director/COO, GM – Finance, GM – Commercial, Chief Internal Auditor and a representative of the Internal Audit on invitation. The special meeting was attended by two (2) representatives from the Company's External Auditors, KPMG. The Company Secretaries were also present at every meeting.



Activities

The Committee performed the following tasks in relation to the financial year under review:

- Review and recommendation of the Audited and Interim Financial Statements of the Group/ Company to the Board of Directors prior to releasing same to the CSE.
- Review of the 'Compliance Report' and its enforcement to ensure compliance with all legal and regulatory requirements.
- Review of the progress of the implementation of the Enterprise Resource Planning System.
- Oversight of the internal audit function and review of quarterly internal audit report.
- Recommendation to the Board on the reappointment of Company's External Auditors, KPMG and the audit fees after a thorough review of their performance, qualifications and independence.
- Discussion of matters arising from the Management Letter of the Company's External Auditors, KPMG at the Special Meeting of the Audit Committee
- Review of the progress of projects carried out by the Company

Support to the Committee

The Committee received information and support from the management in enabling them to fulfil their responsibilities.

External Auditors

The Committee concurs with the declaration of the External Auditors of their independence in relation to the affairs of the Group. The Audit Committee has recommended the reappointment of KPMG Ford, Rhodes, Thornton & Co. as the External Auditors for the financial year 2015/16.

Conclusion

The Audit Committee is satisfied that the Company's accounting policies and operational controls are sufficient and provide reasonable assurance that the affairs of the Company are managed in accordance with the Group policies and that Group assets are properly accounted for and adequately safeguarded.

N D Gunaratne
Chairman – Audit Committee

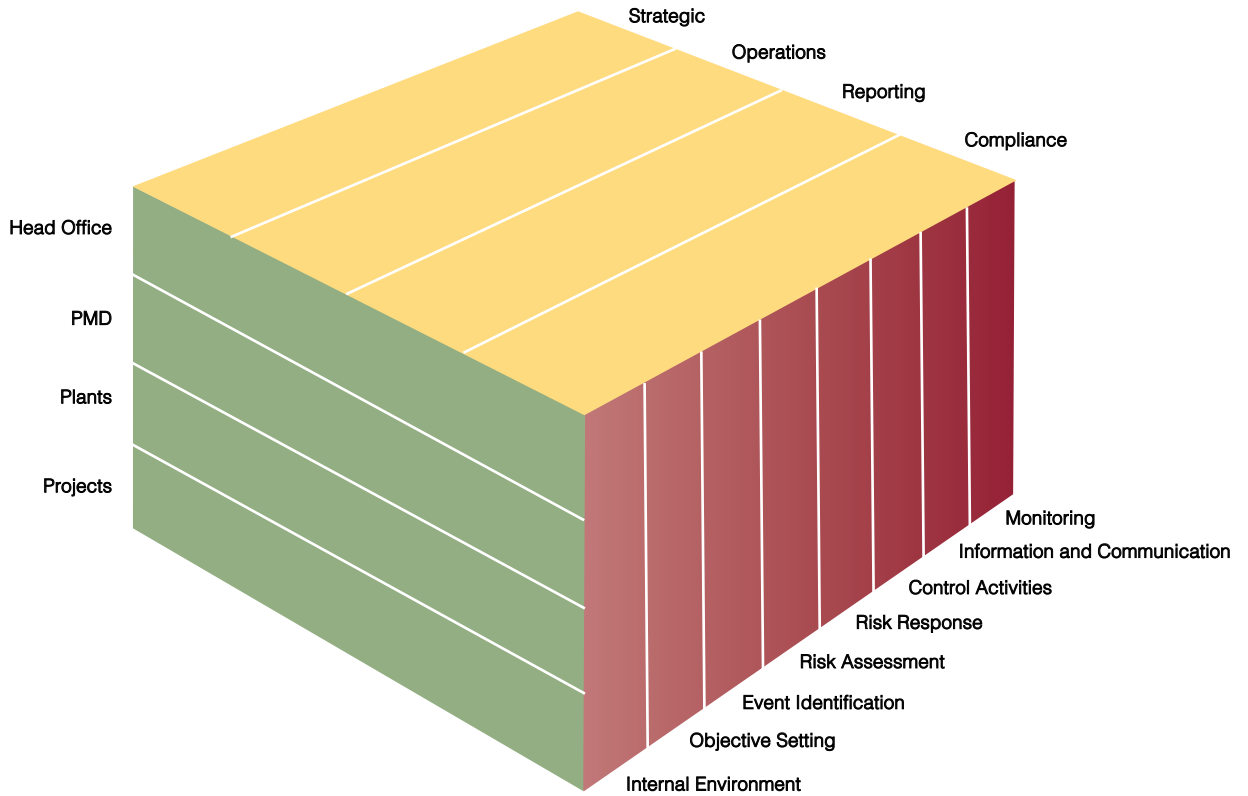
16th July 2015



Enterprise Risk Management

At Access Engineering key risks are being effectively managed through the implementation of a robust risk management framework that operates in a positive, open and honest culture.

RISK MANAGEMENT FRAMEWORK AND PROCESS



1. Internal Environment

- Strategic decisions on risk management structure and policy from Board of Directors, Audit Committee, Corporate Management and other relevant committees.
- Operational decisions on risk management processes.
- Determine reporting and compliance level.

2. Objective Setting

- Identify the objectives of each project of Access Engineering PLC and the Company as a whole.
- Identify the objectives of shareholders.
- Position the audit to evaluate current status of risk management process.
- Objective setting for risk management based on Company and shareholder objectives.
- Ensure that the risk management objectives are correlated to the Company's Vision and Mission.
- Determine the risk appetite of the organization.



Risk Appetite

Risk appetite is the level of risk the Company can take in order to achieve the set goals and strategic objectives'. (Attitude towards risk).

3. Identify Risks (Event Identification)

We identify the risks faced by the organization with possible categorization. The following categories are considered:

- Business and operational risks
- Financial risks
- Legal and regulatory risks
- Strategic risks

The following techniques can be used to identify risks:

- Interviews
- Trend analysis
- Research
- Forecasting
- Analysis of past performances

4. Risk Assessment

4.1 Analyze Risks

Risk analysis is carried out by identifying a specific risk based on a significant activity of the Company. Risks identified in a risk portfolio which is mentioned below is then assessed based on likelihood of the occurrence and severity of the risk.

Risks are further analyzed by preparing Qualitative Risk Analysis and Quantitative Risk Analysis.

Qualitative Risk Analysis – Risk is analyzed based on the subjective evaluation of probability and impact. This method is quick and convenient due to pre-defined rating scale and flexibility. No sophisticated system would be required when carrying out this method.

Quantitative Risk Analysis – Risk is analyzed based on the probable estimate of time and cost. This method is time consuming due to the requirement of specific and large volumes of accurate information.

4.2 Evaluate Risks

This step includes risk prioritization and comparing the necessary course of action to be taken against existing internal controls.

In this process the feasibility of a course of action for prioritized risks is also evaluated in order to ensure effective allocation of resources for risk treatment.

4.3 Risk Matrix for Risk Assessment

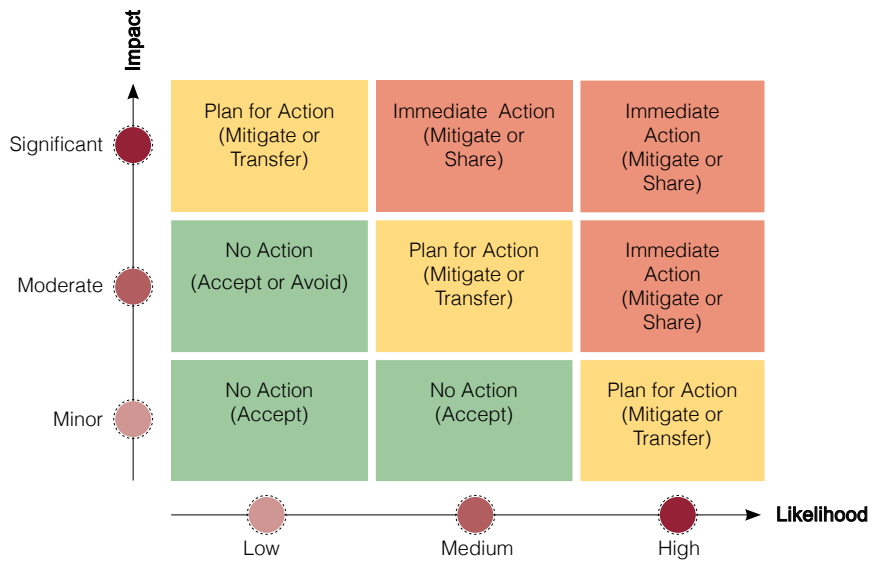
The following risk matrix is developed as a technique for analyzing and evaluating risk. This matrix mainly focuses on risk analysis based on qualitative perception.

The likelihood of occurrence of a risk is determined based on past experience, industry and organizational trends and judgment.



The severity of a risk is the potential financial or a non-financial loss/damage to the organization. This can also be determined based on experience, discussion, calculation, judgment etc.

Based on likelihood and severity, risks are categorized into three categories where relevant actions are proposed. Accordingly risks need to be monitored, communicated and controlled. These three areas are identified based on the risk tolerance (appetite) limits agreed as given below:



Assessing Likelihood of a Risk

Value	Estimation	Descriptor	Indicator
1	Predictable. Very low likelihood. May have occurred in the past, might be detected once or twice	Low	
2	Occurred in the past. Anticipate significant number of incidents in working life	Medium	
3	Occurs frequently. Anticipate higher number of incidents in working life	High	

Assessing Severity of Risk Based on Consequence

Value	Estimation	Descriptor	Indicator
1	Very little evidence for loss of business based on existing consequences. Or no impact is expected	Minor	
2	Significant evidence for loss of business due to existing impact	Moderate	
3	Loss of business due to higher impact	Significant	



Plan of Action

Value	Estimation	Descriptor	Indicator
1 - 2	Accept the risk with no action or accept with monitoring risk while maintaining existing controls (Accept or Avoid)	No action	
3 - 4	Take action to amend the existing control processes as they are insufficient before incurring severe damage. (Mitigate or Transfer)	Plan for action	
6 - 9	Immediate and extensive action required due to inadequacy or ineffectiveness of current controls, with strict monitoring and controlling process (Mitigate or Share)	Immediate action	

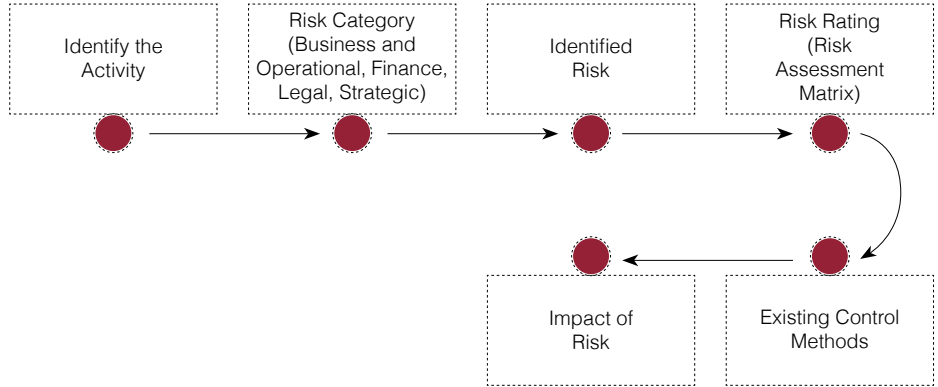
Summary of the Risk Analysis Process

Activities (Processes) of Access Engineering PLC

Estimation	Activities			
Head Office				
Project Management Division				
Projects				



Risk Rating Process



5. Risk Response

Broad risk treatment approaches are identified through the risk matrix. General control approaches that can be used as Risk Treatment are.

Avoidance – Avoid the risk due to unacceptability of identified risk. Not highly recommended due to correlation of risk and opportunity.

Acceptance – Risk is accepted due to insignificance, non-feasibility or ineffectiveness of an action plan. The level of risk is managed and monitored continuously.

Sharing or Transfer – One of the mitigation procedures where the risk is transferred to a third party.

Mitigation – Implementing feasible and effective strategic action plan to reduce the risk to an acceptable level.

6. Control Activities

Appropriate control methods have been taken based on the risk appetite of the Company.

7. Communicate and Consult

Effective communication is required in all stages of the risk management process. Specific approaches for risk reporting need to be implemented, such as:

- Risk register
- Residual risk report
- Identify new types of risk sequent position audit
- Periodic reviews
- Feedback reports

8. Monitor and Review

The risk management structure/policy and framework is reviewed and updated regularly. The effectiveness of the process and actions taken is also reviewed to incorporate necessary changes.



Risk Identification

The list of risks faced by the organization on a regular basis, the consequences of the risk and current mitigation actions are mentioned in the following table. This is reviewed based on management feedback and sometimes new response action are decided based on the quantum of certain risks:

Business and Operational Risks	Consequences	Responses
Project delays and cost over runs	Could lead to penalties and negative image This could also negatively affect securing of future projects	<ul style="list-style-type: none"> • Detailed project planning at the inception of the project covering the scope of the project, management of resources, time, quality and risk • Project progress review meetings held every month for all on-going projects • Performance review meetings held every month for all operational plants and the workshop • Customer relationship management
Quality failures	Faulty constructions or below standard output could lead to negative image, penalties and hazards to third parties. Also earnings could be negatively affected from possible reworks	<ul style="list-style-type: none"> • Detailed project planning at the inception of the project covering the scope of the project, management of resources, time, quality and risk • Adherence to Quality and Safety Standards (ISO 9001-2008 QMS, ISO 17025 and OHSAS 18001) • Regular internal audits. Every project is subjected to a minimum of three (3) audits at different intervals covering commencement/mobilization, implementation and project closure. • Special audits conducted as and when the need arises • Adherence to best practices in construction and benchmarking with the best-in-class projects within the Company with proper documentation of method statements and knowledge sharing • Standardization of project management with the implementation of an ERP system • Utilization of the most up-to-date and advanced technologies in construction.
Product portfolio (Less diversity in income streams)	This can lead to high income volatility	<ul style="list-style-type: none"> • Venturing to areas identified as related and unrelated diversification. A further step in this regard was taken during the year with the acquisition of Access Projects (Private) Limited which is into leisure related building construction including interior decorations and finishes. • Overseas expansion with the opening of East Africa Branch in the Republic of Djibouti
Dependence on clients	Dependence on a few clients could lead to them dictating terms and high income volatility	<ul style="list-style-type: none"> • Customer relationship managers to communicate regularly with the client • Serving a mix of public and private sector clients across a wide range of engineering disciplines • Overseas expansion with the opening of East Africa Branch in the Republic of Djibouti
Dependence on partners/subcontractors	Quality issues could arise and dependence could lead to unfavourable terms in contracting	<ul style="list-style-type: none"> • Screening and review of partners/subcontractors periodically on environmental, social and economic grounds • Working with a reliable and diverse range of subcontractors • Expansion into new markets



Business and Operational Risks	Consequences	Responses
Staffing issues	Staff unrest leading to potential strikes, quality failures and project execution issues	<ul style="list-style-type: none"> • Manpower planning • Recruitment of the best talent pool in the industry based on the solid relationship built with local universities • Continuous training and development of staff both on-site and off-site • Effective and efficient grievance handling procedure
Health and safety of employees	Could lead to workplace accidents, penalties, negative image and hiring difficulties in future projects	<ul style="list-style-type: none"> • OHSAS certification • Providing necessary safety equipment to all sites • Focused training on health and safety to all employees • Insurance coverage to mitigate unforeseeable risks • Internal audit function to monitor the proper implementation of Safety Standards with the support of Safety Officers attached to each project site
Environmental damages	Construction inherently results in changes to the natural environment. Damage of this nature will be viewed negatively by stakeholders	<ul style="list-style-type: none"> • Green engineering philosophy • Adherence to ISO 14001 Environmental Management System • R&D into new techniques in construction which cause less impact to the environment • Internal audit function to monitor the proper implementation of safety standards • Tree planting programmes at all project sites to restore any damage caused. During the year a total of 1,719 trees were planted at various locations around the country
Changes in technology	Obsolescence of machinery/systems etc.	<ul style="list-style-type: none"> • Investment in new technology • Upgrading of knowledge through training and development, industrial visits • Partnering foreign principles to impart new technology
Competition	Increased competition has the possibility of reducing market share and margins	<ul style="list-style-type: none"> • Efforts to maintain industry positioning including the practice of value engineering philosophy ensuring value addition to clientele • Dedicated Business Development Teams continuously seeking new opportunities • Increasing efficiency through R&D, investment in new technology and the adoption of best practices
IT Risk	Information security and access to accurate information when required could be threatened	<ul style="list-style-type: none"> • Well documented and enforced IT policy • Scheduled backup system • Creation of a Central Data Repository which gives all employees access to accurate information within the Company on areas such as engineering, media, legal, systems management, human resources, information technology and finance • Regular maintenance of hardware



Business and Operational Risks	Consequences	Responses
Procurement Risk	Low quality material resulting in faulty and inferior construction finally leading to the loss of competitive advantage. There is also the risk of frauds resulting in financial loss to the Company.	<ul style="list-style-type: none"> Regular supplier evaluations are conducted to ascertain their financial strength, social and environmental conduct Streamlining procurement procedures with the implementation of the ERP System Appropriate segmentation and proper responsibility allocation Regular evaluation and audit of procurement functions by the Internal Audit Department
Human Resource Risk	Improper recruitment resulting in an incompetent workforce and inferior product/service offering to clients. The industry is also prone to a high level of labour turn over	<ul style="list-style-type: none"> Recruitment of the best talent pool in the industry based on solid relationships built with local universities Regular conduct of performance evaluation and rewarding best performance Regular training and development both on-site and off-site
Plant Breakdowns	This could lead to the production of inferior quality construction material and a possible delay in sales resulting in penalties and future loss of business. There is also the cost associated with idling of resources.	<ul style="list-style-type: none"> Purchase of high quality production plants and related machinery/equipment from reputed/world renowned suppliers Conducting regular quality checks and preventive maintenance of plants
Wastage	Excess cash outflow and loss of natural resources	<ul style="list-style-type: none"> Training employees on the best use of material and resources Providing appropriate storage methods and proper instructions on material storage Regular monitoring of wastage levels by the Internal Audit Team
Improper utilization of assets	Improper capital investment could harm the financial resources of the Company resulting in negative net present value. Similarly there can be compensations due to unsuitable disposal methods.	<ul style="list-style-type: none"> Capital investments are made only after conducting a feasibility study Purchase of high quality assets from reputed/world renowned suppliers Regular maintenance of assets Maintain proper documentation on asset purchase, usage, depreciation, transfers and disposals. Evaluate appropriate disposal methods prior to disposal
Vehicle, Machinery and Equipment Breakdown	This could result in loss of productivity leading to inferior quality products/services and a possible delay in project completion. There could also be a future loss of business.	<ul style="list-style-type: none"> Purchase of high quality machinery from reputed/world renowned suppliers Regular maintenance of machinery and equipment by the Central Equipment Division and the Mechanical Work Shop



Financial Risks	Consequences	Responses
Forex Risk	Impact on imports and potential for asset/liability translation risk	<ul style="list-style-type: none"> • Hedging (Forward contracts) • Matching sales and purchases to same Currency
Interest Rate Risk	Potential high interest cost lowering net earnings and difficulty of financing new Projects	<ul style="list-style-type: none"> • Maintaining a low level of gearing • Capital structure guidelines designed for each project at the planning stage • Negotiations with financial institutions • Use of various financial instruments to manage exposure
Investment Risk	New investments could have lower yields than expected. Also certain synergies might not materialize as planned due to issues of value alignment.	<ul style="list-style-type: none"> • Board Committee for investment decisions- Strategic Planning Committee • Investment screening and adherence to predetermined criteria
Liquidity Risk	Inability to honour short-term liabilities and incurring of unnecessary finance cost Lenders/creditors losing trust on the Company	Cash flow forecasting and maintaining adequate cash and cash equivalent balance Agreed debtor/creditor settlement periods Closely monitoring project-wise net operating cash flow Maintaining cordial relationships with suppliers Secured and committed facilities from financial institutions
Credit Risk	Potential defaults and delay of payments and their negative impact on earnings	Credit policy/approvals and regular reviews Creditworthy client base (mainly Government) Material payments being backed by guarantees Entering to contractual agreements with clients
Fraud and Error	Negative impact on earnings, image and a bad precedent for other employees	Authority limits and internal controls Focused recruitment process
Inflation	Lowering of margins	Agreeing on escalation provisions as required when contracting

Legal and Regulatory Risks	Consequences	Responses
Changes in Government Policy	The industry is highly prone to these type of risks and adverse changes can lead to difficulties in project planning and execution	<ul style="list-style-type: none"> • Monitoring of policy trends • Diversification and overseas expansion
Tax Rates	Changes in tax rates might lead to possible reduction in earnings/margins	<ul style="list-style-type: none"> • Forecasting and tax planning • Making investments in tax free ventures
Compliance	Non-compliance with applicable laws and regulations could lead to fines and a negative impact on our corporate image	<ul style="list-style-type: none"> • Regular monitoring of compliance with laws and regulations by the Compliance Committee • Adherence to Corporate Governance practices • Careful review of agreements



Strategic Risks	Consequences	Responses
Damage to Corporate image	Loss of contracts and a negative effect on stakeholder engagement	Continuous effort in brand/image building
Slowdown in Business Growth (Industry trends)	Inability to meet stakeholder requirements	<ul style="list-style-type: none"> • Diversification into complementary areas of business • Continuous dialogue with stakeholders
Loss of Business Relationships	Inability to maintain industry positioning and potential loss of future business	<ul style="list-style-type: none"> • High focus on credible business relationship management
Share Price Fluctuations	Inability to achieve shareholder return targets leading to negative investor sentiment	<ul style="list-style-type: none"> • Maintaining sound business fundamentals • Investment screening • Corporate communication
Poor Talent Management	Loss of business and strategy execution issues	<ul style="list-style-type: none"> • Succession planning • Focused reward management

Financial Reports

5



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Financial Calendar

1st Quarter Report	7th August 2014
2nd Quarter Report	13th November 2014
3rd Quarter Report	6th February 2015
4th Quarter Report	22nd May 2015
3rd Annual General Meeting	28th August 2015
First Interim Dividend for 2014/15	13th November 2014
Final Dividend for 2014/15	8th June 2015

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



The Directors of Access Engineering PLC have pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2015.

This Annual Report of the Board of Directors on the Affairs of the Company contains the information required in terms of the Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and is guided by recommended best practices.

GENERAL

Access Engineering PLC was incorporated in terms of the Companies Act No. 17 of 1982 on 31st July 2001 and was re-registered as per the Companies Act No. 07 of 2007 on 6th February 2008 with PB 200 as the new number assigned to the Company. Thereafter, the Company obtained a listing on the *Diri Savi* Board of the Colombo Stock Exchange on 27th March 2012 and changed its name to Access Engineering PLC on 12th June 2012. The registration number of the Company changed to PB 200 PQ.

