

Approved Copy
of
Access Engineering PLC
Annual Report 2015/16
submitted
by
Smart Media (Pvt) Ltd.
on
13th July 2016



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Engineering INNOVATION

Annual Report
2015/16

Access Engineering PLC

This is an integrated Annual Report capturing economic,
social and environmental performance

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Engineering Innovation

It's not just about building a bridge...or a road...or a flyover...or any of the hundreds of other constructions and systems Access Engineering has produced as a vital partner of the development drive of Sri Lanka. It's about how we set about such projects; how we engineer them; what skills and mindsets we apply...and this is where innovation figures largely!

Whilst Access Engineering is adept at engineering innovative solutions for a myriad applications, our teams of professionals are renowned for their engineering innovation, as a quality that's second nature to them. 'Out of the box' is familiar territory to us!

Our greatest pleasure lies in leveraging innovation and applying it to meet various infrastructural needs such as transportation, access to clean drinking water, affordable housing, telecommunications, waste management and more thus adding value and quality to the lives of ordinary citizens everywhere.



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.



About Us



Established in 2001, Access Engineering PLC 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, 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 2,000 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. Its 80% owned subsidiary Access Projects (Private) Limited is a leader in the leisure related building construction and interior solutions. The latest additions under its umbrella are three real estate companies namely Horizon Holdings Ventures (Private) Limited (100% owned), Horizon Knowledge City Limited (92% owned) and Horizon Holdings (Private) Limited (50% owned) which collectively own 21 acres of property in the IT and Education Zone of Malabe. 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 (CIDA), with the highest CIDA grading across most number of disciplines of civil engineering. 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 23

Harbor and Marine Works



Proven excellence in the design and construction of maritime infrastructure

The Company's rich experience in the sector includes design and construction of port expansions; design and construction of coastal jetties and breakwaters; offshore dredging and coastal protection works; and the rehabilitation of piers, quay wall, docks and berths.

page 25

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

Irrigation and Land Drainage



A major contractor specialized in construction of large scale irrigation and hydraulic infrastructure projects

The assignments include augmentation, rehabilitation and construction of reservoirs, canals, anicuts, earthen dams, diversion headwork, regulation structures and various other appurtenant hydraulic structures.

page 32

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 36

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 45

ENGINEERING SERVICES



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 46

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 47

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 fiber optic cables in a duct through blowing.

📄 page 51

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 52

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 53

Central Equipment Division



Maintains and repairs all Company owned heavy machinery & equipment and heavy vehicle fleet

The fleet of heavy machinery and equipment is maintained and administered by the division as a complimentary service for construction projects carried out by the Company. On-site and Off-site repairs are also handled by the division using the expertise of in-house mechanical engineers and technicians.

📄 page 54

Fabrication Workshop



Designs and fabricates light-duty and heavy-duty steel components for machinery and construction projects

The in-house engineers along with versatile machinery offer cutting-edge solutions for design and fabrication of complex steel and metal components including plant and machinery components, structural steel and steel elements for various other requirements.

📄 page 55

Portfolio at a Glance

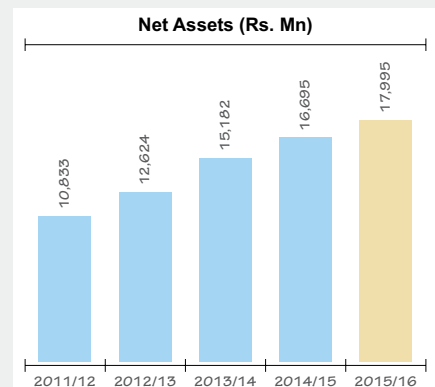
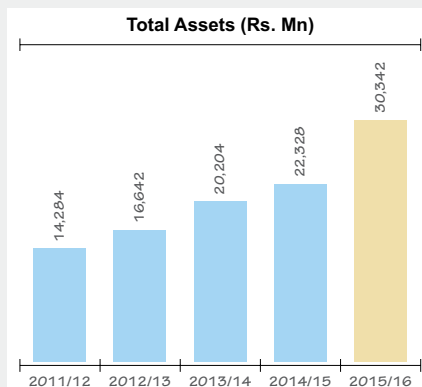
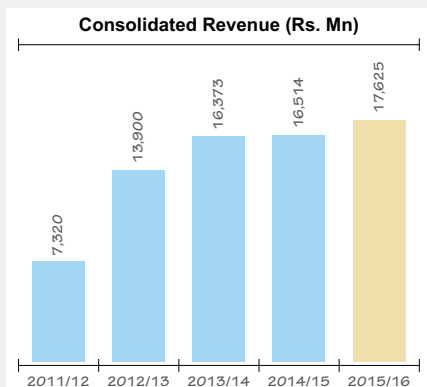
Access Engineering PLC

www.accessengsl.com

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

Financial Highlights

Financial Highlights



Group Revenue



Rs. 17,625 Mn

Earnings per Share



Rs. 2.47

Stated Capital



Rs. 9,000 Mn

		2015/16		2014/15		Change (%)	
		Group	Company	Group	Company	Group	Company
Earnings Highlights and Ratios							
Revenue	Rs. Mn	17,625	11,604	16,514	11,245	6.7	3.2
Gross Profit	Rs. Mn	3,977	2,562	3,815	2,630	4.2	-2.6
EBITDA	Rs. Mn	3,748	2,934	3,322	2,439	12.8	20.3
Earnings before Tax	Rs. Mn	2,995	2,355	2,763	1,944	8.4	21.1
Profit Attributable to Owners	Rs. Mn	2,465	2,087	2,346	1,753	5.1	19.1
Dividend	Rs. Mn	750	750	1,000	1,000	-25.0	-25.0
Earnings per Share	Rs.	2.47	2.09	2.35	1.75	5.1	19.4
Dividend per Share	Rs.	0.75	0.75	1.00	1.00	-25.0	-25.0
Dividend Payout	%	30	36	43	57	-30.2	-36.8
Statement of Financial Position Highlights and Ratios							
Total Assets	Rs. Mn	30,343	25,258	22,328	18,257	35.9	38.3
Stated Capital	Rs. Mn	9,000	9,000	9,000	9,000	0.0	0.0
Retained Earnings	Rs. Mn	8,362	6,835	7,169	5,920	16.6	15.5
Total Equity/Shareholders' Funds	Rs. Mn	17,995	15,936	16,695	15,021	7.8	6.1
Total Liabilities	Rs. Mn	12,348	9,322	5,633	3,236	119.2	188.1
Current Assets	Rs. Mn	17,986	14,406	13,173	9,509	36.5	51.5
Current Liabilities	Rs. Mn	6,745	3,809	5,119	2,880	31.8	32.3
Net Asset per Share	Rs.	17.46	15.94	16.27	15.02	7.3	6.1
Investor Highlights and Ratios							
Price per Share	Rs.	-	20.8	-	19.2	0.0	8.3
Gross Profit Margin	%	22.6	22.1	23.1	23.4	-2.3	-5.6
Net Profit Margin	%	14.5	18.0	14.7	15.6	-1.4	15.4
Return on Equity	%	14.1	13.1	14.4	11.7	-2.1	12.5
Debt/Total Assets	%	20.6	20.5	2.8	0.0	1,187.5	-
Debt/Equity	%	34.8	32.6	3.7	0.0	1,557.1	-
Current Asset Ratio	Times	2.7	3.8	2.6	3.3	3.7	14.7
Quick Asset Ratio	Times	2.3	3.6	2.1	3.0	7.9	19.7