The Company is now listed on the Main Board of the Colombo Stock Exchange with effect from 8th January 2013.

PRINCIPAL ACTIVITIES OF THE COMPANY AND REVIEW OF PERFORMANCE DURING THE YEAR

The principal activities of the Company and its subsidiaries are referred to in Note 1.2 of the Notes to the Financial Statements. This report together with the Financial Statements reflect the state of affairs of the Company and its subsidiaries.

The Company acquired 100% of the share capital of Horizon Holdings Ventures (Private) Limited, for a cash consideration of Rs. 290 Mn on 30th June 2015. The Company acquired 50% of the share capital of Horizon Holdings (Private) Limited, for a cash consideration of Rs. 250 Mn on 30th June 2015.

FINANCIAL STATEMENTS

The Financial Statements of the Group prepared in-line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures, duly signed by two Directors on behalf of the Board and the Auditors are included in this Annual Report and forms part and parcel hereof.

INDEPENDENT AUDITORS' REPORT

The Report of the Independent Auditors on the Financial Statements of the Company is given on page 143.

ACCOUNTING POLICIES

The Accounting Policies adopted in the preparation of Financial Statements of the Company and the Group are given on pages 149 to 156 of the Annual Report.

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) and the policies adopted thereof are given on pages 149 to 156. Figures pertaining to the previous period have been restated where necessary to conform to the presentation for the year under review.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of its affairs. The Directors are of the view that these Financial Statements have been prepared in conformity with the requirements of the Sri Lanka Accounting Standards, the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.



DIRECTORS

The names of the Directors who held office as at the end of the accounting period are given below and their brief profiles appear on pages 88 to 89.

Executive Directors

Mr. S J S Perera – Chairman
Mr. J C Joshua – Managing Director
Mr. D A R Fernando – Chief Operating Officer
Mr. S H S Mendis
Mr. S D Munasinghe

Non-Executive Directors

Mr. R J S Gomez
Mr. S D Perera

Independent Non-Executive Directors

Prof. K A M K Ranasinghe
Mr. N D Gunaratne
Mr. D S Weerakkody (appointed w.e.f. 1st January 2015)

In terms of Article 88(i) of the Articles of Association, Mr. R J S Gomez shall retire by rotation and being eligible, is recommended by the Board for re-election at the forthcoming Annual General Meeting.

Mr. D S Weerakkody who was appointed during the year shall retire in terms of Article 95 of the Articles of Association of the Company and being eligible, is recommended by the Directors for re-election.

Mr. A I Lovell resigned from the Board on 1st September 2014.

Directors of subsidiary companies are given in Annexure A of this Annual Report.

INTERESTS REGISTER

The Company maintains an Interests Register in terms of the Companies Act, No. 07 of 2007, which is deemed to form part and parcel of this Annual Report and available for inspection upon request.

All related party transactions which encompasses the transactions of Directors who were directly or indirectly interested in a contract or a related party transaction with the Company during the accounting period are recorded in the Interests Register in due compliance with the applicable rules and regulations of the relevant Regulatory Authorities.

The relevant interests of Directors in the shares of the Company as at 31st March 2015, as recorded in the Interests Register are given below in this Report under Directors' Shareholding.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under Key Management Personnel Compensation in Note 36.4 to the Financial Statements on page 179.

DIRECTORS' INTERESTS IN CONTRACTS

Directors' interests in contracts with the Company are stated below. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company. Except for the transactions referred to in Note 36 to the Financial Statements, the Company did not carry out any transaction with any of the Directors.



AUDITORS

Messrs KPMG, Chartered Accountants served as the Auditors during the year under review and also provided non-audit/consultancy services. They do not have any interest in the Company other than that of Auditor and provider of tax related services.

A total amount of Rs. 3,302,467/- is payable by the Company to the Auditors for the year under review comprising Rs. 1,895,000/- as audit fees and Rs. 1,407,467/- for non-audit services.

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

STATED CAPITAL

The stated capital of the Company is Rs. 9,000,000,000/- representing 1,000,000,000 ordinary shares.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2015 and 31st March 2014 are as follows:

	Shareholding as at	
	31st March 2015	31st March 2014
Mr. S J S Perera	250,000,000	250,000,000
Mr. J C Joshua	100,000,000	100,000,000
Mr. R J S Gomez	120,000,000	120,000,000
Mr. D A R Fernando	24,000,000	24,000,000
Mr. S H S Mendis	24,000,000	24,000,000
Mr. S D Munasinghe	24,000,000	24,000,000
Mr. S D Perera	2,000,000	2,000,000
Prof. K A M K Ranasinghe	Nil	Nil
Mr. N D Gunaratne	Nil	Nil
Mr. D S Weerakkody	Nil	N/A

SHAREHOLDERS

There were 4,610 shareholders registered as at 31st March 2015 (2,196 shareholders as at 31st March 2014). The details of distribution are given on page 63 of this Annual Report.

MAJOR SHAREHOLDERS, DISTRIBUTION SCHEDULE AND OTHER INFORMATION

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 69 to 72 under Investor Capital.

EMPLOYMENT POLICY

The Company's employment policy is totally non-discriminatory which respects individuals and provides career opportunities irrespective of the gender, race or religion.

As at 31st March 2015, 1,887 persons were in employment (2,570 persons as at 31st March 2014).

RESERVES

The reserves of the Company with the movements during the year are given in the Statement of Changes in Equity on page 146.



LAND HOLDINGS

Details of property, plant and equipment and changes during the year are given in Note 15 of 'Notes to the Financial Statements'.

The extents, locations, valuations and the number of buildings of the Company's land holdings are given below:

Location	Extent			Carrying Value of Revalued/Amortized Assets (Rs.)
	A	R	P	
Access Engineering PLC				
No. 336/1, Low Level Road, Jalthara, Ranala	–	3.0	38.40	51,277,778
No. 267, Dehiwala Road, Maharagama	–	3.0	1.00	145,200,000
No. 278, Alubogahalanda, Jalthara, Ranala	3.0	3.0	4.86	53,333,333
No. 117, Dehiwala Road, Boralesgamuwa	–	2.0	37.00	100,000,000
Dickowita – Hendala	2.0	3.0	10.18	15,800,000
Weliwita – Kaduwela	2.0	–	–	40,000,000
Access Realities (Private) Limited				
Investment Property – Colombo 2	1.0	–	25.65	3,300,000,000
Sathosa Motors PLC				
Peliyagoda – Leasehold Land	2.0	–	23.93	5,438,810
Investment Property*				24,191,513
Access Projects (Private) Limited				
No. 278, Kekululanvilla Road, Jalthara, Ranala	2.0	1.0	38.38	27,400,000

* Built on leasehold land

DIVIDENDS

An interim dividend of Rs. 0.50 per share was declared on 13th November 2014 and paid to shareholders on 3rd December 2014. Pursuant to a resolution adopted on 8th June 2015, the Board of Directors of the Company approved the payment of a final dividend of Rs. 0.25 per share for the year ended 31st March 2015. The said final dividend was paid on 26th June 2015.

INVESTMENTS

Details of the Company's quoted and unquoted investments as at 31st March 2015, are given in Notes 18, 19, 20, 25 and 26 to the Financial Statements.

DONATIONS

The Company made donations amounting to Rs. 2,802,883/- in total, during the year under review. (2014 – Rs.11,315,391/-).

RISK MANAGEMENT

An ongoing process is in place to identify and manage the risks that are associated with the business and operations of the Company. The Directors review this process through the Audit Committee.

Specific steps taken by the Company in managing the risks are detailed in the section on Enterprise Risk Management on pages 123 to 132.



STATUTORY PAYMENTS

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its subsidiaries, all contributions, levies and taxes payable on behalf of, and in respect of employees of the Company and its subsidiaries and all other known statutory dues as were due and payable by the Company and its subsidiaries as at the Statement of Financial Position date have been paid or, where relevant provided for, except as specified in Note 37 to the Financial Statements covering commitments and contingencies.

CONTINGENT LIABILITIES

Except as disclosed in Note 37 to the Financial Statements, there were no material Contingent Liabilities as at the Statement of Financial Position date.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Except for the matters disclosed in Note 38 to the Financial Statements there are no material events as at the date of the Auditors' Report which require adjustment to, or disclosure in the Financial Statements.

CORPORATE GOVERNANCE

The Board of Directors confirm that the Company is compliant with Section 7.10 of the Listing Rules of the CSE. The Chairman confirms that he is not aware of any violation of any of the provisions of the Code of Business Conduct and Ethics. Similarly the Board of Directors and the Key Management Personnel declare compliance with the Code of Business Conduct and Ethics of the Company.

An Audit Committee and a Remuneration Committee function as Board sub committees, with Directors who possess the requisite qualifications and experience. The composition of the said committees as at 31st March 2015 is as follows:

AUDIT COMMITTEE

Mr. N D Gunaratne – Chairman

Prof. K A M K Ranasinghe

Mr. S D Perera

Mr. D S Weerakkody (Appointed to the Committee on 5th February 2015)

REMUNERATION COMMITTEE

Mr. D S Weerakkody – Chairman (Appointed to the Committee on 5th February 2015)

Prof. K A M K Ranasinghe

Mr. N D Gunaratne

Mr. S D Perera

STRATEGIC PLANNING COMMITTEE

Mr. S J S Perera – Chairman

Mr. J C Joshua

Mr. D A R Fernando

Prof. K A M K Ranasinghe

The corporate governance of the Company is reflected in its strong belief in protecting and enhancing stakeholder value in a sustainable manner, supported by a sound system of policies and practices. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and Employees.

The Corporate Governance Statement on pages 99 to 122 explains the measures adopted by the Company during the year.

CORPORATE SOCIAL RESPONSIBILITY

The Company continued its Corporate Social Responsibility Programmes, details of which are set out on pages 84 to 86 of this Annual Report.



ENVIRONMENTAL PROTECTION

After making adequate enquiries from the management, the Directors are satisfied that the Company operates in a manner that minimizes the detrimental effects on the environment and provides products and services that have a beneficial effect on the customers and the communities within which the Company operates.

GOING CONCERN

The Financial Statements are prepared on-going concern principles. After making adequate enquiries from the management, the Directors are satisfied that the Company has adequate resources to continue its operations in the foreseeable future.

ANNUAL GENERAL MEETING

The Fourth Annual General Meeting will be held on 28th August 2015.

The notice of the Annual General Meeting appears on page 202.

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

S J S Perera
Chairman

J C Joshua
Managing Director

P W Corporate Secretarial (Private) Limited
Secretaries

16th July 2015
Colombo

ANNEXURE A TO THE ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Company Name	Name of Directors
Sathosa Motors PLC	<ul style="list-style-type: none"> • S J S Perera – Chairman • T D Gunasekara – Managing Director • M M N De Silva – Independent Non-Executive Director • J C Joshua – Non-Executive Director • R J S Gomez – Non-Executive Director • D A R Fernando – Non-Executive Director • S H S Mendis – Non-Executive Director • S D Munasinghe – Non-Executive Director
Access Realties (Private) Limited	<ul style="list-style-type: none"> • S J S Perera • J C Joshua • R J S Gomez • D A R Fernando • S H S Mendis • S D Munasinghe • S D Perera
Access Projects (Private) Limited	<ul style="list-style-type: none"> • S J S Perera • D D S Ferdinando • S D Perera • K P M D C N Ferdinando • I S N Fernando • S P Wanigasundara • R M R K Wickramasinghe • T A L N Thilakarathne



Statement of Directors' Responsibility

This Statement sets out the responsibility of the Board of Directors in relation to the Financial Statements of the Company and its Subsidiaries. Responsibility of the Auditors in relation to the Financial Statements of the Company and its Subsidiaries is set out in the 'Independent Auditors' Report' given on page 143.

The Directors are responsible for the proper recording and maintenance of books of accounts of all transactions of the Company and its Subsidiaries under the provisions of the Companies Act No. 07 of 2007.

In terms of this Act the Directors are responsible for preparing Financial Statements that give a true and fair view of the state of the affairs of the Company and its Subsidiaries at the end of each financial year. These statements consist of the Statement of Comprehensive Income giving a true and fair view of the profit or loss of the Company and its Subsidiaries for the financial year, the Statement of Financial Position, giving a true and fair view of the state of affairs of the Company and its Subsidiaries as at the end of the financial year, Statement of Changes in Equity, Statement of Cash Flows and the Notes thereto.

In preparing these Financial Statements the Directors are required to ensure that –

- appropriate accounting policies have been selected and applied in a consistent manner and material departures, if any, have been disclosed and explained;
- Financial Statements are presented in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS); and reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected;
- Financial Statements provide the information required by and otherwise comply with the Companies Act and the Listing Rules of the Colombo Stock Exchange;
- The Company maintains with reasonable accuracy sufficient accounting records to disclose the financial position of the Company and the Group;
- Financial Statements have been prepared on a going concern basis and they are of the view that sufficient resources are available to justify it.

Further, the Directors confirm that they have taken reasonable measures to safeguard the assets of the Company and Group and in this regard, have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

The External Auditors were provided with all information and explanations necessary to enable them to form their independent opinion on the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company and its Subsidiaries, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and its Subsidiaries and all other known statutory dues as were due and payable by the Company and its Subsidiaries as at Reporting date have been paid or, where relevant, provided for, except as specified in Note 37 to the Financial Statements covering commitments and contingencies.

By Order of the Board,

P W Corporate Secretarial (Private) Limited
Secretaries

16th July 2015
Colombo

Directors' Statement on Internal Control



INTRODUCTION

This statement is presented by the Board based on the recommendation made by the 'Code of Best Practice on Corporate Governance 2013', jointly issued by the Securities & Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

BOARD'S RESPONSIBILITY

The Board of Directors ('Board') is responsible for the adequacy and effectiveness of the system of internal control at Access Engineering PLC, in order to safeguard shareholders' investment and Company's Assets. In order to discharge their responsibility effectively, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Company and Group with the objective of mitigating any losses to the Company. This system is reviewed by the Board on a periodic basis in order to ensure its adequacy and effectiveness.

The Board is of the view that the system of internal controls in place is sound and adequate to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes and is in accordance with relevant accounting principles and regulatory requirements.

SYSTEM OF INTERNAL CONTROL

Following features of the System of Internal Control put in place by the Board provide reasonable assurance regarding the reliability of financial reporting. They also ensure the adequacy and effectiveness of the system:

- Committees appointed by the Board to assist them in ensuring the effectiveness of Company's daily operations and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board.
- Internal Audit Department which is headed by the Chief Internal Auditor, carries out periodic audits on an on-going basis covering all operational projects/units to ensure the effectiveness of the system of internal control. These audits are carried out in accordance with the Annual Audit Plan approved by the Board Audit Committee and findings of the same are submitted to the Board Audit Committee for their review on a quarterly basis. Additionally, Special Audits are conducted as and when the need arises and findings of the same are submitted to the Board Audit Committee for their review.
- The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, regulatory bodies and the management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Board Audit Committee meetings are tabled at the Board meetings of the Company.
- With the adoption of new Sri Lanka Accounting Standards comprising SLFRS and LKAS in 2012, processes that are required to comply with new requirements of recognition, measurement, presentation and disclosures were introduced and implemented in 2012/13. Continuous monitoring is in progress to enhance the system's effectiveness and efficiency.
- The comments made by External Auditors in connection with the internal control system during the financial year 2013/14, were taken into consideration and appropriate steps have been taken to incorporate them where appropriate.

**CONFIRMATION**

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lanka Accounting Standards, requirements of the Company's Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange.

Sumal Perera
Chairman

Christopher Joshua
Managing Director

Niroshan Gunarathna
Chairman – Audit Committee

16th July 2015

Independent Auditors' Report



KPMG
 (Chartered Accountants)
 32A, Sir Mohamed Macan Markar Mawatha,
 P. O. Box 186,
 Colombo 00300,
 Sri Lanka.

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TO THE SHAREHOLDERS OF ACCESS ENGINEERING PLC

Report on the Financial Statements

We have audited the accompanying Financial Statements of Access Engineering PLC, ("the Company"), and the Consolidated Financial Statements of the Company and its subsidiaries ("the Group") which comprise the Statement of Financial Position as at 31st March 2015, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and a summary of significant accounting policies and other explanatory information, set out on pages 144 to 193 of the Annual Report.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") are responsible for the preparation of these Financial Statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as the Board determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal controls relevant to the entity's preparation and fair presentation of the Consolidated Financial Statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the Consolidated Financial Statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at 31st March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by Section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

- (a) The basis of opinion and scope and limitations of the audit are as stated above.
- (b) In our opinion:
 - 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,
 - The Financial Statements of the Company give a true and fair view of its financial position as at 31st March 2015, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
 - The Financial Statements of the Company and the Group comply with the requirements of Sections 151 and 153 of the Companies Act No. 07 of 2007.

Chartered Accountants
 Colombo
 16th July 2015

KPMG, a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA	P.Y.S. Perera FCA	C.P. Jayatilake FCA
T.J.S. Rajakarier FCA	W.W.J.C. Perera FCA	Ms. S. Joseph FCA
Ms. S.M.B. Jayasekara ACA	W.K.D.C. Abeyratne ACA	S.T.D.L. Perera FCA
G.A.U. Karunaratne ACA	R.M.D.B. Rajapakse ACA	Ms. B.K.D.T.N. Rodrigo ACA
R.H. Raja ACA		

Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA

Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income



For the year ended 31st March	Note	Group		Company	
		2015 Rs.	2014 Restated Rs.	2015 Rs.	2014 Rs.
Revenue	08	16,514,104,913	16,373,341,084	11,244,872,796	13,188,340,619
Cost of Sales		(12,698,719,308)	(12,187,014,864)	(8,614,500,716)	(9,962,269,665)
Gross Profit		3,815,385,605	4,186,326,220	2,630,372,080	3,226,070,954
Other Income	09	189,532,049	92,642,194	16,597,808	101,823,440
Administrative Expenses		(1,252,113,127)	(1,047,064,989)	(708,712,636)	(628,036,135)
Other Expenses		(110,799,227)	(58,607,323)	(105,322,773)	(33,870,091)
Net Finance Income	10	109,623,595	136,190,681	111,013,798	134,613,235
Share of Results of Associate, Net of Tax	19	11,112,685	6,676,920	–	–
Profit Before Tax	11	2,762,741,580	3,316,163,703	1,943,948,277	2,800,601,403
Income Tax Expense	12.1	(338,840,390)	(414,568,733)	(191,224,052)	(276,993,717)
Profit for the Year		2,423,901,190	2,901,594,970	1,752,724,225	2,523,607,686
Profit Attributable to:					
Owners of the Company		2,345,902,717	2,833,071,490	1,752,724,225	2,523,607,686
Non-Controlling Interest		77,998,473	68,523,480	–	–
Profit for the Year		2,423,901,190	2,901,594,970	1,752,724,225	2,523,607,686
Other Comprehensive Income					
Actuarial Gain/(Losses) on Defined Benefit Plans	31.1	8,029,753	(5,403,622)	10,511,919	(6,964,120)
Revaluation of Land and Buildings		–	105,596,983	–	105,596,983
Tax on Other Comprehensive Income	12.3	(575,005)	(3,687,840)	(968,220)	(3,894,670)
Other Comprehensive Income for the Year, Net of Tax		7,454,748	96,505,521	9,543,699	94,738,193
Total Comprehensive Income for the Year, Net of Tax		2,431,355,938	2,998,100,491	1,762,267,924	2,618,345,879
Total Comprehensive Income Attributable to:					
Owners of the Company		2,353,822,479	2,929,692,097	1,762,267,924	2,618,345,879
Non-Controlling Interest		77,533,459	68,408,394	–	–
Total Comprehensive Income for the Year, Net of Tax		2,431,355,938	2,998,100,491	1,762,267,924	2,618,345,879
Earnings Per Share	13	2.35	2.83	1.75	2.52

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Financial Position



As at 31st March	Note	Group		Company	
		2015 Rs.	2014 Restated Rs.	2015 Rs.	2014 Rs.
Assets					
Non-Current Assets					
Property, Plant and Equipment	15	4,221,531,887	3,787,350,524	3,241,572,136	3,318,988,821
Investment Properties	16	3,012,436,200	2,832,038,473	174,392,599	-
Investment Properties – Work-in-Progress		472,169,319	-	-	-
Intangible Assets	17	1,292,345,386	628,564,396	83,087,853	73,482,597
Investment in Subsidiaries	18	-	-	5,193,474,047	3,893,474,047
Investment in Associate	19	72,533,965	62,142,330	55,465,410	55,465,410
Other Long-Term Investments	20	-	-	-	-
Other Non-Current Financial Assets	24.1	84,113,503	38,485,323	-	-
Total Non-Current Assets		9,155,130,260	7,348,581,046	8,747,992,045	7,341,410,875
Current Assets					
Inventories	21	2,183,981,213	1,935,906,034	928,795,475	1,189,084,233
Trade and Other Receivables	22	6,522,291,096	6,976,440,540	4,540,372,873	5,991,127,744
Amount Due from Related Parties	23	146,058,280	161,459,815	554,648,785	121,048,470
Current Tax Assets	35	14,640,295	-	14,640,295	-
Other Current Financial Assets	24.2	1,275,404,887	1,076,731,440	1,041,609,527	1,074,513,232
Short-Term Investments	25	63,908,621	43,627,205	63,908,621	43,627,205
Short-Term Deposits	26	1,047,928,278	1,139,732,257	847,812,646	1,073,331,165
Cash and Cash Equivalents	27	1,918,480,806	1,521,070,439	1,517,175,410	1,480,494,797
Total Current Assets		13,172,693,476	12,854,967,730	9,508,963,632	10,973,226,846
Total Assets		22,327,823,736	20,203,548,776	18,256,955,677	18,314,637,721
Equity and Liabilities					
Stated Capital	28	9,000,000,000	9,000,000,000	9,000,000,000	9,000,000,000
Revaluation Reserve		100,860,402	100,860,402	100,860,402	100,860,402
Retained Earnings		7,168,628,364	5,814,805,885	5,920,470,541	5,158,202,617
Equity Attributable to Owners of the Company		16,269,488,766	14,915,666,287	15,021,330,943	14,259,063,019
Non-Controlling Interest		425,017,704	266,337,644	-	-
Total Equity		16,694,506,470	15,182,003,931	15,021,330,943	14,259,063,019
Non-Current Liabilities					
Deferred Grant	29	6,581,652	6,801,041	-	-
Interest-Bearing Borrowings	30	97,868,513	967,690	-	-
Employee Benefits	31	159,264,174	120,948,303	112,510,177	95,347,263
Deferred Taxation	32	250,705,784	230,151,886	242,831,592	226,536,003
Total Non-Current Liabilities		514,420,123	358,868,920	355,341,769	321,883,266
Current Liabilities					
Bank Overdraft	27	401,320,248	22,753,157	-	-
Trade and Other Payables	33	4,405,258,431	4,409,830,476	2,866,512,030	3,618,028,829
Amount Due to Related Parties	34	47,914,212	27,709,432	11,726,511	36,676,247
Interest-Bearing Borrowings	30	151,727,673	64,136,846	-	4,628,287
Current Tax Liabilities	35	98,281,234	133,786,973	-	71,235,762
Unclaimed Dividend		14,395,345	4,459,041	2,044,424	3,122,311
Total Current Liabilities		5,118,897,143	4,662,675,925	2,880,282,965	3,733,691,436
Total Liabilities		5,633,317,266	5,021,544,845	3,235,624,734	4,055,574,702
Total Equity and Liabilities		22,327,823,736	20,203,548,776	18,256,955,677	18,314,637,721

The Accounting Policies and Notes form an integral part of these Financial Statements.

The Financial Statements have been prepared in compliance with the requirements of the Companies Act No. 07 of 2007.

P T N Priyadarshani
General Manager – Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Approved and signed for and on behalf of the Board of Directors of Access Engineering PLC.

J C Joshua
Managing Director
16th July 2015
Colombo

D A R Fernando
Chief Operating Officer

Statement of Changes in Equity



Statement of Changes in Equity

Group	Attributable to Equity Holders of the Parent				Non-Controlling Interest Rs.	Total Equity Rs.
	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.		
Balance at 1st April 2013	9,000,000,000	–	3,486,097,670	12,486,097,670	137,845,693	12,623,943,363
Profit for the Year (Restated)	–	–	2,833,071,490	2,833,071,490	68,523,480	2,901,594,970
Other Comprehensive Income, Net of Tax	–	100,860,402	(4,239,795)	96,620,607	(115,086)	96,505,521
Total Comprehensive Income for the Year (Restated)	–	100,860,402	2,828,831,695	2,929,692,097	68,408,394	2,998,100,491
Dividends Paid	–	–	(500,000,000)	(500,000,000)	–	(500,000,000)
Dividends Paid to Non-Controlling Interest	–	–	–	–	(4,699,274)	(4,699,274)
Non-Controlling Interest on Acquisition of SML Frontier Automotive (Private) Limited	–	–	–	–	65,000,000	65,000,000
Adjustment Due to Change in Holding	–	–	(123,480)	(123,480)	(217,169)	(340,649)
Balance at 31st March 2014 (Restated)	9,000,000,000	100,860,402	5,814,805,885	14,915,666,287	266,337,644	15,182,003,931
Profit for the Year	–	–	2,345,902,717	2,345,902,717	77,998,473	2,423,901,190
Other Comprehensive Income, Net of Tax	–	–	7,919,762	7,919,762	(465,014)	7,454,748
Total Comprehensive Income for the Year	–	–	2,353,822,479	2,353,822,479	77,533,459	2,431,355,938
Dividends Paid	–	–	(1,000,000,000)	(1,000,000,000)	–	(1,000,000,000)
Dividends Paid to Non-Controlling Interest	–	–	–	–	(4,699,368)	(4,699,368)
Non-Controlling Interest on Acquisition of Access Projects (Private) Limited	–	–	–	–	85,845,969	85,845,969
Balance at 31st March 2015	9,000,000,000	100,860,402	7,168,628,364	16,269,488,766	425,017,704	16,694,506,470

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance at 1st April 2013	9,000,000,000	–	3,140,717,140	12,140,717,140
Profit for the Year	–	–	2,523,607,686	2,523,607,686
Other Comprehensive Income, Net of Tax	–	100,860,402	(6,122,209)	94,738,193
Total Comprehensive Income for the Year	–	100,860,402	2,517,485,477	2,618,345,879
Dividends Paid	–	–	(500,000,000)	(500,000,000)
Balance at 31st March 2014	9,000,000,000	100,860,402	5,158,202,617	14,259,063,019
Profit for the Year	–	–	1,752,724,225	1,752,724,225
Other Comprehensive Income, Net of Tax	–	–	9,543,699	9,543,699
Total Comprehensive Income for the Year	–	–	1,762,267,924	1,762,267,924
Dividends Paid	–	–	(1,000,000,000)	(1,000,000,000)
Balance at 31st March 2015	9,000,000,000	100,860,402	5,920,470,541	15,021,330,943

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Statement of Cash Flows



For the year ended 31st March	Note	Group		Company	
		2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
Cash Flows from Operating Activities					
Profit Before Tax		2,762,741,580	3,316,163,703	1,943,948,277	2,800,601,403
Reconciliation of Profit Before Tax to Cash Generated from Operations:					
Depreciation and Amortization	11	668,476,961	590,999,501	605,791,129	551,874,611
Provision for Retirement Benefits	31.1	39,218,502	31,999,228	33,257,731	26,229,557
Provision for/Write-off of Bad and Doubtful Debts	11	33,982,805	5,502,825	32,896,081	3,845,683
Gain on Fair Value Changes of Investment Property	16	(174,125,525)	-	-	-
Gain on Fair Value Changes of Short-term Investments	9	(21,528,816)	(2,083,298)	(21,528,816)	(2,093,298)
Gain on Fair Value Changes of Investment in Unit Trust	9	(109,300)	(624,161)	(109,300)	(624,161)
Gain on Sale of Property, Plant and Equipment	9	(28,485,502)	(13,068,896)	(18,452,958)	(8,517,957)
Loss on Sales of Investments		294,030	-	294,030	-
Share of Results of Associate	19	(11,112,685)	(6,676,920)	-	-
Dividend Income	9	(8,406,900)	(9,767,963)	(35,011,627)	(44,825,872)
Net Finance Income	10	(109,623,595)	(136,190,681)	(111,013,798)	(134,613,235)
		3,151,321,555	3,776,253,338	2,430,070,749	3,191,886,731
Changes in Working Capital					
(Increase)/Decrease Inventories		153,578,543	(75,592,190)	260,288,758	(225,755,492)
(Increase)/Decrease Trade and Other Receivables		1,053,926,716	(920,458,236)	1,417,858,790	(329,435,936)
(Increase)/Decrease Other Current Financial Assets		(196,854,449)	(1,609,647,922)	32,903,706	(1,609,513,643)
(Increase)/Decrease Due from Related Parties		17,645,953	(32,180,758)	(433,600,315)	388,911
Increase/(Decrease) Trade and Other Payables		(558,103,460)	739,163,160	(752,164,363)	603,057,985
Increase/(Decrease) Due to Related Parties		20,204,780	5,316,360	(24,949,736)	14,072,214
Cash Generated from Operating Activities		3,641,719,638	1,882,853,752	2,930,407,589	1,644,700,770
Interest Paid		(28,931,973)	(11,273,708)	(542,337)	(1,972,226)
Tax Paid		(386,453,261)	(254,822,690)	(261,772,740)	(144,786,641)
Gratuity Paid	31	(8,001,339)	(9,210,433)	(5,582,898)	(5,345,533)
Net Cash Flows from Operating Activities		3,218,333,065	1,607,546,921	2,662,509,614	1,492,596,370
Cash Flows from/(used in) Investing Activities					
Purchase of Property, Plant and Equipment	15	(938,385,924)	(538,792,035)	(713,882,417)	(379,585,259)
Purchase of Intangible Assets	17.2	(19,308,865)	(79,962,363)	(18,868,061)	(74,225,421)
Investment in Other Non-Current Financial Assets		(45,628,180)	(38,485,323)	-	-
Investment in Investment Properties	16	(6,272,202)	(110,865,448)	-	-
Investment in Investment Properties – Work-in-Progress		(472,169,319)	-	-	-
Proceeds from Sale of Property, Plant and Equipment		53,208,398	28,915,557	38,831,136	24,364,618
Proceeds from Sales of Investment		953,370	-	953,370	-
Acquisition of Subsidiary, Net of Cash Acquired	39	(1,148,557,338)	-	(1,000,000,000)	-
Investment in Subsidiary		-	(340,647)	(300,000,000)	(340,647)
Contribution to Stated Capital by Non-Controlling Interest		-	65,000,000	-	-
Investment in Associate		-	(55,465,410)	-	(55,465,410)
(Investments in)/Withdrawal from Short-Term Deposit		91,913,279	231,462,302	225,627,819	238,028,996
Dividend Income		8,406,900	9,767,963	35,011,627	44,825,872
Interest Income		138,555,567	147,464,389	111,556,135	136,585,461
Net Cash Flows used in Investing Activities		(2,337,284,314)	(341,301,015)	(1,620,770,391)	(65,811,790)
Cash Flows from/(used in) Financing Activities					
Dividends Paid		(1,000,000,000)	(500,000,000)	(1,000,000,000)	(500,000,000)
Dividends Paid to Non-Controlling Interest		(4,699,368)	(4,699,274)	-	-
Loan Obtained During the Year	30.1	359,262,242	58,876,643	-	-
Repayment of Loan	30.1	(209,056,646)	(5,978,141)	-	(5,978,141)
Payment of Finance Lease Liabilities	30.2	(7,711,702)	(7,229,814)	(5,058,610)	(6,441,390)
Net Cash used in Financing Activities		(862,205,474)	(459,030,586)	(1,005,058,610)	(512,419,531)
Net Increase in Cash and Cash Equivalents		18,843,276	807,215,320	36,680,613	914,365,049
Cash and Cash Equivalent at the Beginning		1,498,317,282	691,101,962	1,480,494,797	566,129,748
Cash and Cash Equivalent at the End	27	1,517,160,558	1,498,317,282	1,517,175,410	1,480,494,797

The Accounting Policies and Notes form an integral part of these Financial Statements.

Figures in brackets indicate deductions.

Notes to the Financial Statements



1. CORPORATE INFORMATION

1.1 Reporting Entity

Access Engineering PLC ('Company') is a Company domiciled and operating in Sri Lanka and listed on the Colombo Stock Exchange. The Company's Registered Office and the Principal Place of Business are located at 'Access Towers', 278, Union Place, Colombo 02.

The Consolidated Financial Statements of Access Engineering PLC, as at and for the year ended 31st March 2015, comprise the Company and its subsidiaries (together referred to as the 'Group').

The Financial Statements of all Companies in the Group have a common financial year which ends on 31st March.

1.2 Principal Activities and Nature of Operations

Access Engineering PLC (AEL) is primarily involved in the business of construction activities and supply of construction related services and materials.

Access Realities (Private) Limited, a fully-owned Subsidiary of AEL engage in the development of high rise buildings and manage the same or otherwise (lease/rent/sale) in whole or in part.

Sathosa Motors PLC which is a Subsidiary of AEL with a 84.4% holding and involved in the business of importing and sale of motor vehicles and spare parts together with the repair and maintenance of such motor vehicles.

Access Projects (Private) Limited is a Subsidiary of AEL with 80% of holding and involved in the business of construction activities.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and those consolidated with such have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs and LKASs) laid down by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirement of the Companies Act No. 07 of 2007.

The Board of Directors is responsible for the preparation and presentation of the Financial Statements of the Company and its Subsidiaries as per provisions of the Companies Act No. 07 of 2007 and the Sri Lanka Accounting Standards (SLFRSs and LKASs).

The Board of Directors acknowledges this responsibility as set out in the 'Statement of Directors' Responsibility for Financial Statements' (Refer page 140), 'Annual Report of the Board of Directors' (Refer page 134) and in the statement appearing with the Statement of Financial Position of this Annual Report.

These Financial Statements include the following components:

- **The Consolidated Statement of Profit or Loss and Other Comprehensive Income:** providing information on the financial performance of the Group and the Company for the year. (Refer page 144)
- **The Consolidated Statement of Financial Position:** providing information on the financial position of the Group and the Company as at the year-end. (Refer page 145)
- **The Consolidated Statement of Changes in Equity:** providing information on the movements of stated capital and reserves of the Group and the Company during the year under review. (Refer page 146)
- **The Consolidated Statement of Cash Flow:** providing information on the generating of cash and cash equivalents and utilization of the same. (Refer page 147)
- **Notes to the Financial Statements:** comprising accounting policies and other explanatory notes. (Refer pages 148 to 193)

The Consolidated Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 16th July 2015.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Positions:

- Financial assets and financial liabilities that have been measured at fair value
- Employee benefit liability recognized based on actuarial valuation (LKAS 19)
- Land and buildings stated at revalued amounts
- Investment property measured at fair value

The Directors have made an assessment of the Group's ability to continue as a going concern in the foreseeable future and they do not foresee a need for liquidation or cessation of business.

2.3 Functional and Presentation Currency

Items included in the Financial Statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates. The Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional currency.

2.4 Use of Estimates and Judgments

The preparation of the Consolidated Financial Statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. In the process of applying the Group's accounting policies, the key assumptions made relating to the future and the sources of estimation at the Reporting date together



with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are disclosed below.

Revaluation of Property, Plant and Equipment and Investment Properties

The Group measures land and buildings at revalued amounts with changes in fair value being recognized in the Statement of Other Comprehensive Income and in the Statement of Changes in Equity.

In addition, it carries its investment properties at fair value, with changes in fair value being recognized in the Statement of Profit or Loss.

The Group engaged an independent professional valuer to assess fair value of land and buildings and investment properties as at 31st March 2014 and 31st March 2015 respectively.

Land and buildings were valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property.

Valuation of the investment properties carried out on an open market value for existing use basis.

Taxes

Significant judgment was required to determine the total provision for current, deferred and other taxes due to the uncertainties that exists with respect to the interpretation of the applicability of tax laws, at the time of the preparation of these Financial Statements.

Uncertainties also exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Defined Benefit Plans

The employee benefit liability of the Group is based on the actuarial valuation carried out by an independent actuarial specialist. The actuarial valuations involve making assumptions about discount rates and future salary increases. The complexity of the valuation, the underlying assumptions and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Reporting date. Details of the key assumptions used in the estimates are contained in Note 31.

Fair Value Measurement of Financial Instruments

When the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is

measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments, are further explained in Note 41.

2.5 Comparative Information

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all period presented in these Financial Statements, and have been applied consistently by the Company and its Subsidiaries, unless otherwise stated.

3.1 Basis of Consolidation

The Consolidated Financial Statements (referred to as the 'Group') comprise of the Financial Statements of the Company and its subsidiaries.

The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions/events in similar circumstances and where necessary, appropriate adjustments have been made in the Consolidated Financial Statements.

3.1.1 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date - i.e., when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group also takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships such amounts are generally recognized in profit or loss. Transaction costs, other than

Notes to the Financial Statements



those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

3.1.2 Non-Controlling Interests

The total profit and loss for the year of the Company and its subsidiaries included in consolidation are shown in the Statement of Profit or Loss and Other Comprehensive Income with the proportion of profit and loss after taxation pertaining to Non-controlling shareholders of subsidiaries being deducted as 'Non-controlling interests'. All assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Consolidated Statement of Financial Position. The interest of Non-controlling shareholders of subsidiaries in the fair value of net assets of the Group is indicated separately in the Consolidated Statement of Financial position under the heading 'Non-controlling interest'. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss.

3.1.3 Investment in Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

The Group's investments in its associate are 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 Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any changes, when applicable,

in the Statement of Changes in Equity. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit or loss of an associate is shown on the face of the Statement of Profit or Loss outside operating profit and represents profit or loss after tax and Non-controlling interests in the subsidiaries of the associate.

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

Upon loss of significant influence over the associate, the Group 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 Statement of Profit or Loss.

3.1.4 Transactions Eliminated on Consolidation

Intra-Group balances and transactions and any unrealized income and expenses arising from intra-Group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency

3.2.1 Foreign Currency Transactions

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the Reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognized in-line with the gain or loss of the item that gave rise to the translation difference.



3.3 Assets and Bases of Their Valuation

Assets classified as current assets in the Statement of Financial Position are cash and bank balances and those, which are expected to be realized in cash during the normal operating cycle, or within one year from the Reporting date, whichever is shorter. Assets other than current assets are those, which the Company intends to hold beyond one year period calculated from the Reporting date.

3.3.1 Property, Plant and Equipment

3.3.1.1 Recognition and Measurement

Property, Plant and Equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Property, plant and equipment are stated at cost/revaluation less accumulated depreciation and accumulated impairment losses.

3.3.1.2 Owned Assets

The cost of an item of property, plant and equipment comprise its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes cost of dismantling and removing the items and restoring them at the site on which they are located and borrowing costs on qualifying assets.

Purchased software that is integrated to the functionality of the related equipment is capitalized as part of equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted as separate items (major component) of property, plant and equipment.

3.3.1.3 Leased Assets

Leases in terms of which the Group assumes substantially all risk and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured and capitalized at an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and except for investment property, the leased assets are not recognized in the Group's Statement of Financial Position.

3.3.1.4 Subsequent Costs

The cost of replacing part of an item of Property, Plant and Equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

3.3.1.5 Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on derecognition are recognized within other income in profit or loss.

3.3.1.6 Revaluation

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value at least once in every three years. The valuation surplus is recognized on the net carrying value of the asset and is transferred to a revaluation reserve after restating the asset at the revalued amount. The revaluation reserve is transferred to retained earnings at the point of derecognition.

3.3.1.7 Depreciation

Depreciation is recognized in profit or loss on straight-line basis over the estimated useful lives of each part of item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation of an asset begins when it is available for use whereas depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date that the asset is derecognized. Depreciation is not charged on Freehold Land and Capital Work-in-Progress.

The estimated useful lives are as follows:

Asset Category	Useful Life (Years)
Freehold Building	10 - 25
Leasehold Building	50
Plant and Machinery	3 - 10
Motor Vehicles	4 - 8
Office Equipment	3 - 5
Furniture and Fittings	3 - 5
Tools	3 - 5

Depreciation methods, useful lives and residual values are reviewed at each Reporting date and adjusted if appropriate.

3.3.1.8 Capital Work-in-Progress

Capital expenses incurred during the year which are not completed as at the Reporting date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and available to use have been transferred to property, plant and equipment.



3.3.2 Investment Properties

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

3.3.2.1 Recognition and Measurement

Investment properties are measured initially at cost. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and exclude the costs of day-to-day servicing of an investment property. Subsequently, investment properties are stated at fair value, which reflects market conditions at the Reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the Statement of Profit or Loss in the year in which they arise. Fair values are evaluated at least once in every three years by an accredited external, independent valuer.

3.3.2.2 Derecognition

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the Statement of Profit or Loss in the event of retirement or disposal.

Transfers are made from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the Consolidated Financial Statements and accounted using Group accounting policy for property, plant and equipment.

3.3.3 Intangible Assets

An intangible asset is recognized, if it is probable that economic benefits are attributable to the assets, will flow to the entity and cost of the assets can be measured reliably and carried at cost less accumulated amortization and accumulated impairment losses.

3.3.3.1 Leasehold Right – Land

Leasehold property comprises of land use rights and is amortized on a straight-line basis over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. Leasehold property is tested for impairment annually and is written down where applicable. The impairment loss if any is recognized in the Statement of Profit or Loss.

The estimated useful lives for the current period is as follows:

Item	Useful Lives
Leasehold rights	71 years (Remaining Lease Period)

3.3.3.2 Software

All computer software cost incurred, which are not internally related to associate hardware, which can be clearly identified, reliably measured and its probable that they will lead to future economic benefits, are included in the Statement of Financial Position under the category of intangible assets and is amortized on a straight line basis over its useful life.

The estimated useful lives are as follows:

Asset Category	Useful Lives
Enterprise Resource Planning System	10 years
Other Software	3 - 5 years

3.3.4 Inventories

Inventories are stated at the lower of cost or net realizable value, after making due allowance for obsolete and slow-moving items.

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less estimated cost of realization and/or cost of conversion from their existing state to saleable condition.

Inventory movement is reviewed at the end of Reporting period by an expert to assess the recoverability of inventory and the items that are identified as irrecoverable are written off during the year.

Work-in-Progress

Contractual costs incurred for future work are recognized as an asset when it is probable that they will be recovered and such costs are classified as work-in-progress.

Variation and claims are recognized in contract revenue only when it is probable that the customer will approve the variation or claim and the amount of revenue can be reliably measured. Until recognized in revenue, cost incurred for variations and claims are classified as work-in-progress.

3.3.5 Cash and Cash Equivalents

Cash and cash equivalents 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 Statement of Cash Flow, cash and cash equivalents 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.

3.3.6 Impairment of Non-Financial Assets

The Group assesses at each Reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use 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 groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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 a property previously revalued where the revaluation was taken to Other Comprehensive Income. In this case, the impairment is also recognized in Other Comprehensive Income upto the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each Reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the Statement of Profit or Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Financial Instruments

3.3.7 Financial Assets

3.3.7.1 Initial Recognition and Measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

The Group's financial assets include cash and cash equivalent, short-term deposits, trade and other receivables, loans, quoted equity and debt instruments.

3.3.7.2 Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as described below:

3.3.7.3 Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the Statement of Financial Position at fair value with changes in fair value recognized as finance income or finance costs in the Statement of Profit or Loss.

The Group evaluated its financial assets at fair value through profit and loss (held for trading) whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held-to-maturity depends on the nature of the asset.



3.3.7.4 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 as finance income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the Statement of Profit or Loss.

3.3.7.5 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, 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 as finance income in the Statement of Profit or Loss. The losses arising from impairment are recognized in the Statement of Profit or Loss.

3.3.7.6 Available-for-Sale Financial Assets

Available-for-sale financial assets include equity investments and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealized gains or losses recognized in Other Comprehensive Income and credited in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the Statement of Profit or Loss in finance costs. Interest earned whilst holding available-for-sale financial assets is reported as interest income using the EIR method.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intention and ability to

hold these assets for the foreseeable future or until maturity.

Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Statement of Profit or Loss.

3.3.7.7 Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Group's continuing involvement in it.

In that case, the Group 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 Group has retained.

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

3.3.7.8 Impairment of Financial Assets

The Group assesses, at each Reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.



Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3.3.7.9 Financial Assets Carried at Amortised Cost

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be, recognized are not included in a collective assessment of impairment.

If there is an objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets' original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the Statement of Profit or Loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the Statement of Profit or Loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the Statement of Profit or Loss.

3.3.8 Financial Liabilities

3.3.8.1 Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified 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. The Group determines the classification of its financial liabilities at initial recognition.

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 Group financial liabilities include trade and other payables, bank overdrafts and loans and borrowings.

3.3.8.2 Subsequent Measurement

The measurement of financial liabilities depends on their classification as follows:

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 acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by LKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit or Loss.

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 LKAS 39 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Profit or Loss when the liabilities are derecognized as well as through the effective interest rate method (EIR) amortization process.

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

3.3.8.3 Derecognition

A financial liability is derecognized 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 a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

Notes to the Financial Statements

**3.3.9 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.

Income and expense will not be offset in the Consolidated Statement of Profit or Loss and Other Comprehensive Income unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

3.3.10 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 39.

3.4 Provision, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation and a reliable estimate can be made of the amount of the obligation.

All contingent liabilities are disclosed as a note to the Financial Statements unless the outflow of resources is remote.

Contingent assets are disclosed, where inflow of economic benefit is probable.