Non-Financial and Operational Highlights

Corporate Responsibility

AEL was selected the Construction Sector Winner and the 2nd Runner-Up in less than Rs. 15 Bn Turnover Category at the Best Corporate Citizen Sustainability Awards 2015 organized by the Ceylon Chamber of Commerce




Integrated Reporting

AEL's 2nd Integrated Report was awarded the Gold Award for Construction Companies at the CA Sri Lanka Annual Report Awards 2015



Hiring and Retaining Talent


Our staff retention of

94.67% 

which is unheard in the industry

Project Completion

Project completion performance was

100% 

Safety Performance

Lost Time Injury Frequency Rate (LTIFR) was

1.14 

Corporate Stability

AEL were given an Entity Rating of '(SL) A+ with a stable outlook' by ICRA Lanka Limited

Investor Confidence

Raised Rs. 5 Bn through an IPO of Debt Securities which was oversubscribed



Acquisition of approximately 21 acres of land in the Information Technology and Education Zone of Malabe



Commencement of construction of 608 housing units for Public sector employees at Borella on a Public-Private Partnership basis



Receipt of the highest CIDA accreditation for the most number of disciplines



Commencement of piling works at ITC Colombo One



Commissioning of cranes by ZPMC Lanka in Qatar



Completion of Kandana Water Treatment Plant Extension



Completion of construction of prefabricated steel buildings at Lakvijaya Power Station



Commencement of construction of Kapparahota Jetty



About this Report

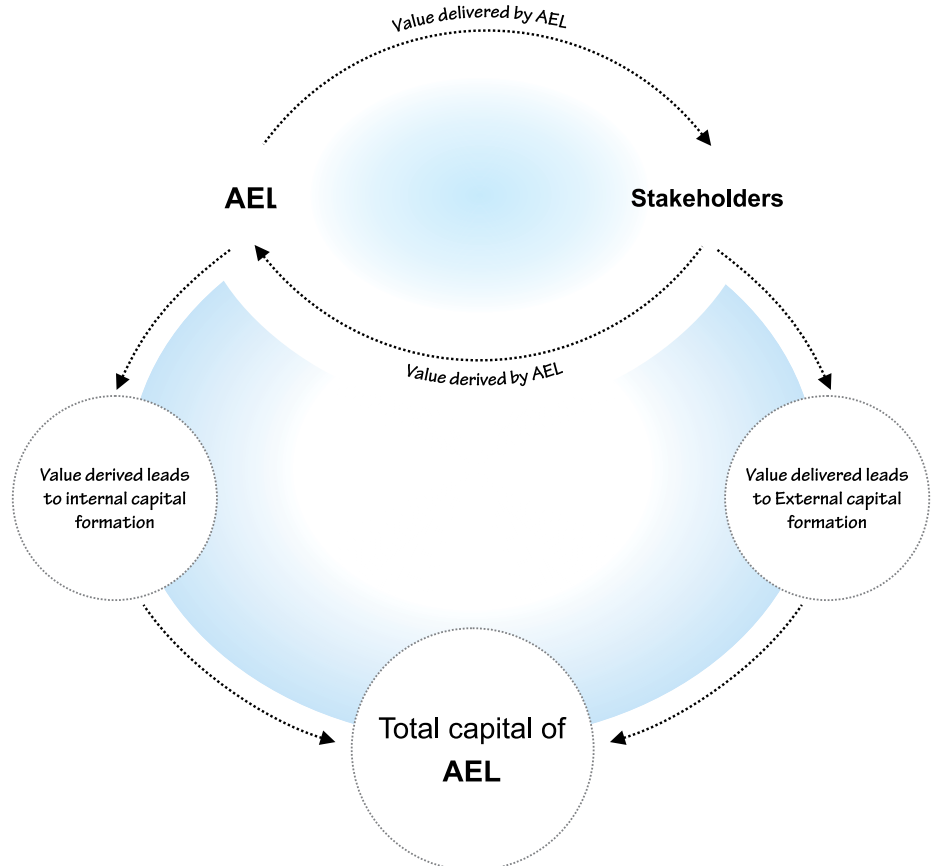
This Report presents a holistic view of the Company's performance during the financial year 1st April 2015 to 31st March 2016. Being an Integrated Report, it covers not only the financial performance but the broader social relationship and environmental impact of our activities. In this however, while striving to keep a broad perspective, AEL's priorities on the stakeholder groups and activities which have a high degree of interest and impact on the Company.

The Company embarked on Integrated Reporting with the Annual Report for year 2013/14 and so this is the third consecutive integrated Annual Report. In preparing this Report, AEL has closely followed the guidelines given in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version G4) [www.globalreporting.org] with most of the pertinent GRI indicators covered. The Report also draws on concepts, principles and guidance from both International Integrated Reporting Framework (2013) [www.theiirc.org] and the Smart Integrated Reporting Methodology (www.smart.lk). While drawing on these sources, AEL has presented the information in a form that best suits the reporting needs of the Company.

The Report is available in both print and HTML versions. The latter may be downloaded from the Company's website 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.

VALUE CREATION AND CAPITAL FORMATION

Value creation in the Company is a two-way process; we both deliver value to and derive value from our stakeholders. Value is derived through both internal and external capitals. AEL's internal capital comprises financial and institutional capital. The latter includes intangibles such as brand image, reputation, systems and processes, specialized knowledge, ethics and integrity. External capitals are essentially the stakeholder capitals.





In determining the materiality of various aspects and impacts of the Company's operations, AEL follows the approach specified in GRI G4. Thus, matters that are reported on are those that have a high level of economic, social or environmental impact or have a high influence on stakeholder decisions. Stakeholders are also identified using the same approach.

PRIORITIZED TOPICS WITHIN THE REPORT

Category	Aspect	Reason for Reporting
Economic	Economic Performance	All stakeholders, not only financial, require an enhancement in the value of their investment. For instance employees would be concerned about their career growth. Sound economic performance is the bedrock of the Company as a going concern which is important to all stakeholders.
Environmental Performance	Energy	Construction is an energy-intensive business.
	Water	Heavy impact on water resources islandwide due to islandwide spread of projects which has social implications as well.
	Biodiversity	Heavy impact of projects on biodiversity and heavy regulation within the industry in this regard which imposes constraints. Apart from regulation this is a concern regarding environmental capital.
	Emissions, Effluents and Waste	Heavy discharge of emissions and other hazardous objects to the environment as a result of construction.
	Products and Services	AEL's commitment to improve projects executed and services provided so that they have a positive impact on the environment, or at least minimize environmental damage.
	Transport	Execution of projects involve substantial transportation of resources.
	Overall	AEL's efforts to protect and conserve the environment being wide and numerous.
Labour Practices and Decent Work	Employment	AEL is a creator/provider of employment opportunities throughout the country.
	Occupational Health and Safety	The industry is heavily susceptible to work and related accidents, hazards and other H&S risks.
	Training and Education	AEL's ability to be in the forefront to a great extent depends on its ability to recruit the best people available and retain them.
	Diversity and Equal Opportunity	By default, construction is an industry that is male dominated so gender equality cannot be a realistic concern. Labour force is heavily diversified due to the involvement of unskilled labour.
Society	Corruption	The industry is heavily susceptible to corruption due to the large scale nature of projects, long term duration of projects, high monetary value of projects and the client in many cases being the Government or public sector agencies.
	Local Communities	Heavy impact of projects on local communities and AEL's commitment to uplift the living standards of localities the Company operates in. There is always the possibility of serious repercussions in case there are adverse impacts from AEL's projects.



During the year under review, the following facilities were opened or closed:

Facility Openings	Facility Closings	Expansions
Matugama Asphalt Plant	Jaffna Asphalt Plant	None
Matugama Crusher Plant	Kotadeniyawa Crusher Plant	
Warakapola Crusher Plant	Vavuniya I Quarry	
Nikaweratiya Sand Washing Plant	Kotadeniyawa Quarry	
Wattala Concrete Batching Plant		
Warakapola Quarry		
Matugama Quarry		
Mankulam Quarry		

In addition, new project offices were opened in locations where new projects were commenced during the year.

REPORT BOUNDARY

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.
- Operations of Access Engineering PLC (East Africa) Branch are excluded as operations were not commented by 31st March 2016.

Data found in the Report are based on Audited Financial Statements of the Company and internal records verified through periodic internal audits. In the process of compiling indicators, AEL has not substantially deviated from the Indicator Protocols stipulated by GRI.

There is no restatement of information provided in previous reports or significant changes in the scope, boundary or measurement methods applied in the Report. The Company has not obtained any external assurance on data reported in this integrated Report.

ENGINEERING INNOVATION

Basement construction using diaphragm walls



Remarks

AEL introduced diaphragm wall construction technique using a hydraulic grab at the proposed ITC hotel development at Galle Face, Colombo. The site required a massive car park basement that had to retain a 13 m high soil mass below the ground level. Compared to secant piling (conventional retaining wall system for basements), the diaphragm wall method was able to save 20% of the overall cost. The wall acts as a water barrier for seepage of water thus making the site more favorable for excavation and earth maneuver.

Business Impact
(High/Medium/Low):

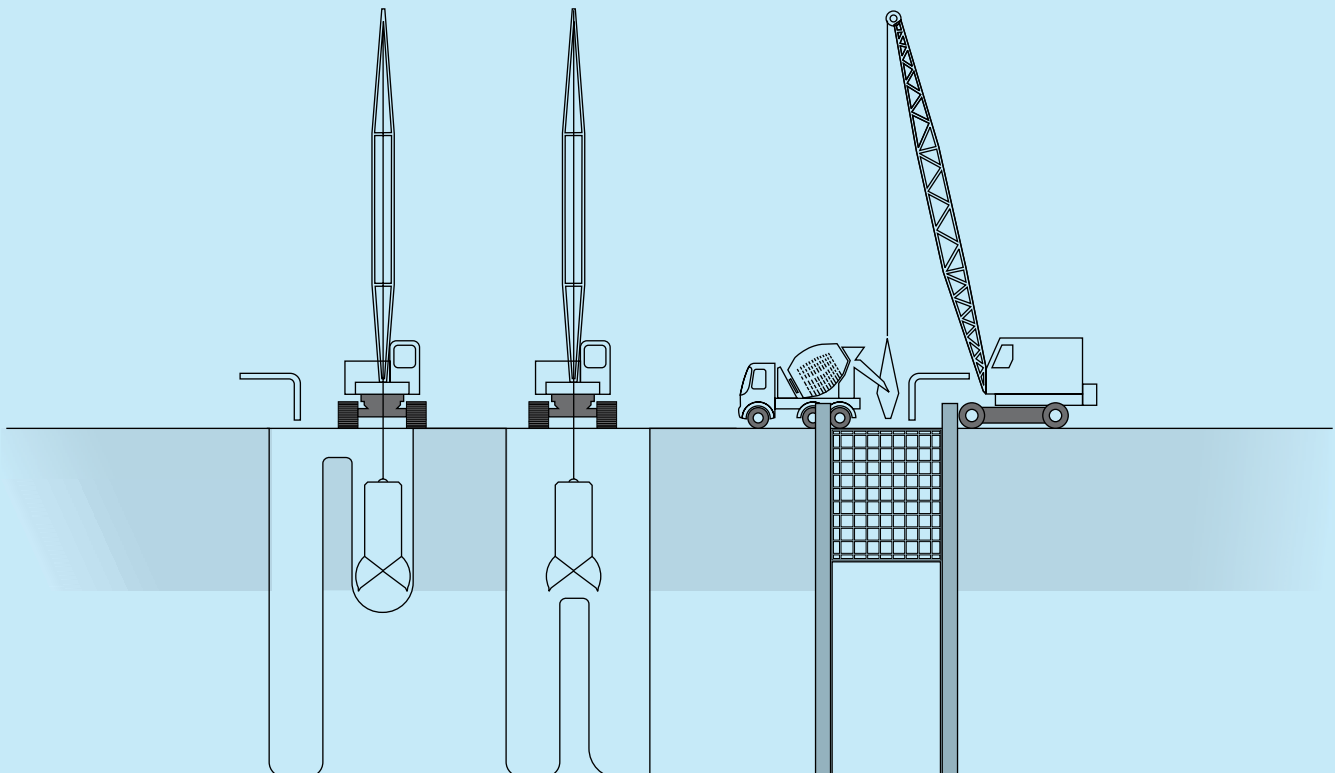
High

Measure of Impact:

Minimized energy consumption
and reduced cost

Value Addition

- Can be erected in congested and closed areas with adjacent buildings and utilities
- Construction time is lowered considerably by this method
- Economic and positive solution for large deep basement in saturated and unstable soil profiles
- Minimum vibration and noise induced during installation
- Behaves as a seepage cutoff wall thus making the site more favorable for construction





A Message from the Chairman





It is with great satisfaction and pride that I report to you that we can look back on another successful year for Access Engineering PLC in 2015/16. We continued to build on our core business of value engineering and engineering services while we also diversified into other areas, particularly real estate. With the Company's traditional focus on value engineering, we continue to be on the cutting edge of technology and are constantly seeking to innovate and to deliver to our clientele, products and services of the best possible quality at the lowest possible cost.

We continue to be on the cutting edge of technology and are constantly seeking to innovate and to deliver to our clientele, products and services of the best possible quality

We had to contend with an economic scenario, both local and global, that was not too encouraging in 2015. Global economic growth, which was only 3.1%, was held back by the lacklustre performance of emerging economies, particularly the BRICS countries. Advanced economies however, especially the US, fared moderately well.

The Sri Lankan economy too recorded only a modest growth of 4.9%. The growth was mainly driven by agriculture and service sectors. The balance of payments was adversely

affected with the Rupee depreciating 9% against the US Dollar during 2015. With two elections being conducted during the year, the environment was also fraught with political uncertainties. Certain major projects such as the Port City were put on hold which had an adverse impact on the construction industry. Nevertheless, the industry continued to play a significant role in the economy. Our performance is all the more commendable for having being achieved in spite of the challenges we faced.

Looking forward, while we remain firmly convinced that there still is great opportunity in our core business, there are also reasons why we need to strengthen our position by way of further diversification. The Government is facing a large fiscal deficit and is under pressure to increase its revenue, not to mention to adjust the balance between direct and indirect taxes. There is every possibility of the engineering and construction sectors being targeted for tax increases like the banking and financial sectors have been. In this scenario, we should focus on lobbying for tax holidays for our investments.

We believe that the principal way to ensure a surer footing for our financial stability over the next few years is to expand further into real estate. We have set ourselves a target of constructing a minimum of three million square feet of valuable real estate over the next five years. To part fulfil this requirement we invested in three real estate companies during the year which collectively hold 21 acres of land in Malabe. This will strengthen our balance sheet by converting depreciating assets such as cash and cash equivalents into appreciating assets such as land, bricks and mortar. Our thrust into real estate will be backed up by our core competencies in design, engineering, construction and procurement.

Another thrust of our diversification is the Motor Vehicle sector. Our investment in Sathosa Motors has been a resounding success with the shares we purchased having quadrupled in value. Further SML Frontier, which is 50% owned by Sathosa Motors has shown a fair performance over the years and we intend to go for an IPO for SML Frontier anytime after November 2016.