3.5 Post-Employment Benefits**3.5.1 Defined Benefit Plans**

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the Reporting date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 – 'Employee Benefits'. Actuarial gains and losses for the defined

benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

The gratuity liability of Access Realities (Private) Limited and Access Projects (Private) Limited are not externally funded, nor actuarially valued. The gratuity liability is valued using the Projected Unit Credit (PUC) method considering the assumptions required to arrive at the present value of defined benefit obligation.

However, according to the Payment of Gratuity Act No. 12 of 1983, the liability for gratuity payment to an employee arises only after the completion of 5 years of continued service.

3.5.2 Defined Contribution Plans – Employees' Provident Fund and Employees' Trust Fund

A defined contribution plan is a post-employment benefit plan under which an entity pays a fixed contribution to a separate entity and will have no legal or constructive obligation to pay further amounts.

All employees who are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund contributions are covered by relevant contribution funds in line with the relevant statutes. Employer's contributions to the defined contribution plans are recognized as an expense in profit or loss when incurred.

4. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**4.1 Revenue**

Revenue represents the amounts derived from the provision of services, which fall within the Group's ordinary activities net of trade discounts and turnover related taxes.

4.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the 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 and after eliminating sales within the Group.

The following specific criteria are used for the purpose of recognition of revenue.

4.2.1 Construction Contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in Statement of Profit or Loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized



only to the extent of contract costs incurred that are likely to be recoverable.

4.2.2 Rental Income

Rental income from investment property is recognized in Statement of Profit or Loss on a straight-line basis over the term of the lease.

4.2.3 Sale of Goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

4.2.4 Services Rendered

Revenue for services rendered is recognized in the Statement of Profit or Loss once all significant performance obligations have been provided.

4.2.5 Agency Commissions and Hire Income

Agency commissions are recognized in Statement of Profit or Loss on an accrual basis.

4.2.6 Interest Income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as available-for-sale, interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the Statement of Profit or Loss.

4.2.7 Dividend Income

Dividend income is accounted when the shareholders' right to receive payment is established.

4.2.8 Other Income

Profits or losses from disposal of property, plant and equipment recognized having deducted from proceeds on disposal, the carrying value of the assets and the related expenses.

Foreign currency gains and losses are reported on a net basis.

4.3 Expenditure Recognition

4.3.1 Construction Contracts

Contract expenses are recognized as incurred unless they create an asset to future contract activity. An expected loss on a contract is recognized immediately in Statement of Profit or Loss.

4.3.2 Other Expenses

All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to revenue in arriving at the profit for the year.

For the purpose of presentation of Statement of Profit or Loss, the Directors are of the opinion that function of expenses method presents fairly the elements of the enterprises performance, hence such presentation method is adopted.

4.3.3 Recognition of Expected Losses

Expected losses are recognized as an expense when it is probable that the total cost pertaining to construction contracts will exceed its revenue.

4.3.4 Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred except those that are directly attributable to the construction or development of property, plant and equipment which are capitalized as part of the cost of those assets during the period of construction or development.

4.4 Income Tax Expenses

4.4.1 Current Taxes

Current income tax liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Commissioner General of Inland Revenue. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Reporting date.

The provision for income tax is based on the elements of income and expenditures reported in the Financial Statements and computed with in accordance with the provisions of the Inland Revenue Act.

The relevant details are disclosed in the respective notes to the Financial Statements.

4.4.2 Deferred Taxation

Deferred tax is provided, using liability method, providing for tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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

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



4.4.3 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 and receivable and payable that are stated with the amount of sales tax included. The net amount of sales tax recoverable from or payable to the taxation authorities is included as a part of receivables or payables in the Statement of Financial Position.

5. SEGMENTAL REPORTING

Segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (Geographical Segment), which is subject to risks and returns that are different from those of the segments. Segment information is presented in respect of the Group's Business and Geographical Segments. The Group's primary format for segmental reporting is based on Business Segments. The Business Segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The activities of the Group are located mainly in Sri Lanka. Consequently, the economic environment in which the Group operated is not subject to risks and rewards that are significantly different on a geographical basis. Hence, disclosure by geographical region is not provided.

The relevant details are disclosed in the respective notes to the Financial Statements.

6. OTHER GENERAL ACCOUNTING POLICIES

6.1 Related Party Transactions

Disclosure has been made in respect of the transactions in which one party has the ability to control or exercise significant influence over the financial and operating policies/decisions of the other, irrespective of whether a price is being charged.

The relevant details are disclosed in Note 36 to the Financial Statements.

6.2 Statement of Cash Flows

The Statement of Cash Flow has been prepared using the 'indirect method' in accordance with Sri Lanka Accounting Standard - LKAS 7 on 'Statement of Cash Flows'. Cash and cash equivalent comprise cash in hand, cash at bank and short-term investments that are readily convertible to known amount of cash and subject to an insignificant risk of change in value.

Interest received and dividends received are classified as investing cash flows, while dividend paid is classified as financing cash flow and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

Bank overdrafts and short-term borrowings that are repayable on demand and forming an integral part of the Group's cash management are included as a component of cash and cash equivalent for the purpose of the Statement of Cash Flow.

6.3 Earnings per Share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

6.4 Events Occurring after the Reporting Period

Events after the Reporting period are those events favourable and unfavourable that occur between the end of the Reporting period and the date when the Financial Statements are authorized for issue.

The materiality of the events occurring after the Reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

7. EFFECT OF SRI LANKA ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company Financial Statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

a. SLFRS 9 – Financial Instruments

SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in LKAS 39. This standard becomes effective for annual periods beginning on or after 01st January 2015. The adoption of SLFRS 9 will have an impact on the classification and measurement of the Company's and Group's financial instruments.

b. SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance including LKAS 18 - 'Revenue' and LKAS 11 - 'Construction Contracts'. The adoption of SLFRS 15 is effective for annual periods beginning on or after 01st January 2018, with early adoption permitted.

The Group will adopt these standards when they become effective. Pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statements.



For the year ended 31st March	Group		Company	
	2015 Rs.	2014 Restated Rs.	2015 Rs.	2014 Rs.
8. REVENUE				
Highways Construction	4,511,993,093	7,665,049,295	4,511,993,093	7,665,049,295
Water and Drainage Construction	1,079,610,095	869,093,743	1,079,610,095	869,093,743
Bridge Construction	392,724,184	761,627,868	392,724,184	761,627,868
Building and Other Construction	5,565,913,243	3,356,491,787	3,849,272,882	3,356,491,787
Sale of Construction – Related Material	1,130,853,960	465,061,673	1,186,479,707	465,090,182
Hiring Income	115,465,225	17,648,260	119,161,902	18,470,214
Fabrication Income	28,878,502	52,517,530	28,878,502	52,517,530
Consultancy Service Income	76,752,431	–	76,752,431	–
Rental Income	137,007,440	131,453,790	–	–
Service Charges	17,897,730	13,557,540	–	–
Vehicle Sales and After Sales Services	3,457,009,010	3,040,839,598	–	–
	16,514,104,913	16,373,341,084	11,244,872,796	13,188,340,619
9. OTHER INCOME				
Dividend Income	8,406,900	9,767,963	35,011,627	44,825,872
Gain on Fair Value Changes of Investment in Unit Trust	109,300	624,161	109,300	624,161
Rental Income	2,400,000	2,855,550	2,100,000	350,000
Gain on Fair Value Changes of Short-Term Investments	21,528,816	2,083,298	21,528,816	2,093,298
Gain on Fair value Changes of Investment Property (Note 16)	174,125,525	–	–	–
Profit on Disposal of Property, Plant and Equipment	28,485,502	13,068,896	18,452,958	8,517,957
Foreign Exchange (Loss)/Gain	(62,514,447)	40,071,433	(62,495,304)	40,065,806
Sundry Income	16,990,453	24,170,893	1,890,411	5,356,346
	189,532,049	92,642,194	16,597,808	101,823,440
10. NET FINANCE INCOME				
10.1 Finance Income				
Interest Income on Fixed Deposits	83,740,835	127,929,870	74,576,067	122,442,665
Interest Income on Repurchase Agreements	45,767,817	13,130,475	28,114,583	9,545,573
Interest Income on Retention Receivable	57,044,857	53,357,336	54,013,696	53,357,336
Interest Income on Staff Loans	2,718,521	1,892,514	2,718,521	1,892,514
Other Interest Income	9,046,915	6,404,044	8,865,485	4,597,223
Total Finance Income	198,318,945	202,714,239	168,288,352	191,835,311
10.2 Finance Cost				
Interest on Finance Leases	(1,078,348)	(711,196)	(430,323)	(484,172)
Interest on Bank Overdraft	(7,764,672)	(10,313,150)	(112,014)	(1,238,692)
Interest on Bank Loan	(20,088,952)	(249,362)	–	(249,362)
Unwinding of Prepaid Retention Receivable Expenses	(57,044,857)	(53,357,336)	(54,013,696)	(53,357,336)
Unwinding of Prepaid Staff Loan Expenses	(2,718,521)	(1,892,514)	(2,718,521)	(1,892,514)
Total Finance Cost	(88,695,350)	(66,523,558)	(57,274,554)	(57,222,076)
Net Finance Income	109,623,595	136,190,681	111,013,798	134,613,235

Notes to the Financial Statements



For the year ended 31st March	Group		Company	
	2015 Rs.	2014 Restated Rs.	2015 Rs.	2014 Rs.
11. PROFIT BEFORE TAX				
Is stated after charging all expenses including following:				
Auditors' Remuneration - Statutory Audit	4,472,000	4,864,000	1,895,000	1,805,000
- Non-Audit Services	3,898,987	2,744,097	1,407,467	459,082
Gain on Fair Value Changes of Short-Term Investments	(21,528,816)	(2,083,298)	(21,528,816)	(2,083,298)
Provision for/Write-off of Bad and Doubtful Debts	33,982,805	5,502,825	32,896,081	3,845,683
Donations	2,818,195	11,709,088	2,802,883	11,315,391
CSR Expenses	90,060,468	17,322,270	89,692,168	17,322,270
Depreciation and Amortization Cost	668,476,961	590,999,501	605,791,129	551,874,611
Personnel Cost Including				
Defined Benefit Plan Costs - Gratuity (Note 31.1)	39,218,502	31,999,228	33,257,731	26,229,557
Defined Contribution Costs - EPF	88,198,781	78,248,853	68,580,536	67,442,752
- ETF	22,028,084	19,551,074	17,128,943	16,856,899
Directors' Emoluments and Fees (Note 36.4)	55,822,800	41,602,800	35,805,000	32,910,000
Staff Cost	1,635,381,279	1,545,625,962	1,377,281,772	1,416,113,113
Performance Incentives	46,308,451	134,956,038	46,308,451	134,956,038
Number of Employees	2,493	2,801	1,887	2,570
12. INCOME TAX EXPENSE				
12.1 Current Tax Expense (Note 12.2)	300,119,249	347,712,758	157,762,618	212,693,138
Under/(Over) Provision in Respect of Previous Year	18,134,066	(1,873,498)	18,134,065	(1,914,388)
Deferred Tax Expense (Note 12.3)	20,587,075	68,729,473	15,327,369	66,214,967
	338,840,390	414,568,733	191,224,052	276,993,717
12.2 Reconciliation between Accounting Profit and Taxable Profit				
Accounting Profit before Income Tax Expense	2,762,741,580	3,316,163,703	1,943,948,277	2,800,601,403
Aggregate Disallowed Items	984,397,902	863,713,198	821,162,802	697,612,916
Aggregate Allowable Items	(1,188,580,344)	(1,347,004,280)	(979,510,170)	(1,306,965,944)
Total Statutory Income	2,558,559,138	2,832,872,621	1,785,600,909	2,191,248,375
Exempted Income	(473,550,672)	(437,727,787)	(470,912,428)	(437,727,787)
Taxable Income	2,085,008,466	2,395,144,834	1,314,688,481	1,753,520,588
Taxable Revenue at 2%	198,507,074	186,655,739	-	-
Taxable Construction Income at 12%	1,468,921,011	1,739,328,917	1,314,688,481	1,739,328,917
Taxable Other Income at 28%	417,580,380	469,160,178	-	14,191,671
	2,085,008,466	2,395,144,834	1,314,688,481	1,753,520,588
Tax @ 2%	3,970,141	3,733,115	-	-
Tax @ 12%	176,270,521	208,719,470	157,762,618	208,719,470
Tax @ 28%	116,922,506	131,364,850	-	3,973,668
Dividend Tax	2,956,081	3,895,323	-	-
Current Income Tax Expenses	300,119,249	347,712,758	157,762,618	212,693,138
12.3 Deferred Tax Expense				
Statement of Profit or Loss				
Accelerated Depreciation for Tax Purposes	35,492,368	71,277,368	29,209,505	68,799,950
Staff Redundancy Provision	(6,836,391)	-	(6,836,391)	-
Provision for Bad and Doubtful Debts	(3,517,950)	-	(3,517,950)	-
Defined Benefit Obligation	(4,550,952)	(2,547,895)	(3,527,795)	(2,584,983)
	20,587,075	68,729,473	15,327,369	66,214,967
Other Comprehensive Income				
Revaluation of Building	(318,155)	4,736,581	(318,155)	4,736,581
Defined Benefit Obligation	893,160	(1,048,741)	1,286,375	(841,911)
Total Deferred Tax Charge	575,005	3,687,840	968,220	3,894,670
	21,162,080	72,417,313	16,295,589	70,109,637



12.4 Applicable Rates of Income Tax

Company

Under the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, the Company is liable for income tax at the concessionary rate of 12% on construction income and 28% on other income.

Tax Exemption

As per Section 17 A.2a of Inland Revenue (Amendment) Act No. 22 of 2011 and as amended by Act No. 08 of 2012, profits attributable to manufacturing of construction related material, are exempted from Income Tax, commencing from year of assessment 2011/12 for a period of 5 years.

Subsidiaries

Access Realties (Private) Limited

In accordance with Section 17 of the Board of Investments Act No. 4 of 1978, the Company is exempted from Income Tax for the period of seven (07) years from the year of assessment in which the enterprise commences to make profits in relation to the transaction in that year or any year of assessment not later than five (05) years reckoned from the date of its operation, whichever year is earlier.

Accordingly, the seven (07) years Income Tax exemption period was enforced from 1st April 2003 to 31st March 2010. Thereafter, the Company is liable for a concessionary rate of Income Tax of 2% on its turnover for the period of fifteen years from the year of assessment 2010/11. However, the Company is liable to pay Income Tax at 28% on other income.

Sathosa Motors PLC

In accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, the Company is liable for Income Tax at 28% on its taxable profit.

SML Frontier Automotive (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.10 of 2006 and amendments there to the Company is liable for Income Tax at 28% on its taxable profit.

Access Projects (Private) Limited

In accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and amendments thereto, the Company is liable for Income Tax at the rate of 12% on construction income and 28% on other income.

13. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the Access Engineering PLC by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2015	2014 (Restated)	2015	2014
Profit Attributable to Equity Holders of the Company (Rs.)	2,345,902,717	2,833,071,490	1,752,724,225	2,523,607,686
Weighted Average Number of Shares as at the Year end	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Earnings per Share (Rs.)	2.35	2.83	1.75	2.52

For the year ended 31st March,	Group/Company	
	2015 Rs.	2014 Rs.
14. DIVIDENDS PER SHARE		
Declared and Paid During the Year		
Dividends on Ordinary Shares		
Final Dividend*	500,000,000	250,000,000
Interim Dividend	500,000,000	250,000,000
Total Dividends	1,000,000,000	500,000,000
Dividend per Share	1.00	0.50

*Dividend paid out of previous year's profits.

Notes to the Financial Statements



	Land Rs.	Building Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Office Equipment Rs.
15. PROPERTY, PLANT AND EQUIPMENT					
15.1 Group					
Cost or Valuation					
Balance at 1st April 2014 (Restated)	405,611,111	505,092,617	2,816,600,516	734,984,917	226,098,242
Addition	-	-	563,839,416	57,927,204	35,514,186
Transfers	-	-	10,585,505	-	-
Acquisition through Business Combination	27,400,000	67,922,000	91,346,247	36,339,011	18,843,159
Disposals/Impairment/Derecognition	-	-	(11,632,492)	(69,829,888)	(70,000)
Balance at 31st March 2015	433,011,111	573,014,617	3,470,739,192	759,421,244	280,385,587
Accumulated Depreciation					
Balance at 1st April 2014 (Restated)	-	54,327,547	743,377,530	259,807,646	135,038,543
Charge	-	23,583,252	360,551,659	117,152,509	46,405,804
Transfers	-	-	1,321,738	-	-
Acquisition through Business Combination	-	2,249,917	51,401,807	11,647,879	8,180,553
Disposals/Impairment/Derecognition	-	-	(9,101,929)	(48,971,868)	(21,599)
Balance at 31st March 2015	-	80,160,716	1,147,550,805	339,636,166	189,603,301
Carrying Value at 31st March 2015	433,011,111	492,853,901	2,323,188,387	419,785,078	90,782,286
Carrying Value at 31st March 2014 (Restated)	405,611,111	450,765,070	2,073,222,986	475,177,271	91,059,699

Group Property, Plant and Equipment with a cost of Rs. 459.51 Mn (2014 – Rs. 238.95 Mn) have been fully depreciated and continue to be in use by the Group.

	Land Rs.	Building Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.	Office Equipment Rs.
15.2 Company					
Cost or Valuation					
Balance at 1st April 2014	405,611,111	137,888,889	2,771,037,863	615,216,211	187,562,239
Addition	-	-	536,441,665	21,841,914	27,315,822
Transfers	(100,000,000)	(77,500,000)	10,585,505	-	-
Disposals/Derecognition	-	-	(11,632,492)	(42,998,188)	(70,000)
Balance at 31st March 2015	305,611,111	60,388,889	3,306,432,541	594,059,937	214,808,061
Accumulated Depreciation					
Balance at 1st April 2014	-	-	724,597,772	219,456,644	103,865,801
Charge	-	9,154,750	349,811,843	94,205,133	40,419,483
Transfers	-	(3,107,401)	1,321,738	-	-
Disposals/Derecognition	-	-	(9,101,929)	(26,470,598)	(21,599)
Balance at 31st March 2015	-	6,047,349	1,066,629,424	287,191,179	144,263,685
Carrying Value at 31st March 2015	305,611,111	54,341,540	2,239,803,117	306,868,758	70,544,376
Carrying Value at 31st March 2014	405,611,111	137,888,889	2,046,440,091	395,759,567	83,696,438

On 1st January 2015, No. 117, Dehiwala Road, Boralessgamuwa land and building were transferred to Investment Property (Note 16). It was no longer used by the Company and decided that the land and building would be leased to the SML Frontier Automotive (Private) Limited, which is an indirect subsidiary of the Company. As per LKAS 16, this property has been classified as Property, Plant and Equipment in the Group Financial Statements (Note 16.1).



Furniture & Fittings Rs.	Tools Rs.	Freehold		Leasehold		Capital Work-in-Progress Rs.	Total Rs.
		Other Construction Equipment Rs.	Plant & Machinery Rs.	Motor Vehicles Rs.			
119,428,340	227,531,513	119,870,162	10,585,505	2,500,000	25,775,000	5,194,077,923	
10,711,971	94,856,451	25,394,120	-	-	150,142,576	938,385,924	
-	-	-	(10,585,505)	-	-	-	
3,949,477	-	-	-	11,986,144	-	257,786,038	
(14,288)	(1,337,429)	-	-	-	-	(82,884,097)	
134,075,500	321,050,535	145,264,282	-	14,486,144	175,917,576	6,307,365,788	
51,211,175	125,621,633	35,721,757	527,825	1,093,743	-	1,406,727,399	
26,174,469	55,932,360	24,284,263	793,913	1,394,949	-	656,273,178	
-	-	-	(1,321,738)	-	-	-	
1,498,898	-	-	-	6,015,471	-	80,994,525	
-	(65,805)	-	-	-	-	(58,161,201)	
78,884,542	181,488,188	60,006,020	-	8,504,163	-	2,085,833,901	
55,190,958	139,562,347	85,258,262	-	5,981,981	175,917,576	4,221,531,887	
68,217,165	101,909,880	84,148,405	10,057,680	1,406,257	25,775,000	3,787,350,524	

Furniture & Fittings Rs.	Tools Rs.	Freehold		Leasehold	Total Rs.
		Other Construction Equipment Rs.	Plant & Machinery Rs.		
93,168,519	223,612,604	119,870,162	10,585,505	4,564,553,103	
8,032,445	94,856,451	25,394,120	-	713,882,417	
-	-	-	(10,585,505)	(177,500,000)	
-	(1,337,429)	-	-	(56,038,109)	
101,200,964	317,131,626	145,264,282	-	5,044,897,411	
39,406,131	121,988,352	35,721,757	527,825	1,245,564,282	
22,072,790	55,786,150	24,284,263	793,913	596,528,325	
-	-	-	(1,321,738)	(3,107,401)	
-	(65,805)	-	-	(35,659,931)	
61,478,921	177,708,697	60,006,020	-	1,803,325,275	
39,722,043	139,422,929	85,258,262	-	3,241,572,136	
53,762,388	101,624,252	84,148,405	10,057,680	3,318,988,821	

Notes to the Financial Statements



Company Property, Plant and Equipment with a cost of Rs. 332.5 Mn (2014 – Rs. 127.9 Mn) have been fully depreciated and continue to be in use by the Company.

Location and extent of Company's freehold lands at the Reporting date are as shown below:

Location	Extent
1. Land depicted at No. 336/1, Low Level Road, Jalthara, Ranala	3 Roots and 38.4 Perches
2. Land depicted at No. 267, Dehiwala Road, Maharagama	3 Roots and 1 Perch
3. Land depicted at No. 278, Alubogahalanda, Jalthara, Ranala	3 Acres 3 Roots and 4.86 Perches
4. Land depicted at Dickowita, Hendala	2 Acres 3 Roots and 10.18 Perches
5. Land depicted at Weliwita, Kaduwela	2 Acres

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
16. INVESTMENT PROPERTIES				
Balance at the Beginning of the Year	2,832,038,473	2,716,841,871	–	–
Acquisition of Investment Property	6,272,202	110,865,448	–	–
Transfer from Property, Plant and Equipment	–	4,331,154	174,392,599	–
Fair Value Gain on Investment Property (Note 9)	174,125,525	–	–	–
Balance at the end of the Year	3,012,436,200	2,832,038,473	174,392,599	–
Rental Income Derived from Investment Properties	139,407,440	133,959,340	2,100,000	–
Direct Operating Expenses (Including Repair and Maintenance) Generating Rental Income	(29,851,006)	(31,249,401)	–	–

16.1 Investment Property belongs to the Company

Location:

Land and building of Company, is located at No. 117, Dehiwala Road, Boralasgamuwa.

Floor Area:

The total gross floor area of the building is 12,784 sq.ft.