A Message from the Chairman

Access Projects (Private) Limited, in which we made a substantial investment in 2014, is not only contributing to our bottom line. It has helped us, and will continue to help us to bring a special skill in design and value engineering by interacting with architects, interior designers, MEP consultants and procurement processors in our real estate initiatives. This has enabled our team at Access Engineering to focus on our core business.

I wish to thank the members of the Board for their stewardship and guidance which have been invaluable. I also thank our Managing Director and Chief Operating Officer for the leadership they have provided and all our staff for the dedication they have shown and living up to our values.

Finally, I wish to thank all our stakeholders – customers, suppliers, bankers and the state for their continued support and the confidence they have reposed in us.

A handwritten signature in black ink, appearing to read "Sumal Perera".

Sumal Perera
Chairman

ENGINEERING INNOVATION

Post-tensioning method for high rise buildings



Business Impact
(High/Medium/Low):

High

Measure of Impact:

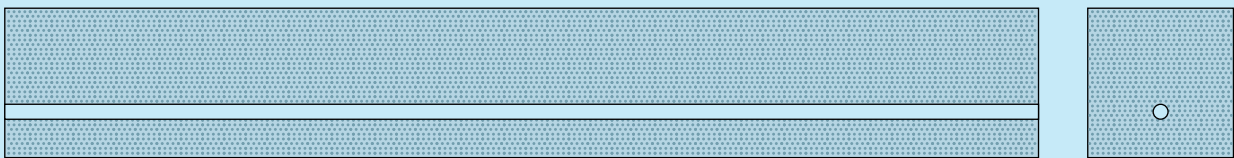
Optimum use of resources
and minimized cost and
energy consumption

Value Addition

- The use of post-tensioned reinforcement to construct floor slabs results in thinner concrete sections and/or longer spans between supports
- Energy saving in construction process by minimizing the use of concrete and steel thereby preserving natural resources
- Reduction in cost and time of construction
- It reduces or eliminates shrinkage cracking; therefore no joints or fewer joints are needed

Remarks

Post-tensioning is a form of pre-stressing technique for reinforced concrete. Post-tensioning tendons, which are pre-stressing steel cables inside plastic ducts or sleeves, are positioned in the forms before the concrete is placed. Once the concrete has gained strength and before the service loads are applied, the cables are pulled tight or tensioned and anchored against the outer edges of the concrete. AEL introduced post-tensioning approach for slabs and beams of the Access Tower II development currently under construction at Dawson Street, Colombo O2.





Joint Statement of the
Managing Director and
the Chief Operating Officer





THE MACROECONOMIC ENVIRONMENT

Despite constraints imposed by the local and international economic environment, your Company – Access Engineering PLC, returned a laudable performance in 2015/16. Global economic growth was hampered by slowdown or stagnation in emerging economies particularly some of the BRICS countries. China continued to grow, albeit at a slower rate than in the past and continues to invest worldwide particularly along the maritime silk route.

The Sri Lankan economy had to face a degree of uncertainty with the political changes during the year. A modest growth of 4.8% was achieved in 2015 with growth picking up in the last quarter of the calendar year. The industrial sector grew only by 3% while the construction sector grew by a negative 1% in real terms.

AEL recorded a highly satisfactory performance during the year under review. An impressive increase of 19% on profit after tax was recorded year on year. The Company revenue for the year was Rs. 11,604 Mn while the profit after tax was Rs. 2,087 Mn.

The construction sector was affected by some political uncertainties; for example, the Port City project was put on hold though it recommenced later. However, there were enough infrastructure projects executed to ensure that construction continued to be a major driver of the economy. The extension of the Southern Expressway from Matara to Hambantota and the Colombo Outer Circular Expressway Phase 3 commenced during the year. Water Supply Projects, targeted at towns North and East of Colombo were initiated. Major private sector projects such as the

Colombo Water Front Project, the Shangri-La Development Project, ITC Development Project, Altair, AVIC, etc. also continued during the year.

The Government's intention to further improve the infrastructure with the development of the Central Expressway, a New Airport Terminal at the Bandaranaike International Airport (BIA), a New Bridge across the Kelani River, an Elevated Highways and the Colombo Megapolis Development Programme, augurs well for the future of the industry.

OUR STRENGTHS

Value addition through innovation is a cornerstone of the strategy of Access Engineering. Value engineering, which provides constructions and services which are of high quality, durable, maintainable and safe at the lowest cost possible without compromising on the other considerations is ingrained into all our activities.

Some of the projects where our value engineering solutions have been provided over the years include the ADB funded Walawe Bank Cofferdam Project (which resulted in substantial reduction in cost of temporary work), steel and composite flyovers, composite bridges (where construction time was reduced by more than half causing minimum inconvenience to the public), HDD microtunneling for laying fiber optic cables (where construction time was reduced substantially, resulting in cost effectiveness and minimum inconvenience to the public due to minimum surface damage) and the diaphragm wall project for ITC (where construction time and material usage was reduced in multi basement construction). Other innovations include form work systems to expedite construction and post tensioning to maximize usable spaces thereby reducing construction costs.

We have also kept up our innovation in systems and procedures. We have the distinction of being the only construction company to run on SAP ERP. We can also be proud of having the most efficient processes in asphalt and concrete production. The engineering and technical resources of the Company have generated most of the innovative ideas which we have put into practice.



OUR PERFORMANCE

AEL recorded a highly satisfactory performance during the year under review. The Company maintained gross profit margin of above 22% with the top line increasing by a marginal 3.2%. An impressive increase of 19% in profit after tax was recorded year on year. The Company revenue for the year was Rs. 11,604 Mn while the profit after tax attributable to owners was Rs. 2,087 Mn.

The other Access Engineering Group companies, Sathosa Motors PLC (SML), Access Realities (Private) Limited (ARL), ZPMC Lanka Company (Private) Limited (ZPMC) and Access Projects (Private) Limited, recorded year on year growths both on the top and the bottom lines. Access Realities improved on its cash profit compared to last year, primarily because the previous year's profit included revaluation gain. The Company's new acquisitions of Horizon Holdings, Horizon Holdings Ventures and Horizon Knowledge City did not have any significant business activities during the year.

Our success depends on the quality of our human resources and retaining and nurturing them is paramount. We are considered to be the best employer in the industry, the most integrated Company which boasts of the best human resources, not to mention being the preferred partner among international companies presently operating in Sri Lanka.

The total asset base of the Group was increased by 38%, bolstered by the acquisition of a land bank in a developing zone in Malabe through the investments in Horizon, Horizon Holdings Ventures and Horizon Knowledge City; capacity building initiatives; construction of Access Tower 2; investments made in various corporate debentures and the funds of Rs. 5 Bn raised through the Company's debenture issue in November 2015. Work was also commenced on the Public-Private Partnership (PPP) project with the Urban Development Authority (UDA) for construction of apartments for Public sector employees in Borella.

Further investments were made towards building up the backward integration of the supply chain with acquisition of a new concrete batching plant, premises and associated equipment to cater to the growing demand for reliable ready mix concrete. Engagement with Universities and Vocational Training Colleges to attract competent and talented personnel was continued.

Above all, we never forget that our success depends on the quality of our human resources and retaining and nurturing them is paramount. We are considered to be the best employer in the industry, the most integrated Company which boasts of the best human resources, not to mention being the preferred partner among international companies presently operating in Sri Lanka.

WHAT SETS US APART

We are the only construction Company in Sri Lanka to have a joint venture with a leading international and renowned Company in the field – Shanghai Zhenhua Heavy Industries Company Limited (ZPMC). The span of our operations entitles us to consider ourselves the most integrated engineering company in the country. Our backward integration activities include asphalt production, quarry operations, concrete production, design, etc. Our forward integration activities are primarily in the domain of real estate and provision of interior solutions. Our major real estate ventures have been Access Tower 1 and 2; and investments in the three Horizon companies for property development.



The customer is at the top of our value chain and so we give pride of place to customer relationships. In whatever we undertake to do for our customers, we try to enhance our delivery by providing innovative and value engineered solutions. This is well supported by our knowledge base and extensive service portfolio. The Company has a body of organizational learning and knowledge that it has built up over the years. Our customer retention ratio is among the highest and through our cost effective solutions coupled with quality and reliability, we continue to foster a high customer goodwill towards our business. In the year under review, an example of a step we have taken to improve customer centricity is, the UDA Government Housing Project where we have partnered with the UDA in finding a solution to ease the cash flow of this Project for the client by involving prospective buyers in the process.

Team AEL is the best knowledge and talent base in the industry. Our culture is focused on innovation and value addition with encouragement for communication of ideas. Great ideas are appreciated and rewarded at all levels. The workplace is energetic and vibrant with no barriers hindering communication. The Company's Vision 'to be the foremost Sri Lankan business enterprise in value engineering' is displayed and communicated well to all team members and inculcated into them; it is the philosophy which motivates them in all their activities.

Among the accolades we have received during the year, are the Award for the Infrastructure Sector by the Ceylon Chamber of Commerce at the 10 Best Corporate Citizens Sustainability Awards; Gold Winner at the CA Sri Lanka Annual Report Awards 2015; Overall Construction Sector Winner at the CIMA LMD Awards and being recognized Among the Top 25 Business Entities in Sri Lanka by the Business Today Magazine.

LOOKING AHEAD

Short to medium term plans include the consolidation and expansion of our core business with sustainability while diversifying. The forecasted public sector infrastructure projects and the private sector investments in the real estate sector are of particular significance. Further, consolidation and expansion can be expected in backward integration (expansion in concrete production/asphalt production) and forward integration (real estate development through joint venture partnerships, overseas projects through main/subsidiary companies). The increase in the tax rate from 12% to 17.5%, effective from April 2016, would have an adverse impact. Encouragement and incentives are required for investments in capacity building and we look forward to further opportunities to be involved in Public-Private Partnership Projects.

In conclusion, we wish to thank our Chairman, the Board of Directors and the Corporate Management for the guidance, leadership and input they have provided. We thank our shareholders and the wider stakeholder community for the continued trust they have placed in us. Last but not least, we do not forget our employees, whatever their position, for it is their dedication and commitment that have made Access Engineering what it is today.

Handwritten signature of Christopher Joshua in black ink.

Christopher Joshua
Managing Director

Handwritten signature of Rohana Fernando in black ink.

Rohana Fernando
Chief Operating Officer

10th July 2016

ENGINEERING INNOVATION

Under water concrete works using pre-cast inverted concrete tees



Business Impact
(High/Medium/Low):

High

Measure of Impact:

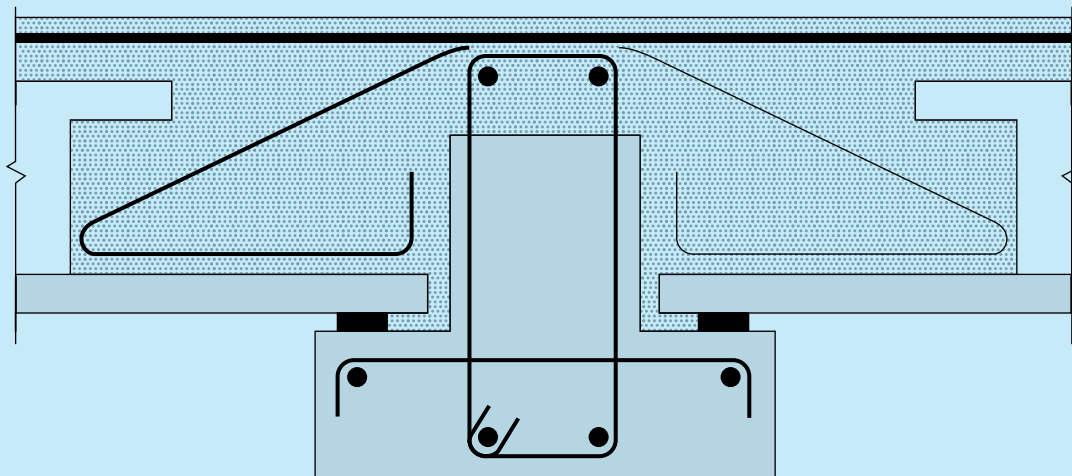
Achievement of cost and time saving with quality.

Value Addition

- Time saving of 85 days approximately achieved and the completed project was handed over to the client successfully.
- Bottom and joint leakage prevented making the entire process effective in both time and cost.
- Precast concrete formwork is embedded to concrete and becomes part of the concrete works, thus adding strength to the quay wall structure.
- The inverted tees were precast hence the required strength and quality was achieved under controlled supervision.
- The concrete units were handled using cranes thus handling of the concrete tees were easy.

Remarks

The new North Pier Head at the Unity Container Terminal of Colombo Port had been severely settled and damaged due to the Tsunami of 2004, as backfill material in the quay wall structure was washed away. AEL took the initiative to provide an innovative solution for the underwater concreting works by using precast concrete inverted tees. These concrete tees play the role of formwork and was found to be effective when compared to steel formwork.





Review of Business Operations

THE ECONOMY GLOBALLY AND LOCALLY

The global economy generally speaking, showed a lacklustre performance in 2015, recording a growth of only 3.1%. The main barrier to growth was the rather dismal performance of emerging economies, particularly the BRICS countries, which were held back by weak commodity prices, reduced global trade and capital flows. China, though by no means stagnating, is unable to sustain its growth rates of the past. Brazil and Russia are experiencing severe difficulties with India remaining the only bright spot in BRICS. Advanced economies however performed moderately well. In the construction sector too, globally there was an expansion in non-residential construction.

There was generally a slump in commodity prices, particularly oil. This however benefitted some non-oil producing economies.

The Sri Lankan economy too did not perform too well with GDP growth slowing marginally to 4.8% as against 4.9% the previous year. The growth was mainly driven by agriculture and service sectors. The economic environment had an adverse impact on the balance of payments and the Rupee with the Rupee depreciating by 9% against the US Dollar by end 2015. There was however an improvement in Government revenue to GDP to 13.0 percent in 2015 from 11.4% in 2014.

GDP and Construction Sector Growth, Year on Year

		2015	2014	Growth (%)
GDP at Current Prices (Rs. Mn)		11,183	10,448	7.03
Construction Sector at Current Prices (Rs. Mn)		824	786	4.83
GDP at Constant (2010) Prices (Rs. Mn)	Real	8,623	8,229	4.79
Construction Sector at Constant (2010) Prices (Rs. Mn)	Terms	585	590	-0.85

Source: CBSL Annual Report 2015

Due to the relatively relaxed monetary policy maintained by the Central Bank, there was an expansion in credit granted to the private sector of 25.1% during the year. Inflation remained moderate at below 5% throughout the year.

THE CONSTRUCTION INDUSTRY

The Construction Industry continued to play a pivotal role in 2015 despite some uncertainties regarding the future of certain projects following the political changes.

The Uma Oya Multipurpose Development Scheme recommenced in late 2015 and was 53% completed by end 2015. The plant is expected to be completed and commissioned by end 2017. A total of 337 rural electrification projects were completed by end 2015.