Valuation:

Based on the observation of Board of Directors, the Company decided that sales price of comparative properties has not changed significantly during the year 2014/15. Therefore, Company has decided that fair value of the investment property as at 31st March 2015 was similar to the carrying value as at previous Reporting date and no need to recognize gain/(loss) on fair value adjustment based on Section 75 - e of the LKAS 40. Fair value of the property was ascertained by independent valuation carried out by Mr. K T D Tissera, FIV (Sri Lanka), an independent professional valuer, on an open market value for existing use basis as at 31st March 2014.

Details relating with transfer from Property, Plant and Equipment to Investment Property are mentioned in the Property, Plant and Equipment – Company Note (Note 15.2)

Property located at No. 117, Dehiwala Road, Boralasgamuwa is secured on back-up overdraft facility to accommodate any unsettled claims in respect of letter guarantees issued or LC (term) bills for the value of Rs. 65 Mn (Note 27).

16.2 Investment Properties belong to Group

16.2.1 Investment Properties belong to Access Realities (Private) Limited

Location:

Access Towers and Land of Messrs Access Realities (Private) Limited, are located at Nos. 264/5, 266, 268 and 278, Dr. Colvin R De Silva Mawatha (Union Place) and Nos. 116 and 118, Dawson Street, Colombo 02.

**Extent:**

(i) Lot 1 in Plan No. 5754:	1A - 0R - 07.87P	(0.4246 Hectares)
(ii) Lot 1 in Plan No. 2824:	0A - 0R - 04.50P	(0.01138 Hectares)
(iii) Lot 1 in Plan No. 3021:	0A - 0R - 13.28P	(0.03359 Hectares)
Total	1A - 0R - 25.65P	(0.46957 Hectares)

Floor Area:

The total gross floor area of the Access Towers is 216,718 sq.ft.

Valuation:

Fair value of the Investment Property is ascertained by independent valuation carried out by Mr. K T D Tissera, FIV (Sri Lanka), an independent professional valuer, on an open market value for existing use basis as at 31st March 2015. The revaluation surplus was credited to 'Other Income'.

Property located at No. 278/4, Dr. Colvin R. De Silva Mawatha (Union Place) is secured on Bank overdraft facilities for the value of Rs. 30 Mn (Note 27).

16.2.2 Investment Property Belonging to Sathosa Motors PLC**Location:**

Building of Sathosa Motors PLC, is located at No. 25/11, New Nuge Road, Peliyagoda.

Floor Area:

The total gross floor area of the building is 6,835 sq.ft.

Valuation:

During the year, The Directors' valuation was carried out for the investment property and the Directors are of the view that no significant changes in the value of property have taken place as at the Reporting date.

As at 31st March	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
17. INTANGIBLE ASSETS				
Leasehold Right (Note 17.1)	115,135,134	116,756,756	-	-
Software (Note 17.2)	88,006,025	79,219,539	83,087,853	73,482,597
Goodwill (Note 17.3)	1,089,204,227	432,588,101	-	-
	1,292,345,386	628,564,396	83,087,853	73,482,597

	Group	
	2015 Rs.	2014 Rs.
17.1 Leasehold Right		
Balance at the Beginning of the Year	116,756,756	118,378,378
Amortisation for the Year	(1,621,622)	(1,621,622)
Balance at the End of the Year	115,135,134	116,756,756

Notes to the Financial Statements



Leasehold land disclosed above relates to the land at Peliyagoda acquired by Sathosa Motors PLC on a 99-year lease commencing from 1989. The leasehold right has been revalued by an independent valuer as at 31st March 2012. Valuation details are as follows:

Location:

The property persistently known and called as 'Sathosa Motors Workshop' is located at No. 25/11, New Nuge Road, Peliyagoda.

Extent:

The total gross area of the land is 343.93 perches.

Valuation:

Fair value of the leasehold right was ascertained, by an independent valuation carried out by Mr. R T K Sirisena – Incorporated Valuer. Valuation has been done based on the demand and supply factors, current evidence of values, improvements and infrastructures etc.

	Group Rs.	Company Rs.
17.2 Software		
Cost		
Balance at 1st April 2014	80,431,461	74,225,421
Acquisition through Business Combination	298,909	–
Additions	19,308,865	18,868,061
Balance at 31st March 2015	100,039,235	93,093,482
Accumulated Amortization		
Balance at 1st April 2014	1,211,922	742,824
Acquisition Through Business Combination	239,128	–
Amortization	10,582,160	9,262,805
Balance at 31st March 2015	12,033,210	10,005,629
Carrying Value at 31st March 2015	88,006,025	83,087,853
Carrying Value at 31st March 2014	79,219,539	73,482,597

Intangible assets mainly consist of the SAP Enterprise Resource Planning system software and SAP user license acquired by the Company.

	Group	
	2015 Rs.	2014 Rs.
17.3 Goodwill		
Balance at the Beginning of the Year	432,588,101	432,588,101
Goodwill Arising on Acquisition through Business Combination (Note 39)	656,616,126	–
Balance at the end of the Year	1,089,204,227	432,588,101

As at 31st March	Company			
	Number of Shares	Effective Holding %	2015 Rs.	2014 Rs.
18. INVESTMENTS IN SUBSIDIARIES				
Sathosa Motors PLC	5,093,745	84.42	1,196,572,767	1,196,572,767
Access Realities (Private) Limited	74,922,532	100	2,996,901,280	2,696,901,280
Access Projects (Private) Limited (Note 39)	16,000,000	80	1,000,000,000	–
			5,193,474,047	3,893,474,047



As at 31st March	2015 Rs.	2014 Rs.
18.1 Assessment of the Fair Value of Investments in Subsidiaries		
Quoted Investment		
Sathosa Motors PLC	1,401,289,250	1,222,498,800
Unquoted Investment		
Access Realities (Private) Limited	3,802,083,013	3,191,585,006
Access Projects (Private) Limited	458,418,274	-
	5,661,790,537	4,414,083,806

Fair value of the quoted investment has been decided based on the market value of the shares as at the Reporting date.

Fair value of the unquoted investment has been decided based on the net assets attributable to the respective investment.

As at 31st March			Group		Company	
	Number of Shares	Effective Holding %	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
19. INVESTMENTS IN ASSOCIATE						
ZPMC Lanka Company (Private) Limited	5,546,544	30	72,533,965	62,142,330	55,465,410	55,465,410
			72,533,965	62,142,330	55,465,410	55,465,410

The Group has a 30% interest in ZPMC Lanka Company (Private) Limited, which has entered into a contract with Colombo International Container Terminal to service and maintain the container handling equipment supplied by Shanghai Zhenhua Heavy Industries Company Limited of China (known as ZPMC).

The following table illustrates summarized financial information of the Group's investments in ZPMC Lanka Company (Private) Limited:

As at 31st March	2015 Rs.	2014 Rs.
Share of the Associate's Statement of Financial Position		
Current Assets	80,898,056	65,877,028
Non-Current Assets	1,077,010	-
Current Liabilities	(9,212,682)	(3,734,698)
Non-Current Liabilities	(228,419)	-
Equity	72,533,965	62,142,330

For the year ended 31st March	2015 Rs.	2014 Rs.
Share of the Revenue	51,807,923	15,224,582
Share of Profit, Net of Tax	11,112,685	6,676,920
Carrying Amount of the Investment	72,533,965	62,142,330

Notes to the Financial Statements



As at 31st March	Number of Shares	Group/Company	
		2015 Rs.	2014 Rs.
20. OTHER LONG-TERM INVESTMENTS			
Unquoted Investments			
Asia Pacific Golf Course Limited			
- Preference Shares	6	1,500,000	1,500,000
Less: Fair Value Adjustment		(1,500,000)	(1,500,000)
		-	-

As at 31st March	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
21. INVENTORIES				
Inventories	1,441,959,141	1,304,696,265	401,009,935	557,874,464
Work-in-Progress	742,022,072	631,209,769	527,785,540	631,209,769
	2,183,981,213	1,935,906,034	928,795,475	1,189,084,233
22. TRADE AND OTHER RECEIVABLES				
Trade Receivables (Note 22.1)	6,083,751,869	6,245,080,550	4,283,818,444	5,440,581,329
Other Receivables (Note 22.2)	95,372,416	103,455,287	6,548,440	24,946,243
Advance and Prepayments (Note 22.3)	343,166,811	627,904,703	250,005,989	525,600,172
	6,522,291,096	6,976,440,540	4,540,372,873	5,991,127,744
22.1 Trade Receivables				
Trade Receivables	6,119,720,735	6,251,390,114	4,316,378,137	5,444,427,011
(Less): Provision for Impairment of Receivables	(35,968,866)	(6,309,564)	(32,559,693)	(3,845,682)
	6,083,751,869	6,245,080,550	4,283,818,444	5,440,581,329
22.2 Other Receivables				
Interest Receivable	9,969,887	11,758,638	6,285,337	9,355,627
Margin on Bond	263,103	6,619,807	263,103	6,619,807
VAT Receivable	12,978,503	21,911,211	-	8,970,809
Other Receivable	72,160,923	63,165,631	-	-
	95,372,416	103,455,287	6,548,440	24,946,243
22.3 Advances and Prepayments				
Deposits and Prepayments	21,477,883	20,102,095	19,371,937	13,582,964
Advances	272,574,123	591,224,861	213,122,801	497,241,307
Refundable Deposit	49,114,805	16,577,747	17,511,251	14,775,901
	343,166,811	627,904,703	250,005,989	525,600,172



As at 31st March	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
23. AMOUNTS DUE FROM RELATED PARTIES				
China Geo - Salcon – Access JV	58,446,604	58,446,604	58,446,604	58,446,604
Access International (Private) Limited	6,325,961	88,243	837,692	88,243
Asia Pacific Golf Course (Private) Limited	13,843,107	13,843,107	13,843,107	13,843,107
Access Energy Solutions (Private) Limited	3,991,162	9,580,263	–	9,042,864
Access Agencies (Private) Limited	785,747	1,465,138	–	1,465,138
Access International Projects (Private) Limited	604,329	114,999	–	–
Frontier Automotive (Private) Limited	72,860,056	26,320,201	–	–
Mr. Sheran Fernando	65,902	109,620	–	–
Access International (Private) Limited – Networking	81,077	–	–	–
Eurometallic (Private) Limited	2,324,418	–	–	–
Access Real Estate (Private) Limited	57,024	–	–	–
Mr. D D S Ferdinando (Director)	8,000	–	–	–
Mr. D C N Ferdinando (Director)	8,000	–	–	–
Access Projects (Private) Limited	–	–	30,924,996	–
SML Frontier Automotive (Private) Limited	–	–	977,620	–
Access Realities 2 (Private) Limited	–	24,889,836	463,461,873	–
Access Industrial Systems (Private) Limited	–	2,060,000	–	2,060,000
ATSL International (Private) Limited	500,000	244,028	–	244,028
ECO Friendly Power Developers (Private) Limited	–	38,140,883	–	38,140,883
Access Realities (Private) Limited	–	–	–	11,560,710
	159,901,387	175,302,922	568,491,892	134,891,577
(Less): Provision for Impairment of Receivables	(13,843,107)	(13,843,107)	(13,843,107)	(13,843,107)
	146,058,280	161,459,815	554,648,785	121,048,470

As at 31st March	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
24. OTHER FINANCIAL ASSETS				
24.1 Other Non-Current Financial Assets				
Financial Assets Held-to-Maturity of Amortized Cost				
- Investment in Debentures	84,113,503	38,485,323	–	–
Total Other Non-Current Financial Assets	84,113,503	38,485,323	–	–
24.2 Other Current Financial Assets				
Loans and Receivables at Amortized Cost				
- Retention Receivable	1,135,983,959	939,892,583	927,476,799	939,892,583
- Staff Loans	22,565,896	17,322,761	19,209,587	15,104,553
- Prepaid Retention Receivable Expenses	112,322,801	114,482,027	90,390,910	114,482,027
- Prepaid Staff Loan Expenses	4,532,231	5,034,069	4,532,231	5,034,069
Total Other Current Financial Assets	1,275,404,887	1,076,731,440	1,041,609,527	1,074,513,232

Notes to the Financial Statements



As at 31st March	Number of Shares	Cost		Market Value	
		2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
25. SHORT-TERM INVESTMENTS					
Group/Company					
Quoted Investments					
Nation Lanka Finance PLC	12,300	453,009	453,009	54,120	95,940
Lanka Indian Oil Corporation PLC	36,600	1,035,414	1,035,414	1,474,980	1,409,100
Tess Agro Company PLC	80	-	-	120	78
Touchwood Investments PLC	21,600	414,108	414,108	-	56,160
Horana Plantation PLC	7,500	538,464	538,464	168,750	171,750
The Colombo Fort Land & Building Company PLC	5,000	499,533	499,533	126,000	127,500
Namunukula Plantations PLC	3,300	527,231	527,231	233,970	276,540
Richard Pieris & Co. PLC	50,000	798,848	798,848	370,000	330,000
Free Lanka Capital Holdings PLC	15,600	78,000	78,000	24,960	32,760
Expo Lanka Holdings PLC	89,100	-	1,247,400	-	775,170
Commercial Bank of Ceylon PLC	39	-	-	6,451	4,797
People's Merchant PLC	100	1,976	1,976	2,390	1,690
CIC Holdings PLC	204,000	23,517,007	23,517,007	15,504,000	9,282,000
Softlogic Holdings PLC	208,500	6,110,307	6,110,307	2,752,200	2,210,100
Vallibel One PLC	123,300	3,210,051	3,210,051	2,502,990	2,096,100
Textured Jersey Lanka PLC	889,500	13,467,501	13,467,501	21,436,950	14,054,100
Central Investments & Finance PLC	1,000,000	10,000,000	10,000,000	700,000	700,000
People's Leasing Company PLC	839,400	15,109,200	15,109,200	18,550,740	12,003,420
Total		75,760,649	77,008,049	63,908,621	43,627,205
(Less): Provision for Impairment		(11,852,028)	(33,380,844)	-	-
Fair Value as at the End of the Year		63,908,621	43,627,205	63,908,621	43,627,205

As at 31st March	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
26. SHORT-TERM DEPOSITS				
Fixed Deposits	947,061,547	1,038,974,827	746,945,915	972,573,735
Investment in Unit Trust	100,866,731	100,757,430	100,866,731	100,757,430
	1,047,928,278	1,139,732,257	847,812,646	1,073,331,165

As at 31st March	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
27. CASH AND CASH EQUIVALENTS				
Favourable Balance				
Cash at Bank	1,496,674,317	1,056,023,868	1,161,716,971	1,020,106,307
Cash in Hand	29,123,855	23,486,752	20,458,439	20,388,490
Investment in Repos	392,682,634	441,559,819	335,000,000	440,000,000
	1,918,480,806	1,521,070,439	1,517,175,410	1,480,494,797
Unfavourable Balance				
Bank Overdraft	(401,320,248)	(22,753,157)	-	-
Cash and Cash Equivalent for the Purpose of Statement of Cash Flows	1,517,160,558	1,498,317,282	1,517,175,410	1,480,494,797



Land situated at No. 278/4, Union Place, Colombo 2, which is owned by Access Realities (Private) Limited (Fully-owned Subsidiary), has been mortgaged to Bank of Ceylon – Corporate Branch by Access Engineering PLC to increase the existing overdraft facility (Rs. 30 Mn). (Note 16.2.1)

Land situated at No.117, Dehiwala Road, Boralesgamuwa, which is owned by the Company, has been mortgaged to Bank of Ceylon – Corporate Branch by the Company as back-up overdraft facility to accommodate any unsettled claims in respect of Letter of Guarantees issued or LC (term) bills (Rs. 65 Mn). (Note 16.1)

As at 31st March	2015		2014	
	Number of Shares	Value of Shares Rs.	Number of Shares	Value of Shares Rs.
28. STATED CAPITAL				
Issued and Fully Paid				
At the Beginning of the Year	1,000,000,000	9,000,000,000	1,000,000,000	9,000,000,000
At the End of the Year	1,000,000,000	9,000,000,000	1,000,000,000	9,000,000,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per individual present at meetings of the shareholders or one vote per share in the case of a poll.

	Group	
	2015 Rs.	2014 Rs.
29. DEFERRED GRANT		
Balance at the Beginning of the Year	6,801,041	7,020,430
Amortization	(219,389)	(219,389)
Balance at the End of the Year	6,581,652	6,801,041

The above represents a Government grant received to Sathosa Motors PLC, for the construction of a workshop at Peliyagoda and are amortized over a period of fifty (50) years.

As at 31st March	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
30. INTEREST-BEARING BORROWINGS				
Payable Within One Year				
Term Loan (Note 30.1)	148,101,539	58,876,643	–	–
Finance Lease Obligation (Note 30.2)	3,626,134	5,260,203	–	4,628,287
	151,727,673	64,136,846	–	4,628,287
Payable After One Year				
Term Loan (Note 30.1)	94,498,400	–	–	–
Finance Lease Obligation (Note 30.2)	3,370,113	967,690	–	–
	97,868,513	967,690	–	–

Notes to the Financial Statements



	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
30.1 Term-Loan				
Balance at the Beginning of the Year	58,876,643	5,978,141	–	5,978,141
Acquisition through Business Combination	33,517,700	–	–	–
Obtained During the Year	359,262,242	58,876,643	–	–
Repayment During the Year	(209,056,646)	(5,978,141)	–	(5,978,141)
Balance at the End of the Year	242,599,939	58,876,643	–	–
Loan Payable within One Year	148,101,539	58,876,643	–	–
Loan Payable after One Year	94,498,400	–	–	–
	242,599,939	58,876,643	–	–

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
30.2 Finance Lease Obligation				
Balance at the Beginning of the Year	6,898,226	2,628,040	5,058,610	–
Obtained During the Year	–	11,500,000	–	11,500,000
Acquisition through Business Combination	9,117,501	–	–	–
Repayments During the Year	(7,711,702)	(7,229,814)	(5,058,610)	(6,441,390)
	8,304,025	6,898,226	–	5,058,610
Less: Interest in Suspense	(1,307,778)	(670,333)	–	(430,323)
Balance at the End of the Year	6,996,247	6,227,893	–	4,628,287
Payable within One Year	3,626,134	5,260,203	–	4,628,287
Payable after One Year	3,370,113	967,690	–	–
	6,996,247	6,227,893	–	4,628,287

	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
31. EMPLOYEE BENEFITS				
Balance at the Beginning of the Year	120,948,303	92,755,886	95,347,263	67,499,119
Acquisition through Business Combination (Note 39)	15,128,461	–	–	–
Current Service Cost	27,162,005	21,875,097	23,723,005	18,804,654
Interest Cost	12,056,497	10,124,131	9,534,726	7,424,903
Actuarial (Gain)/Loss	(8,029,753)	5,403,622	(10,511,919)	6,964,120
	167,265,513	130,158,736	118,093,075	100,692,796
Less: Payments made During the Year	(8,001,339)	(9,210,433)	(5,582,898)	(5,345,533)
Balance at the End of the Year	159,264,174	120,948,303	112,510,177	95,347,263
31.1 Expense Recognized in Statement of Profit or Loss and Other Comprehensive Income				
Current Service Cost	27,162,005	21,875,097	23,723,005	18,804,654
Interest Cost	12,056,497	10,124,131	9,534,726	7,424,903
Expense Recognized in Statement of Profit or Loss (Note 11)	39,218,502	31,999,228	33,257,731	26,229,557
Actuarial (Gain)/Loss Recognised in OCI	(8,029,753)	5,403,622	(10,511,919)	6,964,120
Total Provision for the Year	31,188,749	37,402,850	22,745,812	33,193,677



31.2 Company

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2015 by professional actuaries – Messrs K A Pandit, Professional Consultants and Actuaries.

The valuation method used by the actuaries to value the retirement benefit obligation is the 'Projected Unit Credit Method', the method recommended by the LKAS 19 – 'Employee Benefits'.

The principal assumptions used in determining the cost of employee benefits were:

	2015	2014
Discount Rate	10%	10%
Expected Annual Average Salary Increment Rate	8.50%	8.50%
Staff Turnover Factor	1%	1%
Retirement Age	55 Years	55 Years

The Company will continue as a going concern.

31.3 Group

a. Access Realities (Private) Limited

Employee Benefit liabilities of Access Realities (Private) Limited calculated applying the 'Projected Unit Credit Method' recommended by LKAS 19 – 'Employee Benefits'.

b. Sathosa Motors PLC

The actuarial valuation has been carried out by Mr. Munisamy Poopalannathan, AIA Messers Actuarial & Management Consultants (Private) Limited - a firm of professional actuaries. The valuation method used by the actuaries to value the employee benefit obligation is the 'Projected Unit Credit Method'. The method recommended by the LKAS 19 – 'Employee Benefits'.

c. Access Projects (Private) Limited

Employee Benefit liabilities of Access Projects (Private) Limited calculated applying the 'Projected Unit Credit Method' recommended by LKAS 19 – 'Employee Benefits'.

The principal assumptions used in determining the cost of employee benefits were:

	2015	2014
Discount Rate	10%	11%
Expected Annual Average Salary Increment Rate	10% - 12%	10% - 12%
Staff Turnover Factor	7% - 16%	1% - 20%
Retirement Age	55 Years	55 Years

The Group will continue as a going concern.

31.4 Sensitivity of Assumptions Used

A quantitative sensitivity analysis for significant assumptions used by the Company is as shown below:

Effect on the Employee Benefit Obligation	Discount Rate	Salary Escalation Rate	Attrition Rate
As at 31st March 2015			
Increase by one percentage point	(12,760,930)	15,246,700	1,209,224
Decrease by one percentage point	15,171,117	(13,032,724)	(1,481,839)
As at 31st March 2014			
Increase by one percentage point	(10,981,124)	13,194,917	947,743
Decrease by one percentage point	13,129,313	(11,214,344)	(1,193,117)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on employee benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the Reporting period.

Notes to the Financial Statements



The following payments are expected contributions to the employee benefit obligation in future years:

	2015 Rs.	2014 Rs.
Within the next 12 months (next Annual Reporting period)	8,022,990	8,808,435
Between 2 and 5 years	20,425,824	18,768,687
Beyond 5 years	78,018,306	72,176,282
Total Expected Payments	106,467,120	99,753,404

	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
32. DEFERRED TAXATION				
Balance at the Beginning of the Year	230,151,886	157,734,573	226,536,003	156,426,366
Acquisition through Business Combination (Note 39)	(608,182)	-	-	-
Provision During the Year (Note 12.3)	21,162,080	72,417,313	16,295,589	70,109,637
Balance at the End of the Year	250,705,784	230,151,886	242,831,592	226,536,003

Deferred Tax Provision as at the year end is made up as follows:

<i>As at 31st March</i>	2015		2014	
	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.
Group (Restated)				
Accelerated Depreciation for Tax Purposes	2,222,301,777	279,812,221	1,963,876,838	242,885,692
Revaluation of Building to Fair Value	36,106,212	4,418,426	39,471,512	4,736,581
Staff Redundancy Provision	(55,865,190)	(6,836,391)	-	-
Provision for Doubtful Debtors	(28,747,759)	(3,517,950)	-	-
Defined Benefit Obligation	(154,202,860)	(23,170,522)	(120,948,303)	(17,470,387)
	2,019,592,180	250,705,784	1,882,400,047	230,151,886
Company				
Accelerated Depreciation for Tax Purposes	2,145,372,826	262,535,715	1,929,735,829	233,326,210
Revaluation of Building to Fair Value	36,106,212	4,418,426	39,471,512	4,736,581
Staff Redundancy Provision	(55,865,190)	(6,836,391)	-	-
Provision for Doubtful Debtors	(28,747,759)	(3,517,950)	-	-
Defined Benefit Obligation	(112,510,177)	(13,768,208)	(95,347,263)	(11,526,788)
	1,984,355,912	242,831,592	1,873,860,078	226,536,003

32.1 Company

Provision has been made for deferred taxation under the liability method in respect of temporary differences arising from difference between accounting and tax base. Since the Company is liable for income tax at different rates, the deferred tax liability is arrived at applying the income tax rates of 12% and 28% applicable for the construction income and other income respectively. The effective tax rate (weighted average) applicable is 12.23% (March 2014 – 12.08%).