Road development continued to be a key thrust of the Government's development strategy. Phase II of the Colombo Outer Circular highway with 8.9 km of expressway was completed in September 2015. Work on the extension of the Southern expressway from Matara to Hambantota commenced in August 2015. The Central Expressway project, combining two expressways previously proposed, was also inaugurated in August 2015.

Improvements to railway infrastructure continued with the Northern line and installation of a new railway signalling system also being completed. Further, the double tracking of the Kalutara South – Payagala South section and the Seeduwa – Chilaw section also continued.

Construction of Phase I of the East Colombo Terminal was completed in 2015. The construction of Phase II of the Hambantota Port, including four container berths, a public terminal and an artificial island continued in 2015 and is expected to be completed in 2015. The Colombo Port City project which was halted in 2015 due to environmental concerns, recommenced in March 2016. In January 2016, the Government released the conceptual framework of the Western Province Megapolis Master plan, a macrolevel project, to develop a world class Colombo centred urban area in the Western Province.



A 5-Year analysis of the Sri Lankan Construction Industry

	2015	2014	2013	2012	2011
Construction Sector (2010 Constant Prices)	584,999	590,111	553,438	514,757	424,798
GDP (2010 Constant Prices)	8,622,825	8,228,986	7,846,202	7,588,517	6,952,720
% Contribution of the Construction Sector to GDP (%)	6.78	7.17	7.05	6.78	6.11
Growth in Contribution (%)	-5.39	1.67	3.98	11.02	-
Employment in the Construction Industry	599,000	615,000	588,000	616,000	590,000
Total Labour Force	8,554,000	8,424,000	8,418,000	8,118,000	8,197,000
Contribution of Construction Sector (%)	7.00	7.30	6.99	7.59	7.20
Growth in Contribution (%)	-4.08	4.52	-7.95	5.42	-

Source: CBSL Annual Report 2015





**BUSINESS OPERATIONS:
ENGINEERING PROJECTS**



Roads and Highways

Colombo-Kandy Road (A 001), Kadawatha to Nittambuwa: Rehabilitation and Improvement

Status	: Ongoing
Client	: RDA
Commencement	: 11th September 2013
Funded by	: Government of Sri Lanka
Completion	: 18th April 2017
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 including existing bridges 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 project also demands extensive land acquisition and utility shifting to facilitate widening of the road section.

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.

Once completed the roads will ensure free flow of long distance and metropolitan bound traffic on the road while gradually spurring industrial development along the corridor.



Review of Business Operations



Status	: Ongoing
Client	: RDA
Commencement	: 4th July 2015
Funded by	: Asian Development Bank
Completion	: 30th June 2016
Project Value	: Rs. 374.5 Mn
Role in Contract	: Main Contractor
Location	: Vavuniya and Anuradhapura Districts

Vavuniya – Horowpothana Road (A029): Rehabilitation and Improvement

The project is implemented using additional financing from ADB as a continuation of the Northern Road Connectivity Project. Under the scope of this project, 3.1 m carriageway is rehabilitated along with 1 m wide hard and soft shoulders across 11 km long road section. The project also includes rehabilitation of road drainage infrastructure (27 Nos. of culverts) and junction improvement works which consist of rehabilitating 1 km road section in Vavuniya township, providing 3.5 m carriageway with 1.5 m footpath on either side of the carriageway and allocating adequate parking space where necessary.

Once completed, the improved road section will reduce the travel time between Vavuniya and Horowpothana while ensuring a connected road network within the North Central Province.





Harbour and Marine Work

Kapparithota Jetty: Design and Construction

Status	: Ongoing
Client	: Ministry of Fisheries & Aquatic Resources Development
Commencement	: 27th July 2015
Funded by	: Government of Sri Lanka
Completion	: 26th July 2016
Project Value	: Rs. 470.0 Mn
Role in Contract	: Main Contractor
Location	: Kapparithota, Weligama

The scope of the project entrusted to Access Engineering PLC includes design and construction of 128 m long jetty on a pile foundation which extends from land into sea enabling the local fishermen to anchor their boats within the sea area saving them the trouble of bringing their boats to shore. The piers of the jetty will be equipped with new fenders and bollards to facilitate safe docking at the jetty.

The project will bring significant benefits to the local fishermen with the increased anchoring facilities for the boats and the development of a new market place to trade their produce.



Review of Business Operations

**Water and Wastewater****Towns East of Colombo District Water Supply Project**

Status	: Ongoing
Client	: National Water Supply and Drainage Board (NWSDB)
Commencement	: 30th April 2015
Funded by	: Government of Sri Lanka
Completion	: 30th April 2017
Project Value	: Rs. 4,700.0 Mn
Role in Contract	: Main Contractor
Location	: Colombo District

The major scope of the project consists of supplying and laying of a water distribution pipe network in Padukka, Horana and Seethawaka Divisional Secretariat areas.

The project which aims to provide pipe borne water supply to an estimated population of 373,000 in the eastern part of the Colombo District is implemented through three contract packages. The Contract Package I which is awarded to Access Engineering PLC includes supply and laying of 1,000 mm diameter DI transmission pipes for a length of 4 km from Meepe to Meegoda and HDPE pipes of variable diameter as a distribution mains for 200 km. The project is to cover a total of 116 sq.km. covering 40 Grama Niladhari Divisions under Padukka, Horana and Seethawaka Divisional Secretariat Divisions.





Review of Business Operations



Status	: Ongoing
Client	: Metro Colombo Urban Development Project
Commencement	: 27th October 2014
Funded by	: International Bank for Construction & Development
Completion	: 20th July 2016
Project Value	: Rs. 259.7 Mn
Role in Contract	: Main Contractor
Location	: Maligawatta, Colombo District

Construction of Canal Bank Protection Works of St. Sebastian South Canal

The canal bank revetment works in St. Sebastian South Canal is spearheaded by Sri Lanka Land Reclamation and Development Corporation under the guidance of Ministry of Megapolis and Western Region Development with the objective of flood control in the vicinity of St. Sebastian South Canal by dredging the canal and protecting its banks using gabion walls and steel sheet pile walls which prevent erosion of the banks.

St. Sebastian South Canal, with an approximate length of 2.0 km and a width of 15 m, is one of the key storm water drainage canals in the Northern Colombo area that discharges storm water in the Colombo basin into the Kelani River. Some stretches of the canal bank had been protected earlier either by gabion walls and sheet pile walls, but the rest of the earthen bank has not been protected resulting in the canal sections with undefined cross sections being difficult to maintain.

The scope of the project includes canal bank protection work of around 6,000 m³ of gabion construction works, 90 m long sheet piling work and reinstatement of existing access road and storm water drains disturbed by construction work.





Status	: Ongoing
Client	: National Water Supply and Drainage Board
Commencement	: 16th January 2015
Funded by	: Asian Development Bank (ADB)
Completion	: 16th August 2016
Project Value	: Rs. 283.9 Mn
Role in Contract	: Subcontractor to CCB Envico (Private) Limited
Location	: Colombo District

Greater Colombo Wastewater Management Project

The scope of this project is to rehabilitate six pump stations by fitting SCADA systems which will automate the operation process, by allowing operators and facility personnel to monitor and control the equipment either locally or remotely. Under the contract, each pump station will also be built with sanitary and office facilities required for the respective operational staff.

The Kolonnawa sewerage system consists of a 25 km sewer network and four wastewater pump stations (Kolonnawa, Wellampitiya, Meetotamulla, Dematagoda) including associated force mains. The entire flow of the Kolonnawa Sewerage system is discharged to a manhole in the gravity sewer line which carries the flow to Maligawatta Pump Station. Dehiwala and Mt. Lavinia Sewerage System which consists of 25 km sewerage network and two sewerage pump stations (Dehiwala, Mt. Lavinia) and associated force mains, pump the entire flow into Wellawatta sea outfall.

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

Kalu Ganga Water Supply Project: Kandana Water Treatment Plant Extension

Under this project, the treatment capacities of the plant and related facilities were expanded to enable it to supply 60,000 m³/day of potable water which will cater to the needs of a total of 250,000 people living in Kesbewa, Piliyandala, Jamburaliya, Kumbuke and surrounding areas in outer southern parts of Greater Colombo.

The work of the project involved the construction of flocculation and sedimentation basins, installation of filtration units and all other civil, mechanical, electrical and Instrumentation Control Monitoring System (ICM) works, construction of concrete and asphalt paved access roads to the water treatment plant as well as construction of an engineering office for National Water Supply and Drainage Board.





Status	: Ongoing
Client	: National Water Supply and Drainage Board
Commencement	: 23rd September 2013
Funded by	: Government of Hungary
Completion	: 21st September 2016
Project Value	: Rs. 2,230.1 Mn
Role in Contract	: Subcontractor to Fővárosi Visműák (Hungary)
Location	: Labugama (Western Province) and Kalatuwawa (Ratnapura District)

Rehabilitation of Labugama and Kalatuwawa Water Treatment Plants

The designed capacity of Labugama (WTP) which was 60,000 m³/day and Kalatuwawa (WTP) which was 90,000 m³/day have been operationally reduced by 30% due to the severe deterioration that has occurred over the years.

Our scope of the work includes the renovation and replacement of existing filters and clarifiers, intake well improvements, modification of aerators and other process structures, reconstruction and renovation of existing buildings, internal roads and site work, etc. The rehabilitation is targeted to bring the plants up to the original capacity.





Review of Business Operations



Irrigation and Land Drainage

Status	: Completed
Client	: Irrigation Department
Commencement	: 20th May 2015
Funded by	: Government of Sri Lanka
Completion	: 12th February 2016
Project Value	: Rs. 37.8 Mn
Role in Contract	: Main Contractor
Location	: Kurunegala District

Deduruoya Reservoir Project

The benefits from the overall project will bring wide socioeconomic benefits to the people in the vicinity. The Reservoir will hold 75 Mn m³ of water after its completion and it will provide assured irrigation facilities for 11,000 ha (27,500 acres) of paddy lands in the Deduru Oya and the Mee Oya basins benefiting about 15,000 farmer families. About 50,000 families will benefit by domestic water facilities, lift irrigation and extension of inland fisheries culture etc.

The component of the project which was awarded to Access Engineering consists of construction of two row close conduits on 53.65 m length and 4 overcrossings in the right bank transbasin canal of Deduru Oya reservoir.

Status	: Ongoing
Client	: Irrigation Department
Commencement	: 29th July 2015
Funded by	: World Bank and Government of Sri Lanka
Completion	: 27th July 2016
Project Value	: Rs. 94.4 Mn
Role in Contract	: Main Contractor
Location	: Batticaloa District

Climate Resilience Improvement Project

Recognizing that the country suffers an erratic rainfall pattern and water related climate vulnerability which is likely to intensify in the years to come, nine river basins were selected to carry out flood and drought hazard modelling under the flood risk mitigation component of the project which primarily focuses on rehabilitating infrastructure damaged by recent floods or those particularly at risk to future floods.

Furthering the cause, the contract of the improvement to Sammugarajah Anicut, Reconstruction of Nelluchchanai Anicut, Reconstruction of Kayamadu Regulator, Improvement and Rehabilitation of T-11D Channel and Widening, Straightening the Moongil Aru from downstream of Muniwaram Anicut to upstream of Muhathuwaram Anicut in Navakiri Scheme in Batticaloa District was entrusted to Access Engineering PLC by the Irrigation Department.



Status	: Ongoing
Client	: Northern Provincial Council
Commencement	: 24th August 2015
Funded by	: Asian Development Bank
Completion	: 21st August 2017
Project Value	: Rs. 488.4 Mn
Role in Contract	: Main Contractor
Location	: Kilinochchi District

Rehabilitation of Downstream and Upstream Dam Embankments of Iranamadu Reservoir

Jaffna – Kilinochchi Water Supply and Sanitation project – Iranamadu Component aims to strengthen and augment the Iranamadu Reservoir; which has been in disrepair due to the lack of maintenance and the destruction caused by three decades of armed conflict.

The major scope of work under the contract includes construction of seepage removal drainage system within the dam structure, downstream access roads, rain water disposal system, soil-cement-bentonite wall and formation of rock toe on the upstream side of the dam. Rehabilitation of sluice barrels and stilling basins on right and left banks is also part of the work.

Once rehabilitated, the Reservoir, which now stores water 4 to 5 ft below the full supply level, will store water at its optimum capacity. While a part of the incremental volume of the rehabilitated Reservoir will be diverted to Jaffna to supply potable drinking water, the rest will be used for the benefit of 7,000 farmer families.



Review of Business Operations



Status	: Ongoing
Client	: Northern Provincial Council
Commencement	: 19th October 2015
Funded by	: Asian Development Bank
Completion	: 15th October 2017
Project Value	: Rs. 397.6 Mn
Role in Contract	: Main Contractor
Location	: Kilinochchi District

Rehabilitation of Spillway, Supplying & Installation of New Radial Gates and Automation of Spill & Sluice Gates of Iranamadu Reservoir

The contract package 2 under Iranamadu Component of Jaffna - Kilinochchi Water Supply and Sanitation project, involves rehabilitation of spillway structure, construction of new seepage cutoff wall on upstream of the spillway, supply and installation of three new radial gates in the left bank section, rehabilitation of all 11 Nos. of existing radial gates and hoists and automation of all sluice gates and radial gates.

The land representing the Iranamadu Tank watershed and the command area is approximately 970 km². The Iranamadu Tank Bund was originally constructed in 1902 and was raised thrice during successive settlement campaigns: in 1951, in 1954 and in 1975 to hold capacities of 88 Mn m³, 101 Mn m³ and of the present 131.8 Mn m³ respectively.