32.2 Group

Access Realities (Private) Limited

No provisions have been made for deferred taxation, since the Company is liable for income tax at 2% on its revenue for next fifteen (15) years after completing the seven (07) years of income tax exemptions. The tax exemption ends at the end of 2010/11 year of assessment.

**Sathosa Motors PLC**

Provision has been made for deferred taxation under the liability method in respect of temporary differences arising from difference between accounting and tax base. Deferred tax has been computed at the rate of 28%.

Access Projects (Private) Limited

Provision has been made for deferred taxation under the liability method in respect of temporary differences arising from difference between accounting and tax base. Since the Company is liable for income tax at different rates, the deferred tax liability is arrived at applying the income tax rates of 12% and 28% applicable for the construction income and other income respectively. The effective tax rate (weighted average) applicable is 13.5% (2014 – 14.7%).

As at 31st March	Group		Company	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.
33. TRADE AND OTHER PAYABLES				
Trade Payables	1,901,269,955	2,064,157,142	1,177,315,181	1,478,471,138
VAT Payable	16,808,913	8,248,808	8,926,139	–
Accrued Expenses	346,364,120	260,831,337	216,645,964	226,641,628
Mobilization Advance	1,737,045,853	1,693,054,471	1,312,809,739	1,693,054,471
Advances Received	185,110,503	252,095,735	44,001,947	125,078,913
Retention Payable	184,212,772	94,782,679	106,813,060	94,782,679
Provision for Warranty	12,672,989	15,634,000	–	–
Security Deposit	21,773,326	21,026,304	–	–
	4,405,258,431	4,409,830,476	2,866,512,030	3,618,028,829
34. AMOUNTS DUE TO RELATED PARTIES				
Access International (Private) Limited	8,765,310	19,794,845	6,813,872	19,794,845
Access Energy Solution (Private) Limited	6,648,401	4,138,963	2,666,888	4,138,963
Access Natural Water (Private) Limited	283,418	370,183	244,455	370,183
Access International Projects (Private) Limited	30,600,980	2,093,203	–	2,093,203
Access Agencies (Private) Limited	1,259,957	880,725	–	880,725
Reprographcis (Private) Limited	237,760	128,800	220,000	–
ECO Friendly Power Developers (Private) Limited	118,386	–	118,386	–
Access Projects (Private) Limited	–	–	79,939	–
Access Realities (Private) Limited	–	–	1,582,971	9,398,328
Mr. Sheran Fernando	–	163,251	–	–
Mrs. Roshini Fernando	–	139,462	–	–
	47,914,212	27,709,432	11,726,511	36,676,247
35. CURRENT TAX LIABILITIES(ASSETS)				
Balance at the Beginning of the Year	133,786,973	42,770,404	71,235,762	5,243,652
Acquisition through Business Combination (Note 39)	18,053,912	–	–	–
Provision Made During the Year	297,163,168	343,817,434	157,762,618	212,693,138
Adjustment for the Prior Years	18,134,066	(1,873,498)	18,134,065	(1,914,388)
Payments Made During the Year	(369,003,585)	(230,875,624)	(250,776,595)	(130,000,000)
VAT Refund	–	(3,705,000)	–	–
Notional Tax	(2,811,458)	(2,302,216)	(2,811,458)	(954,557)
WHT Recoverable	(11,682,137)	(14,044,527)	(8,184,687)	(13,832,083)
Balance at the end of the Year	83,640,939	133,786,973	(14,640,295)	71,235,762
Current Tax Liabilities	98,281,234	133,786,973	–	71,235,762
Current Tax Assets	(14,640,295)	–	(14,640,295)	–
Net Current Tax Liabilities/(Assets)	83,640,939	133,786,973	(14,640,295)	71,235,762

Notes to the Financial Statements

**36. RELATED PARTY TRANSACTIONS****36.1 Company**

The following table provides the total amount of transactions that have been entered into with related parties:

Related Party	Names of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/Received	
				2015 Rs.	2014 Rs.
Access International (Private) Limited	Mr. S J S Perera	Chairman	Purchase of Construction Plant and Equipment	(30,697,053)	(827,691)
	Mr. J C Joshua	Director	Clearing and Handling Charges Paid	(6,334,143)	(535,983)
	Mr. R J S Gomez	Director	Sub Contractor Charges	-	(28,890,560)
	Mr. S D Perera	Director	Machinery Hiring Income	38,352	-
	Mr. D A R Fernando	Director	Purchase of Gabion, Fibertex, Geo MX & Tie Wire	(20,505,365)	(21,337,507)
	Mr. S H S Mendis	Director	Sale of Readymix Concrete	3,873,869	804,558
	Mr. S D Munasinghe	Director	Sale of Asphalt	334,665	-
			Short-Term Loan Granted	-	117,580,000
			Short-Term Loan Repayment	-	(117,580,000)
			Purchase Consideration – Access Projects (Private) Limited	(625,000,000)	-
Access Realities (Private) Limited	Mr. S J S Perera	Chairman	Dividends Received	3,034,014	12,136,056
	Mr. R J S Gomez	Director	Office Rentals	(45,540,404)	(41,644,408)
	Mr. J C Joshua	Director	Reimbursement of Telephone, Electricity and Air Conditioner Charges	(19,438,284)	(11,808,271)
	Mr. S D Perera	Director	Reimbursement of Maintenance Charges	(10,204)	(533,200)
	Mr. D A R Fernando	Director	Sub Contract Work – [Office Renovation]	(1,388,950)	(15,621,446)
	Mr. S H S Mendis	Director	Reimbursement of Office Renovation Expenses	-	11,560,710
	Mr. S D Munasinghe	Director	Hiring of Scaffolding Items	-	821,954
			Sale of Readymix Concrete	-	28,509
			Investment in Shares	(300,000,000)	-
				463,461,873	-
Access Realities 2 (Private) Limited	Mr. S J S Perera	Chairman	Construction Income	463,461,873	-
	Mr. R J S Gomez	Director			
	Mr. J C Joshua	Director			
	Mr. D A R Fernando	Director			
	Mr. S H S Mendis	Director			
Access Natural Water (Private) Limited	Mr. S J S Perera	Chairman	Purchase of Water Bottles	(4,359,676)	(4,088,741)
	Mr. J C Joshua	Director	Purchase of Electronic Dispenser	(153,844)	(213,613)
	Mr. R J S Gomez	Director			
	Mr. S D Perera	Director			
Access Agencies (Private) Limited	Mr. S J S Perera	Chairman	Sub Contractor Charges	-	(6,142,871)
	Mr. S D Perera	Director	Machinery Hiring Income	-	236,675
			Sale of Readymix Concrete	440,181	4,884,381
			Hiring of Scaffolding Items	439,010	197,450
Access Projects (Private) Limited	Mr. S J S Perera	Chairman	Reimbursement of Electricity Bill	(751,516)	(731,580)
	Mr. S D Perera	Director	Supply and Installation of Metal Ceiling	(187,568)	-
			Sale of Readymix Concrete	55,625,747	-
			Hiring of Scaffolding Items	3,696,677	2,616,704
Access Energy Solutions (Private) Limited	Mr. S J S Perera	Chairman	Sub Contractor Charges	75,760,856	(3,663,415)
	Mr. J C Joshua	Director			
	Mr. R J S Gomez	Director			
Reprographics (Private) Limited	Mr. S J S Perera	Chairman	Purchase of Toner	(291,800)	(177,000)
	Mr. S D Perera	Director	Photocopy Machine Spare Parts and Service	(236,364)	(166,850)
			Purchase of Photocopy Machine	(1,024,000)	(660,000)



Related Party	Names of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/Received	
				2015 Rs.	2014 Rs.
Eco Friendly Power Developers (Private) Limited	Mr. S J S Perera	Chairman	Construction Income	-	2,467,516
	Mr. J C Joshua	Director	Machinery Hiring Income	-	87,783
	Mr. R J S Gomez	Director			
	Mr. D A R Fernando	Director			
Access Industrial Systems (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Handling Charges – Elevators	(10,300,000)	-
Access Solar (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Supply and Installation of Solar Power System Office Equipment Repair Service	(2,113,378) (350,000)	- -
Access International Project (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Material Purchases	(74,850)	-
ZPMC Lanka Company (Private) Limited	Mr. J C Joshua	Director	Sale of Motor Vehicle	2,678,571	-
	Mr. S D Munasinghe	Director	Dividend Received	648,946	-
ATSL International (Private) Limited	Mr. S J S Perera	Chairman	Machinery Hiring Income	437,896	1,135,431
	Mr. J C Joshua	Director	Sale of Readymix Concrete	561,000	876,333
	Mr. R J S Gomez	Director			
Sathosa Motors PLC	Mr. S J S Perera	Director	Dividends Received	22,921,853	22,921,853
	Mr. J C Joshua	Director	Purchase of New Machinery	(45,000,000)	-
	Mr. R J S Gomez	Director	Vehicle Repair and Maintenance	(119,309)	(11,996)
	Mr. D A R Fernando	Director	Vehicle and Machinery Service Provided by AEL	110,160	-
	Mr. S H S Mendis	Director			
SML Frontier Automotive (Private) Limited	Mr. S J S Perera	Chairman	Vehicle Service Charges	(480,961)	-
	Mr. S H S Mendis	Director	Rent Income	2,100,000	-
	Mr. S D Munasinghe	Director	Refundable Deposit Received	2,100,000	-
C R D S Development (Private) Limited	Mr. J C Joshua	Director	Lease Rent	(6,300,000)	(6,000,000)

36.2 Group

The following table provides the total amount of transactions that have been entered into with related parties, within the Group:

Related Party	Names of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/Received	
				2015 Rs.	2014 Rs.
Access Realties (Private) Limited					
Access International (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez Mr. S D Perera Mr. D A R Fernando Mr. S H S Mendis Mr. S D Munasinghe	Chairman Director Director Director Director Director Director	Rental and Services Income Made in the Ordinary Course of the Business.	19,172,982	16,453,680
Access Real Estate (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Rental and Services Income Made in the Ordinary Course of the Business.	3,212,160	2,772,000

Notes to the Financial Statements



Related Party	Names of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/Received	
				2015 Rs.	2014 Rs.
Access Natural Water (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez Mr. S D Perera	Chairman Director Director Director	Purchase of Mineral Water	(252,154)	(240,088)
Access Energy Solutions (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez	Chairman Director Director	Rental and Service Income Made in the Ordinary Course of Business Purchase of Electrical Equipment	4,824,000 (651,500)	4,320,000 -
Access Industrial Systems (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Elevator Maintenance Fees and Spare Parts Supply	(1,162,928)	(2,457,396)
Access Solar (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Rental and Service Income Made in the Ordinary Course of Business	2,646,000	-
Access International Projects (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Rental and Service Income Made in the Ordinary Course of Business	683,100	892,320
Access Realities 2 (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez Mr. D A R Fernando Mr. S H S Mendis Mr. S D Munasinghe	Chairman Director Director Director Director Director	Loan Granted Investment in Shares	(16,050,000) (300,000,000)	(24,889,836) -
Sathosa Motors PLC					
Access Natural Water (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez Mr. S D Perera	Chairman Director Director Director	Purchase of Mineral Water Supply of Workshop Repair Services	(144,022) -	(119,167) 101,523
Access International (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez Mr. S D Perera Mr. D A R Fernando Mr. S H S Mendis Mr. S D Munasinghe	Chairman Director Director Director Director Director Director	Supply of Workshop Repair Services and Sale of New Vehicles	4,491,781	8,613,526
ATSL International (Private) Limited	Mr. S J S Perera Mr. J C Joshua Mr. R J S Gomez	Chairman Director Director	Construction of the Workshop at No. 25, Vauxhall Street	(23,965,000)	-
Reprographics (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Purchase of Photocopy Machine and Toners	(120,855)	-
SML Frontier Automotive (Private) Limited	Mr. S J S Perera Mr. S H S Mendis Mr. S D Munasinghe Mr. T D Gunasekara	Chairman Director Director Director	Vehicle Service Charge	32,403	111,532



Related Party	Names of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/ Received
				2015 Rs.
Access Projects (Private) Limited				
Access International (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Email Charges	(47,299)
			Generator Repair Charges	(151,368)
			Panel and Submersible Pump	(1,729,967)
			Labour Charges	(1,298,772)
			Labour and Raw Material Charges	15,559,003
		Sub Contractor Charges	8,400,000	
Access Agencies (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Plumbing Contractor Charges	(25,760,000)
			Bathroom Fittings and Accessories	(2,269,281)
			Retention Charges of Aluminium Works	785,747
Access Solar (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Supply and Installation of Solar Power System	(1,083,600)
Access International Projects (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Supply and Installation Charges	(37,166,242)
			Supply and Installation of Metal Ceiling	538,640
ATSL International (Private) Limited	Mr. S J S Perera	Chairman	Provision of Ceiling Work	2,385,467
Eurometallic (Private) Limited	Mr. D S Ferdinando	Director	Fund Transfers	17,180,000
Access Energy Solutions (Private) Limited	Mr. S J S Perera	Chairman	Supply and Installation of Electricity	(85,458,563)
Access Natural Water (Private) Limited	Mr. S J S Perera Mr. S D Perera	Chairman Director	Purchase of Mineral water	(1,198,389)

36.3 Terms and Conditions of Transactions with Related Parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

This Note should be read in conjunction with Notes 23 and 34 to these Financial Statements.

36.4 Transactions with Key Management Personnel

LKAS 24 – 'Related Party Disclosures', Key Management Personnel include members of the Board of Directors of Access Engineering PLC and its subsidiary companies.

	Group		Company	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
Compensation Paid to Key Management Personnel				
Short-Term Employee Benefits (Note 11)	55,822,800	41,602,800	35,805,000	32,910,000
Post-Employment Benefits	–	1,920,000	–	1,920,000
Total Compensation Paid to Key Management Personnel	55,822,800	43,522,800	35,805,000	34,830,000



37. COMMITMENTS AND CONTINGENCIES

37.1 Company

There were no material Commitments and Contingent liabilities as at the Reporting date except for the following:

Legal Cases Filed Against the Company

Case No. CHC706/10/MR

The case of money recovery by GTB Colombo Corporation (Private) Limited Vs. Three Defendants, namely, 1st Defendant: Asia Pacific Golf Course Limited, 2nd Defendant: Access Engineering PLC and 3rd Defendant: Urban Development Authority. The claim is made against the three defendants jointly and/or severally in the High Court of Western Province for non-payment of material supplied and invoiced by the Plaintiff to the 1st Defendant.

Access Engineering PLC is contesting the case, since the material purportedly supplied by the Plaintiff was not received by the 2nd Defendant and not invoiced to the 2nd Defendant. Further trial is on 21st July 2015.

Case No. 25455/M

The case of money recovery by S A Hansi Nadesha Madhushani, S A Devindi Thakshila Madhushani, S A Nahara Oshadi Madhushani appearing through D A Anusha Manel Dissanayake against two Defendants namely, 1st Defendant: Nalaka Priyantha Rajapaksha and 2nd Defendant: Access Engineering PLC. The claim is made against the 1st and 2nd Defendants jointly and/or severally in the District Court of Anuradhapura claiming damages for the death of the father S A Imesh Madhushan by an accident which took place in Alankulama. 1st and 2nd Defendants are contesting the case since there is no negligence and/or any fault whatsoever on the part of the 2nd Defendant and/or the 1st Defendant who is an employee of the 2nd Defendant. Further trial is on 6th August 2015.

Case No. 25409/M

The case of money recovery by D A Anusha Manel Dissanayake against two Defendants namely, 1st Defendant: Nalaka Priyantha Rajapaksha and 2nd Defendant: Access Engineering PLC. The claim is made against two Defendants jointly and/or severally in the District Court of Anuradhapura claiming damages for her husband S A Imesh Madhushan by an accident which took place in Alankulama. 1st and 2nd Defendants are contesting the case since there is no negligence and/or any fault whatsoever on the part of the 2nd Defendant and/or the 1st Defendant who is an employee of the 2nd Defendant. Further trial is on 6th August 2015.

Case No. 370/13

The claim of money recovery by Hamsarathani widow of Sinnarasa Sivarasa and Janarthai, Priyangan, Divyapriya, Thanalakshan, Loshan who are minors appearing through Murukananthavel Sivarani against 5 Defendants namely, 1st Defendant: Aviva NDB Insurance, 2nd Defendant: G G Athukorala, 3rd Defendant: Dasanayake Ariyadasa, 4th Defendant: Access Engineering PLC and 5th Defendant: Central Engineering Consultancy Bureau. The claim is made against 5 Defendants in the District Court of Malakkam claiming compensation for Sinnarasa Sivdasa who died in the accident occurred at Street AB 16 known as Kankesanthurai Street with a Water Bowser. Plaintiffs claim compensation of Rs. 7,000,000/- from the 4th Defendant. 4th Defendant's position is that the Plaintiff should be dismissed in limine as the Plaintiff is contrary to provisions of Sections 40 (d) and/or 46 (2) of the CPC the Plaintiff discloses a mis-joinder of parties and the Plaintiff does not disclose any cause of action against the 4th Defendant. Further trial is on 17th August 2015.

Legal Cases Filed by the Company

Case No. 456/13/MR

The case of money recovery by Access Engineering PLC against 5 Defendants namely, 1st Defendant: V V K Karunaratne, 2nd Defendant: Udaya Karunaratne, 3rd Defendant: Susil Karunaratne, 4th Defendant: Mohan Karunaratne and 5th Defendant: T V T R Karunaratne. The claim is made against 5 Defendants jointly and/or severally for the non-payment of money for the works undertaken by the Plaintiff under the sub contract to complete 0.00 to 6.77 Kilometers stretch of the Velanai-Kyres Road. Access Engineering PLC is proceeding with the case since the Plaintiff has completed the designated work allocated to the Plaintiff under the sub contract to the entire satisfaction of the Defendants and the Defendants have failed and neglected to pay the Plaintiff the sum of Rs. 30,829,466.51 though obliged to do so. Further trial is on 22nd September 2015.

Case No. B506/14

The Accused has been charged for fraudulently encashing a cheque for Rs. 3,600,000/- of Access Engineering PLC. The letter of demand has been sent to recovery of the said amount to Bank of Ceylon, Union Place branch. Further trial is on 29th July 2015.

**Case No. 228/14/MR**

The case of money recovery by Access Engineering PLC against Defendant namely, Allianz Insurance Lanka Limited. The claim is made against Defendant for the rejection of claims made under the Contractors, 'All Risk Insurance Policy' bearing Policy Number CAR/12658. Further trial (to submit consolidated issue and evidence affidavit) is on 23rd November 2015.

Bank guarantees issued by the banks on behalf of the Company are as follows:

	Amount Rs.
Bank	
Nations Trust Bank PLC	650,994,666
Hatton National Bank PLC	1,417,897,185
DFCC Bank	227,230,360
Sampath Bank PLC	979,800,439
Bank of Ceylon	1,481,145,173
People's Bank	1,671,945,941
Hongkong & Shanghai Banking Corporation	50,315,506
	6,479,329,270

Super Gains Tax

The Interim Budget Proposal presented by the Minister of Finance on 29th January 2015 and the pursuant bill presented to the Parliament on 30th March 2015, impose a one-off tax of 25% on taxable profits for the year of assessment 2013/14 on any company or each company in a group of companies, if the company's/group's profit before income tax exceeds Rs. 2,000 Mn.

The consolidated profit before tax of the Group and that of the Company exceeds the said threshold of Rs. 2,000 Mn. Accordingly, as per the provisions of the bill presented to Parliament the liability is estimated at approximately Rs. 554,228,650/- for the Group and Rs. 438,391,385/- for the Company.

The liability will be recognised in the Financial Statements when the bill is enacted.

PAYE Tax Assessment Received for Year of Assessment 2011/12

The Department of Inland Revenue has raised PAYE Tax Assessment to the Company for the year of assessment 2011/12, assessing shares gifted by three share holders of the Company at that time to the employees of the Company and to external parties, to pay PAYE tax of Rs. 471.9 Mn plus penalty of Rs. 236.1 Mn. The Company has filed valid appeal against this assessment.

Having discussed with independent legal and tax experts and based on information available. The Directors are of the view that the Company has followed due process and acted in accordance with the prevailing laws and therefore, the above assessment have no rational basis in law.

37.2 Group**Sathosa Motors PLC****Labour Tribunal Cases against the Sathosa Motors PLC****Mr. W A Siriwardane Vs. Sathosa Motors PLC [Ref. – Ct. 78 (25)]**

The above application was filed in the Labour Tribunal by an ex-employee Mr. W A Siriwardana who was a driver of the Company for terminating his services. He seeks reinstatement in service, monthly salary inclusive of the relevant allowances pending reinstatement in service. The Company filed answer on 25th June 2009. The Company is vehemently resisting the claim. The further trial is fixed for 29th May 2012. The trial is now concluded. The Tribunal has granted 6th May 2013 for filing of written submissions of both parties. As the new judge was sitting the tribunal on the 6th May 2013, the Court reserved the date of delivering the Order. The Order was delivered on 25th August 2013 and the application of Mr. W A Siriwardane was dismissed. The lawyers have not been notified of any appeal. As regards any gratuity dues, these would be payable according to law. Mr. W A Siriwardana appealed to the High Court of Colombo and the argument of the appeal is fixed for 27th July 2015.



Other Cases against the Sathosa Motors PLC

Consumer Affairs Authority Vs. Sathosa Motors PLC [Ref. – Cg. 78 (36)]

The above application was filed by Ms. C N Thilakarathne, Directress of the Consumer Affairs and Information complaining that the Company had published an advertisement in Lankadeepa Newspaper dated 2nd October 2013 in violation of Gazette Extraordinary No. 1687/45 of 7th January 2011 by omitting to mention the retail prices of the vehicles when advertising. The Court issued summons to appear in Court on 29th April 2014. On 29th April 2014 the Company pleaded not guilty and the trial has now been fixed. However, subsequently to the Reporting date this case was dismissed.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the Reporting date except for the following that would require adjustments to or disclosure in the Financial Statements.