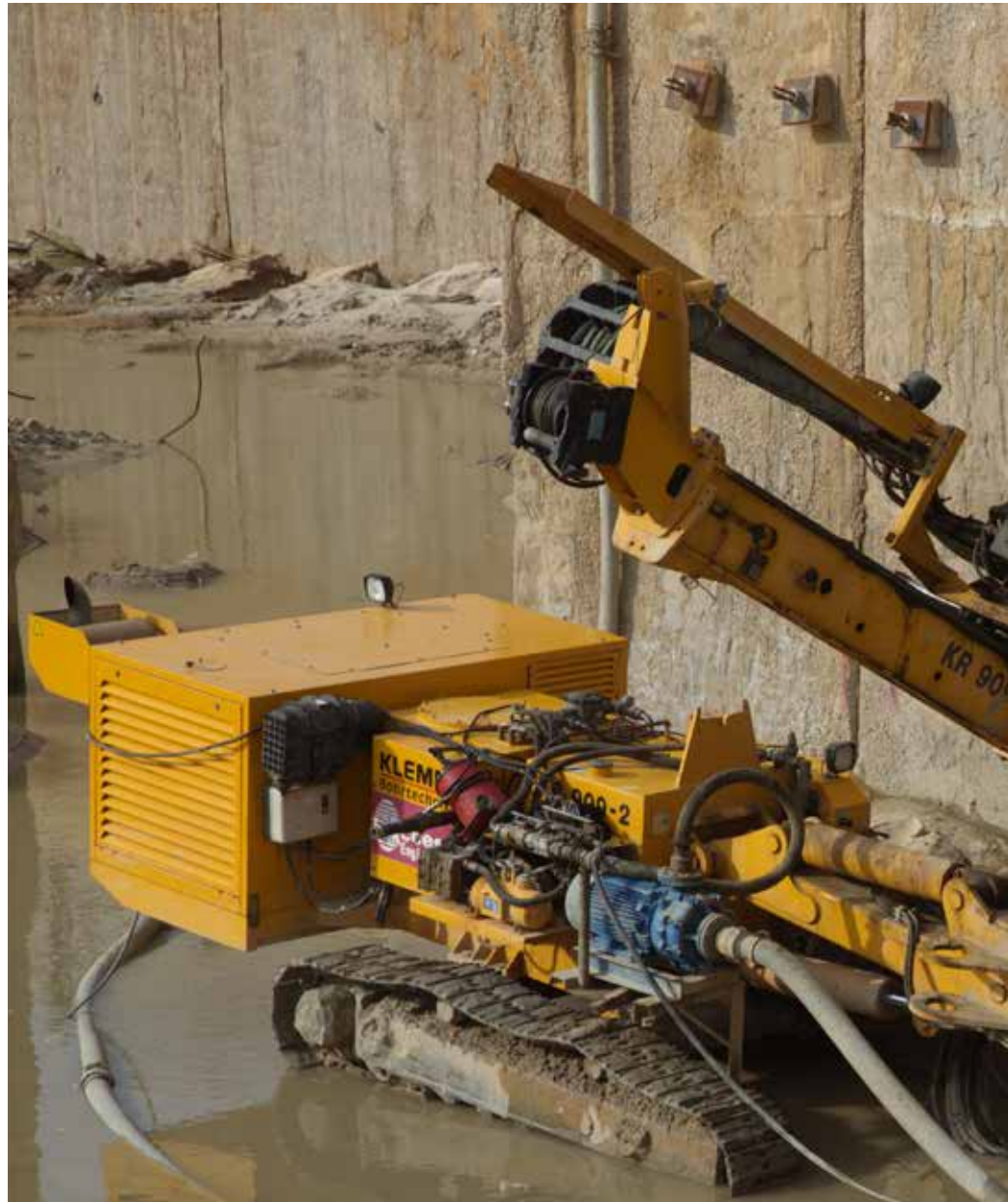
Building Projects

Status	: Ongoing
Client	: Welcome Hotels Lanka (Private) Limited
Commencement	: 19th November 2014
Funded by	: ITC Limited
Completion	: 2nd June 2016
Project Value	: Rs. 1,395 Mn
Role in Contract	: Main Contractor
Location	: Colombo 01

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

The project which is coming up in the picturesque coastline overlooking the historic Galle Face Green is the latest addition to the ITC Hotel Chain. This development with a 29 storey hotel complex and a 49 storey apartment complex will give a new look to the landscape of the commercial capital and will give major boost to the Sri Lankan tourism industry.

The main task in the contract awarded to Access Engineering PLC is the construction of a diaphragm wall which is of 700 m in perimeter length and 21 m in depth from ground level. Once the diaphragm wall is built, the enclosed ground will be excavated to a depth of 13 m, removing approximately 150,000 m³ 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	: Welcome Hotels Lanka (Private) Limited
Commencement	: 2nd December 2015
Funded by	: ITC Limited
Completion	: 4th July 2016
Project Value	: Rs. 390.0 Mn
Role in Contract	: Main Contractor
Location	: Colombo 01

ITC Colombo One Project: Piling Works

The scope of the project in progress includes installation and testing of 444 Nos. of cast-in-situ bored piles of 600 mm, 800 mm and 1,200 mm in diameter, which are being driven to an average depth of 25 m from ground level to support the superstructure of the hotel and residential complexes. Bauer rotary drilling rigs and related machinery and equipment of the Company Piling Unit are deployed for work, where necessary. Advanced testing instruments and techniques are being used throughout the project in order to ensure quality control requirements are met at every level.





Review of Business Operations



Status	: Ongoing
Client	: Urban Development Authority (UDA)
Commencement	: 1st August 2014
Funded by	: Government of Sri Lanka
Completion	: 12th March 2017
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 second phase of the Urban Regeneration Project, the permanent solution for the relocation of underserved and derelict community settlements scattered across Colombo, was launched at Henamulla, in August 2014. This is a project which has high social significance since the beneficiaries are underprivileged communities.

The scope of the project entrusted to Access Engineering PLC includes investigation, design and construction of four 15 storey apartment blocks comprising 941 housing units of two bedrooms and spaces for living, kitchen, toilet and balcony along with the basic utilities.





Status	: Completed
Client	: Nagananda International Institute for Buddhist Studies
Commencement	: 18th June 2014
Funded by	: Nagananda International Institute for Buddhist Studies
Completion	: 4th December 2015
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: Structural Work

Proposed Nagananda Buddhist University will serve as centre of learning, development, protection and dissemination of Buddhist culture and values. The University and the proposed development consist of five faculties including Faculty of Early Buddhist Sources, Faculty of Practical and Applied Buddhism, Faculty of Systems of Medicine and Faculty of Social Sciences.

Access Engineering was awarded a subcontract for structural works on Block B, C1, C2, C3, H1, H2 of the proposed university complex and an on-site retaining wall. Scope of work consists of RCC concrete works, including raft foundations, masonry works and roof construction.



Review of Business Operations



Status	: Ongoing
Client	: Access Realities 2 (Private) Limited
Commencement	: 27th February 2014
Funded by	: Access Realities (Private) Limited
Completion	: 30th December 2016
Project Value	: Rs. 2,597.3 Mn
Role in Contract	: Main Contractor
Location	: Dawson Street, Colombo 02

Access Tower 2

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 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 set aside for business tenants.





Review of Business Operations



Status	: Completed
Client	: Ceylon Electricity Board
Commencement	: 25th August 2015
Funded by	: Government of Sri Lanka
Completion	: 24th February 2016
Project Value	: Rs. 224.8 Mn
Role in Contract	: Main Contractor
Location	: Puttalam

Construction of Prefabricated Dormitories for Workers of Lakvijaya Power Station at Norochcholai, Puttalam – Stage 2

The Lakvijaya Power Station located in Norochcholai, Puttalam is the largest power station in Sri Lanka. The operation of the Power Station was commissioned in September 2014 under two phases and the construction work of the prefabricated dormitories for workers was entrusted to Access Engineering PLC.

The scope of the project included the construction of two, two storeyed prefabricated steel buildings which has the capacity to house around two hundred workers employed at the Power Station. The detailed design of the foundation and the steel superstructure was carried out by Access Engineering PLC. The steel superstructures of the two buildings are erected on concrete substructures and the upper floor composite slabs use self-supported steel decking sheets and steel wire mesh reinforcement. The composite action of the slabs is ensured by using shear studs connected to the main steel components of the structures. The total building is covered with thermal resistance sandwich panels and roofing sheets manufactured in Sri Lanka.

Status	: Completed
Client	: Ultratech Cement Lanka (Private) Limited
Commencement	: 25th May 2015
Funded by	: Ultratech Cement Lanka (Private) Limited
Completion	: 31st December 2015
Project Value	: Rs. 94.5 Mn
Role in Contract	: Main Contractor
Location	: Peliyagoda

Modification of Cement Unloading and Conveying System at Ultratech Cement Lanka (Private) Limited

The civil works and steel structure fabrication and erection works related to modification of the existing cement unloading and conveying system at Ultratech Cement Lanka (Private) Limited was entrusted to Access