38.1 Company

Final Dividend

Pursuant to a resolution adopted on 8th June 2015, the Board of Directors of the Company approved the payment of a final dividend of twenty-five cents (0.25 cents) per share amounting to Rs. 250,000,000/- for the year ended 31st March 2015.

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from Auditors, prior to declaring a final dividend.

In accordance with the LKAS 10 – ‘Events after the Reporting Period, the final dividends has not been recognised as a liability in the Financial Statements as at 31st March 2015.

Business Combination

The Company acquired 100% of the share capital of Horizon Holdings Ventures (Private) Limited, for a cash consideration of Rs 290 Mn on 30th June 2015.

Investment in Joint Venture

The Company acquired 50% of the share capital of Horizon Holdings (Private) Limited, for a cash consideration of Rs. 250 Mn on 30th June 2015.

38.2 Group

Sathosa Motors PLC

Pursuant to a resolution adopted on 15th July 2015, the Board of Directors of the Company approved the payment of first and final dividend of Seven Rupees (Rs. 7/-) per share amounting to Rs. 30,168,110/- for the year ended 31st March 2015.

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfies the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from Auditors, prior to declaration of dividends.

In accordance with the LKAS 10 – Events after the Reporting Period, the first and final dividends has not been recognised as a liability in the Financial Statements as at 31st March 2015.

39. BUSINESS COMBINATION

On 1st October 2014, Access Engineering PLC acquired 80% of equity stake of Access Projects (Private) Limited for a consideration of Rs. 1 Bn. Access Projects (Private) Limited is primarily involved in the business of construction activities.

As a result of the acquisition, the Group is expected to increase its presence in markets. It also expects to reduce costs through economies of scale. The goodwill of Rs. 656.6 Mn arising from the acquisition is attributable to acquired customer base and economies of scale expected from combining operations of the Group and Access Projects (Private) Limited. None of the goodwill recognized is expected to be deductible for income tax purpose.



The following table summarises the consideration paid for Access Projects (Private) Limited, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

<i>Consideration at 1st October 2014</i>	Rs.
Assets	
Property and Equipment	176,791,512
Intangible Assets	59,782
Deferred Tax Assets (Note 32)	608,182
Inventory	401,653,722
Trade and Other Receivables	635,928,229
Other Financial Assets	1,818,998
Cash and Cash Equivalent	3,084,971
Total Assets Acquired	1,219,945,396
Liabilities	
Employee Benefits (Note 31)	(15,128,461)
Interest-bearing Borrowing	(40,916,436)
Trade and Other Payables	(564,974,435)
Income Tax Payable (Note 35)	(18,053,912)
Bank Overdraft	(151,642,309)
Total Liabilities Assumed	(790,715,553)
Total Identifiable Net Assets at Fair Value	429,229,843
Non-Controlling Interest Measured at Proportionate Share of Acquiree's Identifiable Net Assets	(85,845,969)
Goodwill Arising on Acquisition Through Business Combination	656,616,126
Purchase Consideration Transferred (Note 18)	1,000,000,000
Cash and Cash Equivalent Acquired (Net)	(148,557,338)
Net Cash Outflow on Acquisition of Subsidiary	1,148,557,338

Acquisition-related costs of Rs. 6.1 Mn have been charged to administrative expenses in the Consolidated Income Statement for the year ended 31st March 2015.

The fair value of the non-controlling interest in Access Projects (Private) Limited, an unlisted company, was estimated at proportionate share of acquiree's identifiable net assets.

The revenue included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income since 1st October 2014 contributed by Access Projects (Private) Limited was Rs. 2,180.1 Mn. Access Projects (Private) Limited also contributed profit of Rs. 143.8 Mn over the same period.

Notes to the Financial Statements

**40. NON-CONTROLLING INTEREST****Ownership Interest Held by Non-Controlling Interest (NCI)**

	Principal Place of Business	Operating Segment	2015 %	2014 %
Access Projects (Private) Limited	Sri Lanka	Construction	20	–
Sathosa Motors PLC	Sri Lanka	Trading	15.58	15.58

The following is summarized financial information of Sathosa Motors PLC and Access Projects (Private) Limited. The information is before inter-company eliminations.

<i>For the Period/Year Ended</i>	Access Projects (Private) Limited	Sathosa Motors PLC	
	2015 Rs.	2015 Rs.	2014 Rs.
Statement of Profit or Loss and Other Comprehensive Income			
Revenue	2,180,102,234	3,502,513,624	3,040,851,594
Profit for the Year	145,408,870	269,804,804	288,232,337
Profit Attributable to NCI	29,081,774	48,916,699	68,523,480
Other Comprehensive Income	(1,615,859)	(456,065)	(531,847)
Total Comprehensive Income	143,793,011	269,348,739	287,700,490
Total Comprehensive Income Attributable to NCI	28,758,602	48,774,857	68,408,394

<i>As at 31st March,</i>	2015 Rs.	2015 Rs.	2014 Rs.
Statement of Financial Position			
Current Assets	1,604,235,652	2,032,034,392	1,766,600,781
Non-Current Assets	191,787,961	450,728,829	247,193,287
Current Liability	1,182,167,625	1,037,291,349	888,786,621
Non-Current Liability	40,833,144	112,927,476	31,644,063
Net Asset	573,022,842	1,332,544,396	1,093,363,384
Net Asset Attributable to NCI	114,604,569	310,413,135	266,337,644

<i>For the Period/Year Ended</i>	2015 Rs.	2015 Rs.	2014 Rs.
Statement of Cash Flows			
Cash Flow from/(used in) in Operating Activities	(169,045,572)	141,542,395	16,809,124
Cash Flow Used in Investing Activities	(29,838,832)	(208,165,606)	(196,476,138)
Cash Flow from/(used in) in Financing Activities	(1,819,003)	105,458,241	84,495,112
Net Increase/(Decrease) in Cash and Cash Equivalents	(200,703,406)	38,835,030	(95,171,903)
Dividend Paid to NCI During the Year	–	4,699,368	4,699,274



41. FINANCIAL INSTRUMENTS

41.1 Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39:

Financial Assets by Categories <i>As at 31st March,</i>	Loans and Receivables (L&R)		Financial Assets at Fair Value Through Profit or Loss (FVTPL)		Available-for-Sale Financial Assets (AFS)	
	2015 Rs.	2014 (Restated) Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
41.1.1 Group						
Financial Instruments in Current Assets						
Trade and Other Receivables	6,487,834,710	6,934,427,233	–	–	–	–
Amount Due from Related Parties	146,058,280	161,459,815	–	–	–	–
Other Current Financial Assets	1,275,404,887	1,076,731,440	–	–	–	–
Short-Term Investments	–	–	63,908,621	43,627,205	–	–
Short-Term Deposits	947,061,547	1,038,974,827	100,866,731	100,757,430	–	–
Cash and Cash Equivalents	1,525,798,172	1,079,510,620	–	–	392,682,634	441,559,819
Total	10,382,157,596	10,291,103,935	164,775,352	144,384,635	392,682,634	441,559,819

	Financial Assets Held-to-Maturity (HTM)	
	2015 Rs.	2014 (Restated) Rs.
Financial Instruments in Non-Current Assets		
Other Non-Current Financial Assets	84,113,503	38,485,323
	84,113,503	38,485,323

Financial Liabilities by Categories <i>As at 31st March,</i>	Financial Liabilities Measured at Amortized Cost	
	2015 Rs.	2014 (Restated) Rs.
Financial Instruments in Non-Current Liabilities		
Interest-Bearing Borrowings	97,868,513	967,690
Financial Instruments in Current Liabilities		
Trade and Other Payables	2,668,212,578	2,716,776,005
Amount Due to Related Parties	47,914,212	27,709,432
Interest-Bearing Borrowings	151,727,673	64,136,846
Bank Overdraft	401,320,248	22,753,157
Total	3,367,043,224	2,832,343,130

Notes to the Financial Statements



Financial Assets by Categories <i>As at 31st March,</i>	Loans and Receivables (L&R)		Financial Assets at Fair Value Through Profit or Loss (FVTPL)		Available-for-Sale Financial Assets (AFS)	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
41.1.2 Company						
Financial Instruments in Current Assets						
Trade and Other Receivables	4,521,000,936	5,968,573,971	–	–	–	–
Amount Due from Related Parties	554,648,785	121,048,470	–	–	–	–
Other Current Financial Assets	1,041,609,527	1,074,513,232	–	–	–	–
Short-Term Investments	–	–	63,908,621	43,627,205	–	–
Short-Term Deposits	746,945,915	972,573,735	100,866,731	100,757,430	–	–
Cash and Cash Equivalents	1,182,175,410	1,040,494,797	–	–	335,000,000	440,000,000
Total	8,046,380,573	9,177,204,205	164,775,352	144,384,635	335,000,000	440,000,000

The Company has not designated any financial assets upon initial recognition as Held-to-Maturity Investments.

Financial Liabilities by Categories <i>As at 31st March</i>	Financial Liabilities Measured at Amortized Cost	
	2015 Rs.	2014 Rs.
Financial Instruments in Current Liabilities		
Trade and Other Payables	1,553,702,290	1,924,974,358
Amount Due to Related Parties	11,726,511	36,676,247
Interest-Bearing Borrowings	–	4,628,287
Total	1,565,428,801	1,966,278,892

41.2 Fair Value Hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method:

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
Group				
As at 31st March 2015				
Fair Value Through P & L	164,775,352	–	–	164,775,352
Available-for-Sale	–	392,682,634	–	392,682,634
Loan and Receivables	–	2,472,859,719	7,909,297,877	10,382,157,596
Held-to-Maturity	84,113,503	–	–	84,113,503
As at 31st March 2014				
Fair Value Through P & L	144,384,635	–	–	144,384,635
Available-for-Sale	–	441,559,819	–	441,559,819
Loan and Receivables (Restated)	–	2,118,485,447	8,172,618,488	10,291,103,935
Held-to-Maturity (Restated)	38,485,323	–	–	38,485,323
Company				
As at 31st March 2015				
Fair Value Through P & L	164,775,352	–	–	164,775,352
Available-for-Sale	–	335,000,000	–	335,000,000
Loan and Receivables	–	1,929,121,325	6,117,259,248	8,046,380,573
As at 31st March 2014				
Fair Value Through P & L	144,384,635	–	–	144,384,635
Available-for-Sale	–	440,000,000	–	440,000,000
Loan and Receivables	–	2,013,068,532	7,164,135,673	9,177,204,205

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has trade and other receivables, other financial assets, short-term investment and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

42.1 Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

42.1.1 Trade Receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management.

The requirement for an impairment is analyzed at each Reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogeneous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data.

Notes to the Financial Statements

**42.1.2 Short-Term Deposits and Cash and Cash Equivalents**

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

The group held short-term deposits and cash and cash equivalents of Rs. 2,966 Mn at 31st March 2015 (2014 – 2,661 Mn) which represents its maximum credit exposure on these assets.

As at 31st March 2015, 69% (2014 – 96%) of the favourable balance of bank and financial institution was rated 'A+' or better for the Company.

	2015		2014	
	In Rs.	%	In Rs.	%
Fitch Rating – Company				
AAA	422,108	0	725,495	0
AA+	1,320,947,614	69	1,919,676,034	96
AA	3,163,920	0	350,416	0
AA-	513,399,412	27	18,304,415	1
A	70,729,830	4	53,623,683	3
Total	1,908,662,884	100	1,992,680,043	100

42.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To measure and mitigate liquidity risk, Company closely monitor its net operating cash flow, maintained a level of cash and cash equivalents and secured committed funding facilities from financial institutions.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying Amount	Contractual Cash Flows	6 Months or Less	6 - 12 Months	More than 1 Year
Non-Derivative Financial Liabilities – Group					
Trade and Other Payables	2,668,212,578	–	2,668,212,578	–	–
Amounts Due to Related Parties	47,914,212	–	47,914,212	–	–
Interest-Bearing Borrowings	249,596,186	–	98,039,529	53,688,144	97,868,513
Income Tax Payables	98,281,234	98,281,234	–	–	–
Unclaimed Dividend	14,395,345	14,395,345	–	–	–
Non-Derivative Financial Liabilities – Company					
Trade and Other Payables	1,553,702,291	–	1,553,702,291	–	–
Amounts Due to Related Parties	11,726,511	–	11,726,511	–	–
Unclaimed Dividend	2,044,424	2,044,424	–	–	–



42.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises of the following types of risk:

- i. Interest Rate Risk
- ii. Currency Risk
- iii. Commodity Price Risk
- iv. Equity Price Risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

Interest Rate Risk

At the Reporting date the interest rate profile of the Company's interest-bearing financial instruments were:

As at 31st March	Group		Company	
	2015 Rs.	2014 Restated Rs.	2015 Rs.	2014 Rs.
Fixed Rate Instruments				
Financial Assets	1,423,857,684	1,519,019,969	1,081,945,915	1,412,573,735
Financial Liabilities	249,596,186	65,104,536	–	4,628,287
Variable Rate Instruments				
Financial Liabilities	401,320,248	22,753,157	–	–

42.4 Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

As at 31st March	Group		Company	
	2015 %	2014 (Restated) %	2015 %	2014 %
Debt/Equity	1.50	0.43	–	0.03

Notes to the Financial Statements

**43. COMPARATIVE INFORMATION****43.1 Prior Year Adjustments**

The Consolidated Financial Statements for the year ended 31st March 2014 were prepared by amalgamating the Financial Statements of the Company and its subsidiary. However, the Financial Statements of SML Frontier Automotive (Private) Limited (Indirect subsidiary) which were taken for the consolidation purpose was unaudited for the year ended 31st March 2014. The prior year adjustments represent the effects of the adjustments made to the Audited Financial Statements of SML Frontier Automotive (Private) Limited. The amounts involved are not material to the Group.

Statement of Financial Position	Group As at 31st March 2014		
	As Previously Reported Rs.	Adjustments Rs.	As Restated Rs.
Property, Plant and Equipment (Note 15)	3,746,882,244	40,468,280	3,787,350,524
Intangible Assets (Note 17)	622,827,454	5,736,942	628,564,396
Impact on Non-Current Assets	4,369,709,698	46,205,222	4,415,914,920
Inventories (Note 21)	1,948,527,587	(12,621,553)	1,935,906,034
Trade and Other Receivables (Note 43.2)	5,247,222,804	(35,697,752)	5,211,525,052
Amounts Due from Related Parties (Note 23)	135,029,994	26,429,821	161,459,815
Cash and Cash Equivalents (Note 27)	1,521,490,044	(419,605)	1,521,070,439
Impact on Current Assets	8,852,270,429	(22,309,089)	8,829,961,340
Overall Impact on Total Assets	20,179,652,643	23,896,133	20,203,548,776
Retained Earnings	5,813,793,089	1,012,796	5,814,805,885
Non-Controlling Interest	264,951,094	1,386,550	266,337,644
Impact on Equity	6,078,744,183	2,399,346	6,081,143,529
Employee Benefits (Note 31)	119,720,592	1,227,711	120,948,303
Deferred Tax Liabilities (Note 32)	228,416,353	1,735,533	230,151,886
Impact on Non-current Liabilities	348,136,945	2,963,244	351,100,189
Trade and Other Payables (Note 43.2)	2,744,716,537	30,936,111	2,775,652,648
Amount Due to Related Parties (Note 34)	27,277,919	431,513	27,709,432
Current Tax Liabilities (Note 35)	148,981,055	(15,194,082)	133,786,973
Bank Overdraft (Note 27)	20,393,157	2,360,000	22,753,157
Impact on Current Liabilities	2,941,368,668	18,533,542	2,959,902,210
Overall Impact on Total Equity and Liabilities	20,179,652,643	23,896,133	20,203,548,776

Statement of Profit or Loss and Other Comprehensive Income	Group For the Year ended 31st March 2014		
	As Previously Reported Rs.	Adjustments Rs.	As Restated Rs.
Revenue (Note 8)	16,386,491,192	(13,150,108)	16,373,341,084
Cost of Sales	(12,202,397,985)	15,383,121	(12,187,014,864)
Overall Impact on Gross Profits	4,184,093,207	2,233,013	4,186,326,220
Other Income (Note 9)	87,424,836	5,217,358	92,642,194
Administrative Expenses	(1,030,241,724)	(16,823,265)	(1,047,064,989)
Net Finance Income (Note 10)	137,876,989	(1,686,308)	136,190,681
Overall Impact on Profit Before Tax	3,327,222,905	(11,059,202)	3,316,163,703
Income Tax Expenses (Note 12)	(428,027,281)	13,458,548	(414,568,733)
Overall Impact on Profit for the Year	2,899,195,624	2,399,346	2,901,594,970



Statement of Profit or Loss and Other Comprehensive Income	Group For the Year ended 31st March 2014		
	As Previously Reported Rs.	Adjustments Rs.	As Restated Rs.
Overall Impact on Profit Attributable to:			
Owners of the Company	2,832,058,694	1,012,796	2,833,071,490
Non-Controlling Interest	67,136,930	1,386,550	68,523,480
Profit for the Period	2,899,195,624	2,399,346	2,901,594,970
Overall Impact on Total Comprehensive Income Attributable to:			
Owners of the Company	2,928,679,301	1,012,796	2,929,692,097
Non-Controlling Interest	67,021,844	1,386,550	68,408,394
Total Comprehensive Income for the Period, Net of Tax	2,995,701,145	2,399,346	2,998,100,491

43.2 Reclassifications

The presentation and classification of the Financial Statements of the previous years have been amended, where relevant for better presentation and to be comparable with those of the current year. Following table summarises such classification changes:

	As Previously Reported/Restated Rs.	Change Rs.	Reclassified Rs.
Group			
Non-Current Assets			
Other Non-Current Financial Assets	37,290,000	1,195,323	38,485,323
Current Assets			
Trade and Other Receivables	5,211,525,052	1,764,915,488	6,976,440,540
Other Current Financial Assets	2,842,842,251	(1,766,110,811)	1,076,731,440
Current Liabilities			
Trade and Other Payables	2,775,652,648	1,634,177,828	4,409,830,476
Other Financial Liabilities	1,693,054,471	(1,693,054,471)	Nil
Interest-Bearing Borrowings	5,260,203	58,876,643	64,136,846
Net Finance Income			
Interest Income on Trade receivables	60,290,834	(60,290,834)	Nil
Unwinding of Prepaid Trade Receivables Expenses	(60,290,834)	60,290,834	Nil
Interest Expenses on Mobilization Advance	(221,954,418)	221,954,418	Nil
Unwinding of Prepaid Mobilization Advance Income	221,954,418	(221,954,418)	Nil
Company			
Current Assets			
Trade and Other Receivables	4,225,016,933	1,766,110,811	5,991,127,744
Other Current Financial Assets	2,840,624,043	(1,766,110,811)	1,074,513,232
Current Liabilities			
Trade and Other Payables	1,924,974,358	1,693,054,471	3,618,028,829
Other Financial Liabilities	1,693,054,471	(1,693,054,471)	Nil
Net Finance Income			
Interest Income on Trade Receivables	60,290,834	(60,290,834)	Nil
Unwinding of Prepaid Trade Receivables Expenses	(60,290,834)	60,290,834	Nil
Interest Expenses on Mobilization Advance	(221,954,418)	221,954,418	Nil
Unwinding of Prepaid Mobilization Advance Income	221,954,418	(221,954,418)	Nil

Notes to the Financial Statements



	Access Engineering PLC			
	Construction		Production of Construction-Related Material	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<i>For the Year/Period Ended 31st March</i>				
44. SEGMENT INFORMATION				
Segment Revenue	10,046,416,575	12,723,250,437	2,538,954,365	2,648,863,495
Inter-Segment Revenue	(467,158,550)	(821,954)	(1,396,123,892)	(2,183,801,822)
Revenue	9,579,258,025	12,722,428,483	1,142,830,473	465,061,673
Segment Results	1,390,918,478	2,118,268,894	442,016,000	547,719,274
Inter-Company Dividend	-	-	-	-
Consolidation Adjustment	-	-	-	-
Net Finance Income	111,013,798	134,613,235	-	-
Share of Results of Associate	-	-	-	-
Profit before Tax	1,501,932,277	2,252,882,129	442,016,000	547,719,274
Income Tax Expense	(191,224,052)	(276,993,717)	-	-
Consolidation Adjustment	-	-	-	-
Profit for the Period	1,310,708,225	1,975,888,412	442,016,000	547,719,274
Capital Expenditure	704,418,720	471,483,308	28,331,758	8,378,083
Depreciation and Amortization	523,965,617	471,333,472	81,825,513	80,541,139
Consolidation Adjustment	-	-	-	-
	523,389,172	471,333,472	81,825,513	80,541,139

	Access Engineering PLC			
	Construction		Production of Construction-Related Material	
	2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.
<i>As at 31st March</i>				
Segment Assets	17,535,228,697	17,631,328,119	721,726,979	683,309,602
Investment in Subsidiary	-	-	-	-
Consolidation Adjustment	-	-	-	-
Revaluation of Leasehold Right	-	-	-	-
Goodwill	-	-	-	-
Share of Results of Associate	-	-	-	-
Inter-Segment – Elimination	-	-	-	-
	17,535,228,697	17,631,328,119	721,726,979	683,309,602
Segment Liabilities	2,962,793,198	3,907,821,147	272,831,536	147,753,555
Inter-Segment – Elimination	-	-	-	-
	2,962,793,198	3,907,821,147	272,831,536	147,753,555



Access Realties (Private) Limited		Sathosa Motors PLC		Access Projects (Private) Limited	Group Total	
2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 – 6 Months Rs.	2015 Rs.	2014 Rs.
200,445,574	186,655,738	3,502,513,624	3,040,851,594	2,180,102,234	18,468,432,372	18,599,621,264
(45,540,404)	(41,644,408)	(45,504,613)	(11,996)	–	(1,954,327,459)	(2,226,280,180)
154,905,170	145,011,330	3,457,009,011	3,040,839,598	2,180,102,234	16,514,104,913	16,373,341,084
312,313,746	135,910,835	383,123,701	420,470,763	179,805,481	2,708,084,773	3,222,369,766
–	–	–	–	–	(26,604,727)	(35,057,909)
–	–	–	–	–	(39,474,746)	(14,015,754)
9,008,260	6,981,886	(859,087)	(5,404,441)	(9,539,377)	109,623,595	136,190,680
–	–	–	–	–	11,112,685	6,676,920
321,322,006	142,892,721	382,171,980	415,066,322	170,266,104	2,762,741,580	3,316,163,703
(7,435,847)	(6,845,708)	(112,367,176)	(126,833,985)	(24,857,234)	(335,884,309)	(410,673,410)
–	–	–	–	–	(2,956,081)	(3,895,323)
313,886,159	136,047,013	269,804,804	288,232,337	145,408,870	2,423,901,190	2,901,594,970
478,797,648	109,380,580	190,404,634	166,188,576	34,183,550	1,436,136,310	755,430,547
1,270,824	1,047,696	32,421,008	23,985,360	14,902,165	654,385,127	576,907,667
–	–	–	–	–	14,091,834	14,091,834
1,270,824	1,047,696	32,421,008	23,985,360	14,902,165	668,476,961	590,999,501

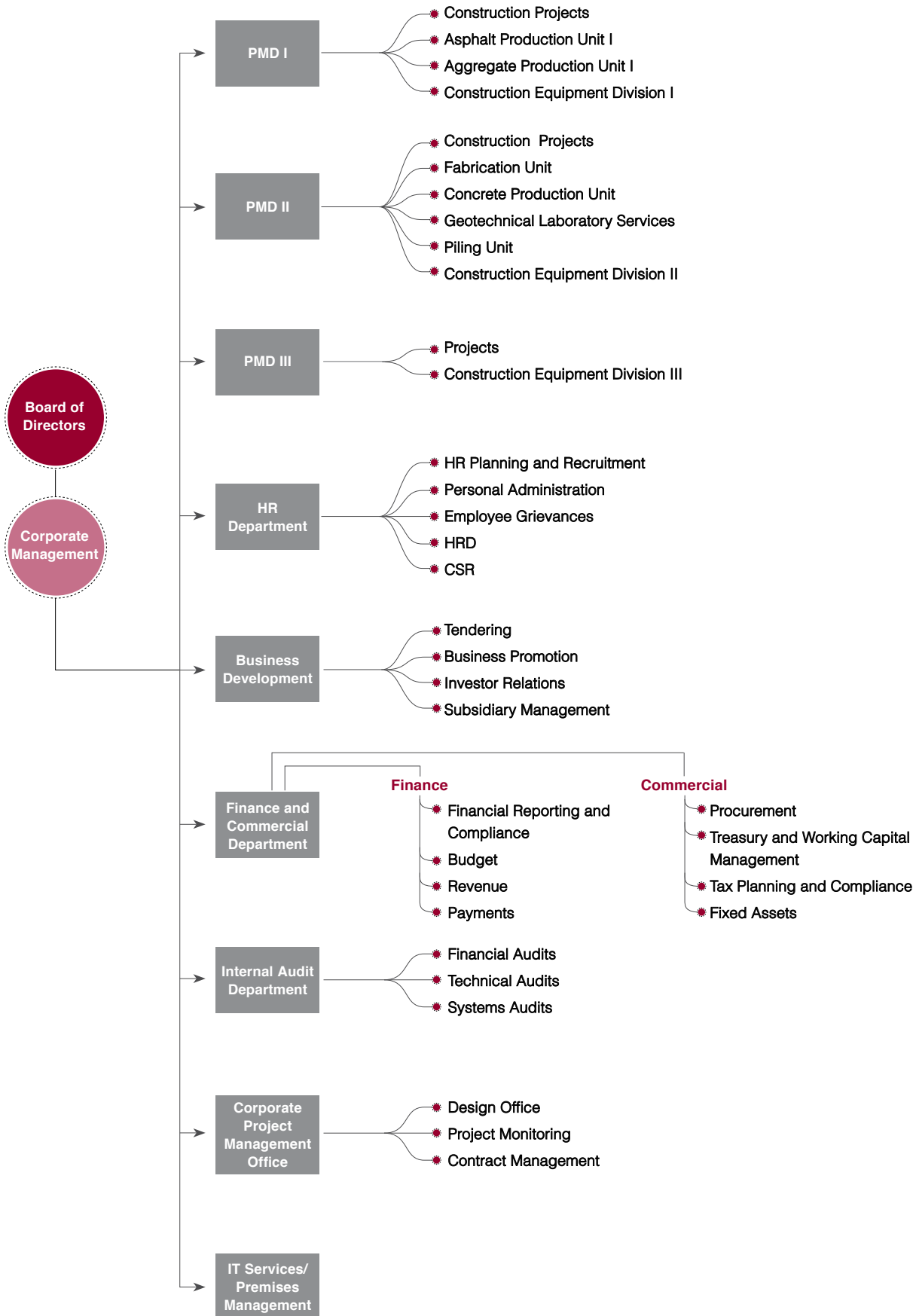
Access Realties (Private) Limited		Sathosa Motors PLC		Access Projects (Private) Limited	Group Total	
2015 Rs.	2014 Rs.	2015 Rs.	2014 Rs.	2015 Rs.	2015 Rs.	2014 Rs.
4,325,683,349	3,258,083,515	2,482,763,220	2,013,794,068	1,796,023,613	26,861,425,860	23,586,515,304
–	–	–	–	–	(5,193,474,047)	(3,893,474,047)
–	–	–	–	–	(55,649,981)	(22,130,852)
–	–	–	–	–	114,332,390	114,332,390
–	–	–	–	–	1,089,204,227	432,588,101
–	–	–	–	–	11,112,685	6,676,920
–	–	–	–	–	(499,127,399)	(20,959,040)
4,325,683,349	3,258,083,515	2,482,763,220	2,013,794,068	1,796,023,613	22,327,823,736	20,203,548,776
523,600,335	66,498,499	1,150,218,826	920,430,684	1,223,000,771	6,132,444,665	5,042,503,885
–	–	–	–	–	(499,127,399)	(20,959,040)
523,600,335	66,498,499	1,150,218,826	920,430,684	1,223,000,771	5,633,317,266	5,021,544,845

Five Year Summary



		2010/11	2011/12	2012/13	2013/14	2014/15
Statement of Profit or Loss and Other Comprehensive Income Highlights						
Revenue	Rs. Mn	3,651	7,320	13,900	16,373	16,514
Gross Profit	Rs. Mn	1,296	2,121	3,061	4,186	3,815
EBITDA	Rs. Mn	1,498	2,159	2,883	3,771	3,322
EBIT	Rs. Mn	1,359	1,931	2,433	3,180	2,653
Net Finance Income	Rs. Mn	22	102	239	136	110
Profit After Tax	Rs. Mn	1,167	1,737	2,412	2,902	2,424
Profit Attributable to Owners	Rs. Mn	962	1,733	2,376	2,833	2,346
Statement of Financial Position Highlights						
Property, Plant and Equipment	Rs. Mn	1,229	2,672	3,741	3,787	4,222
Total Non-Current Assets	Rs. Mn	4,029	6,641	7,579	7,349	9,155
Cash and Cash Equivalent	Rs. Mn	225	1,641	703	1,521	1,918
Short-Term Deposits	Rs. Mn	96	883	1,371	1,140	1,048
Total Assets	Rs. Mn	5,767	14,284	16,642	20,204	22,328
Stated Capital	Rs. Mn	3,000	9,000	9,000	9,000	9,000
Retained Earnings	Rs. Mn	1,144	1,670	3,486	5,815	7,169
Equity Attributable to Owners	Rs. Mn	4,344	10,670	12,486	14,916	16,269
Interest-Bearing Borrowings	Rs. Mn	625	13	8	65	250
Total Non-Current Liabilities	Rs. Mn	525	174	259	359	514
Statement of Cash Flow Highlights						
Cash Flows from Operating Activities	Rs. Mn	745	638	1,301	1,608	3,218
Cash Flows used in Investing Activities	Rs. Mn	(1,329)	(3,332)	(1,721)	(341)	(2,337)
Cash Flows from/(used in) Financing Activities	Rs. Mn	309	4,116	(513)	(459)	(862)
Key Financial Ratios						
EPS	Rs.	1.20	1.83	2.38	2.83	2.35
DPS	Rs.	2.00	0.27	0.50	0.50	1.00
Net Assets Per Share	Rs.	7.24	10.67	12.49	14.92	16.27
Dividend Payout	%	167	15	21	18	43
ROE	%	22.1	16.2	19.0	19	14.4
ROCE	%	27.9	17.5	18.9	20.5	15.4
Gearing	%	14.4	0.1	0.1	0.4	1.5
Current Ratio	Times	1.9	2.3	2.4	2.8	2.6
Quick Ratio	Times	1.6	1.8	1.9	2.3	2.1
Price Per Share	Rs.	N/A	26.7	19.7	22.5	19.2
Investor Highlights						
Total Number of Shareholders	No.	N/A	1,838	2,153	2,196	4,610
Percentage of Public Holding	%	N/A	36.52	36.52	35.53	37.92
Value of Shares Traded	Rs. Mn	N/A	45	1,265	2,148	14,900
Number of Trades	No.	N/A	975	13,535	10,229	49,154

Operating Structure



Awards and Accolades

Awards and Accolades



NATIONAL AWARDS

Mahabimani 2014

Construction Performance Award

(Transmission and Distribution of Kanthale Ganthalawa Pipe Laying (KGPL))

Awarded by ICTAD

Mahabimani 2014

Construction Performance Award

(Dialog Optical Fiber Network Project Phase II and III)

Awarded by ICTAD

Mahabimani 2014

Construction Performance Award

[Construction of Kadurugaldola Mini Hydro Power Project (KMPH)]

Awarded by ICTAD

Chartered Accountants – Annual Report Awards 2014

Construction Companies – Gold

Awarded by the Institute of Chartered Accountants

People Development Award – 2014

Silver Award

Awarded by the SLITAD

Best Corporate Citizen Sustainability Award – 2014

Sector Award Winner – Infrastructure

Awarded by The Ceylon Chamber of Commerce

National Engineering & Technology Award – 2014

Overall Performance – Gold

Awarded by IESL

National Occupational Safety & Health Awards – 2014

Merit Award – Polduwa Bridge Project

Awarded by the NIOSH

National Occupational Safety & Health Awards – 2014

Excellence Award

Winner – Construction Sector – Medium Scale (Kadawatha – Nittambuwa Road Project)

Awarded by the NIOSH

Business Today – Best Twenty Five Companies Awards 2013/14

Access Engineering – Ranking 20

National Business Excellence Awards 2013

Overall Winner – Gold

Awarded by the NCCSL

National Business Excellence Awards 2013

Extra Large Category – Winner

Awarded by the NCCSL

National Business Excellence Awards 2013

Construction Sector – Winner

Awarded by the NCCSL

National Business Excellence Awards 2013

Excellence in Business & Financial

Results – Winner

Awarded by the NCCSL

Best Corporate Citizen Sustainability Award 2013

Category of Ten Best Corporate Citizens

Awarded by The Ceylon Chamber of Commerce

Best Corporate Citizen Sustainability Award - 2013

Less than Rs. 15 Bn Turnover Category –

1st Runner Up

Awarded by The Ceylon Chamber of Commerce

Best Corporate Citizen Sustainability Award 2013

Certificate of Merit – Mentoring Programme at UoM

Awarded by The Ceylon Chamber of Commerce

Mahabimani 2013

Award for Innovative Techniques in Construction

(Urgent Renovation at UCT – New North Pier in Colombo Port)

Awarded by ICTAD

Mahabimani 2013

Construction Performance Award

(ADB Funded Eastern & North Central Provincial Roads Project – Phase I)

Awarded by ICTAD

Mahabimani 2013

Construction Performance Award

(Rehabilitation & Improvements to Ambepussa-Kurunegala-Trincomalee Road A06 from 157+000km to 167+280km & Kantale to Ganthalawa Road)

Awarded by ICTAD

Mahabimani 2013

Construction Performance Award

(Construction, Completion & Commissioning of Gated Salinity Barrier Across Walawe River at Ambalanthota)

Awarded by ICTAD

Mahabimani 2013

Construction Performance Award

(Urgent Renovation at UCT – New North Pier in Colombo Port)

Awarded by ICTAD

National Engineering & Technology Award 2013

Overall Performance – Gold

Awarded by IESL

National Engineering & Technology Award 2013

Silver Sponsor at Techno 2013

Awarded by IESL

Engineering Excellence Award 2013

Merit Award for Excellence in Engineering for Organizations

Awarded by IESL

Chartered Accountants – Annual Report Awards 2013

Construction Companies – Gold

Awarded by the Institute of Chartered

National Business Excellence Awards 2012

Excellence in Business & Financial

Performance – Winner

Awarded by the NCCSL

National Business Excellence Awards 2012

Construction Sector – Winner

Awarded by the NCCSL

National Business Excellence Awards 2012

Extra Large Category – 2nd Runner Up

Awarded by the NCCSL

National Engineering & Technology Award – 2012

Best Display of Local Product - Gold

Awarded by IESL

National Engineering & Technology Award – 2012

Silver Sponsor at Techno 2012

Awarded by IESL

Engineering Excellence Award 2012

Excellence in Engineering for Organizations' in the 'Infrastructure – Construction' Category

Awarded by IESL

Chartered Accountants Annual Report Awards – 2012

Construction Companies – Gold

Awarded by The Institute of Chartered Accountants of Sri Lanka



Milestones

April 2014

- Completion of Improvement and Rehabilitation Work of Navatkuli-Karaitivu-Mannar Road
- Commencement of Construction Work of 941 Low-Cost Housing Units at Henamulla under The Relocation of Underserved Settlements Project

November 2014

- Commencement of Construction for the Erection of a Diaphragm Wall in the Construction of ITC Colombo One Hotel
- Received the 'Sector Award – Infrastructure' at the Best Corporate Citizen Sustainability Award 2014
- Received 'People Development Silver Award 2014' by the Sri Lanka Institute of Training and Development (SLITAD)
- 4 months ahead of schedule completion of Design and Construction of Polduwa Bridge across Diyawanna Oya

September 2014

Acquisition of 80% of Access Projects (Private) Limited

January 2015

Commencement of Commissioning of Cranes by ZPMC Lanka in Saudi Arabia

October 2014

- Completion of Rehabilitation and Improvement Work of Mannar-Puttalam Road
- Completion of Rehabilitation and Improvement Work of Bangadeniya-Andigama-Anamaduwa Road

February 2015

Opening of Access Engineering PLC East Africa Branch Office in the Free Zone of the Republic of Djibouti

December 2014

- Completion of Improvement and Rehabilitation of Galagedara-Rambukkana Road
- Received the 'Gold Award for Construction Companies' at the ICASL Annual Reports Awards

GRI Content Index



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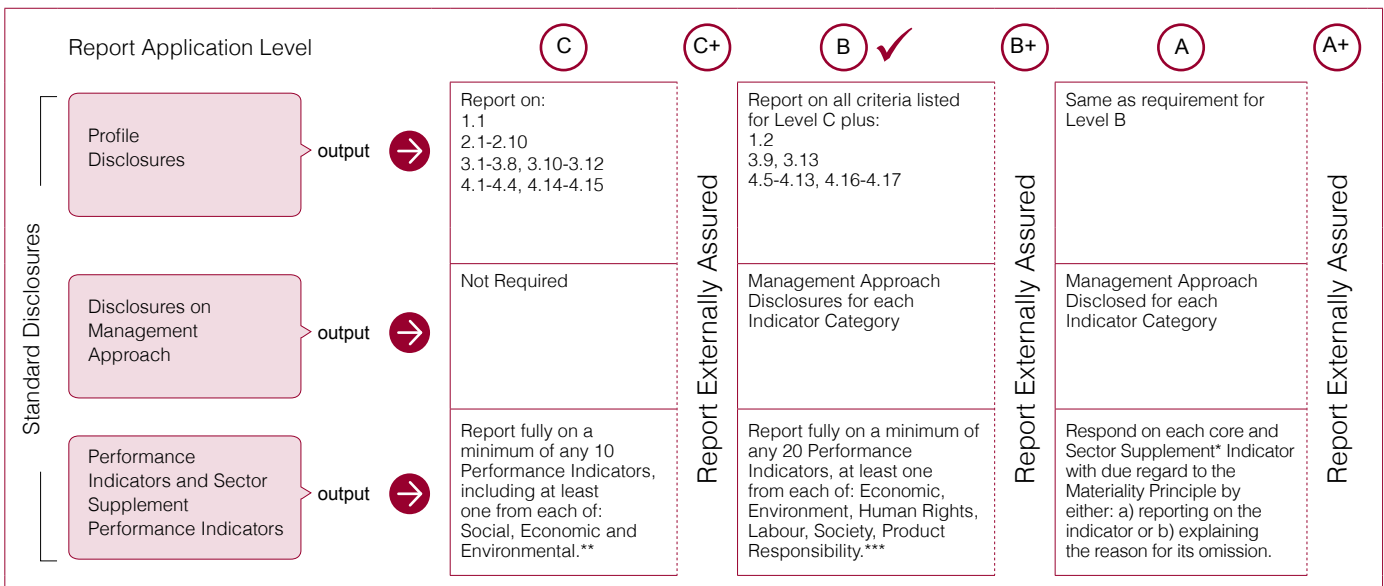
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Issue Areas	GC Principles	Relevant GRI Indicators
Human Rights	<i>Principle 1</i> Businesses should support and respect the protection of internationally-proclaimed human rights	LA7, LA8, LA13, HR4, HR6, PR2, PR 8
	<i>Principle 2</i> Businesses should make sure that they are not complicit in human rights abuses	HR4, HR6
Labour	<i>Principle 3</i> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	-
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	<i>Principle 6</i> Businesses should uphold the elimination of discrimination in respect of employment and occupation	LA2, LA13, HR4
Environment	<i>Principle 7</i> Businesses should support a precautionary approach to environmental challenges	EN26, EN30
	<i>Principle 8</i> Businesses should undertake initiatives to promote greater environmental responsibility	EN5, EN7, EN10, EN11, EN26, EN28, EN30
	<i>Principle 9</i> Businesses should encourage the development and diffusion of environmentally friendly technologies	EN5, EN7, EN10, EN26, EN30
Anti-Corruption	<i>Principle 10</i> Businesses should work against corruption in all its forms, including extortion and bribery	SO2, SO3



* Sector supplement in final version

** Performance Indicators may be selected from any finalized Sector Supplement, but 7 of the 10 must be from the original GRI Guidelines

*** Performance Indicators may be selected from any finalized Sector Supplement, but 14 of the 20 must be from the original GRI Guidelines

Notice of Meeting



NOTICE IS HEREBY GIVEN that the fourth Annual General Meeting of Access Engineering PLC will be held at the Sri Lanka Foundation, No. 100, Sri Lanka Padanam Mawatha, Independent Square, Colombo 07 on Friday 28th August 2015 at 3.00 p.m. and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2015 and the report of the Auditors thereon.
2. To re-elect as a Director Mr. R J S Gomez who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.
3. To elect Mr. D S Weerakkody, who retires in terms of Article 95 of the Articles of Association, as a Director of the Company.
4. To authorize the Directors to determine donations for the ensuing year.
5. To reappoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

By Order of the Board,

Access Engineering PLC

P W CORPORATE SECRETARIAL (PRIVATE) LIMITED
Director/Secretaries

16th July 2015
Colombo

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 278, Union Place, Colombo 2, not less than thirty six (36) hours before the time fixed for the commencement of the meeting.

Form of Proxy



I/We the undersigned NIC No.

of

being a member/s* of Access Engineering PLC hereby appoint:

.....

of.....

- | | |
|--|----------------------------|
| Mr. Sumal Joseph Sanjiva Perera | of Colombo or failing him* |
| Mr. Ranjan John Suriyakumar Gomez | of Colombo or failing him* |
| Mr. Joseph Christopher Joshua | of Colombo or failing him* |
| Mr. Shevantha Harindra Sudhakara Mendis | of Colombo or failing him* |
| Mr. Dalpadoruge Anton Rohana Fernando | of Colombo or failing him* |
| Mr. Saumaya Darshana Munasinghe | of Colombo or failing him* |
| Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe | of Colombo or failing him* |
| Mr. Niroschan Dakshina Gunaratne | of Colombo or failing him* |
| Mr. Suresh Dilhan Perera | of Colombo or failing him* |
| Mr. Dinesh Stephan Weerakkody | of Colombo |

my/our* Proxy to vote as indicated hereunder for me/us* and on my/our* behalf at the Annual General Meeting of the Company to be held on 28th August 2015 and at every poll which may be taken in consequence of the aforesaid meeting and at any adjournment thereof:

	For	Against
Resolution 1 To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2015 with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 To re-elect Mr. R J S Gomez who retires in terms of Article No. 88 (i) of the Articles of Association of the Company, as a Director	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 To elect Mr. D S Weerakkody who retires in terms of Article No. 95 of the Articles of Association of the Company, as a Director.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 To authorize the Directors to determine donations for the ensuing year.	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 To reappoint Messrs KPMG, Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands this day of Two Thousand and Fifteen.

.....
Signature of Shareholder/s

**Please delete the inappropriate words.
Instructions as to completion appear on the reverse.*

Form of Proxy



INSTRUCTIONS AS TO COMPLETION

1. This Form of Proxy must be deposited at No. 278, Union Place, Colombo 2 not less than thirty-six (36) hours before the time fixed for the Meeting.
2. In perfecting the Form of Proxy please ensure that all details are legible.
3. If you wish to appoint a person other than a Director of the Company as your proxy, please insert the relevant details in the space provided.
4. Please indicate with an 'X' in the space provided, how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
5. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a proxy signed by an Attorney, the Power of Attorney must be deposited at The Secretaries' Office [i.e., P W Corporate Secretarial (Private) Limited, 3/17, Kynsey Road, Colombo 8] for registration.
7. In the case of joint holders the Form of Proxy must be signed by the first holder.



Corporate Information

NAME OF COMPANY

Access Engineering PLC

REGISTERED OFFICE

Access Engineering PLC
Access Towers
278, Union Place, Colombo 02,
Sri Lanka.
Tel: +94 11 7606606
Fax: +94 11 7606605
Web: www.accessengsl.com
E-mail: investor.relations@accessengsl.com

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on 31st July 2001 under the Companies Act No. 17 of 1982 and Re-registered under the Companies Act No. 07 of 2007 on 6th February 2008.

Ordinary Voting Shares are listed on the Main Board of the Colombo Stock Exchange.

COMPANY REGISTRATION NUMBER

PB 200 PQ

BOARD OF DIRECTORS

S J S Perera
J C Joshua
D A R Fernando
S H S Mendis
S D Munasinghe
R J S Gomez
Prof. K A M K Ranasinghe
N D Gunaratne
S D Perera
D S Weerakkody

AUDIT COMMITTEE

N D Gunaratne – Chairman
Prof. K A M K Ranasinghe
S D Perera
S D Weerakkody

REMUNERATION COMMITTEE

S D Weerakkody – Chairman
Prof. K A M K Ranasinghe
N D Gunaratne
S D Perera

STRATEGIC PLANNING COMMITTEE

S J S Perera – Chairman
J C Joshua
D A R Fernando
Prof. K A M K Ranasinghe

BANKERS

Bank of Ceylon
Nations Trust Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
People's Bank
The Hongkong and Shanghai Banking Corporation Limited
DFCC Vardhana Bank PLC
CAC International Bank

SECRETARIES

P W Corporate Secretarial (Private) Limited
3/17, Kynsey Road,
Colombo 08,
Sri Lanka.
Tel: +94 11 4640360
Fax: +94 11 4740588

AUDITORS

Messrs KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03,
Sri Lanka.
Tel: +94 11 2426426
Fax: +94 11 2445872



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This is an Integrated Annual Report

This Access Engineering PLC annual report has been prepared using the Smart Integrated Reporting Methodology™ of Smart Media The Annual Report Company.

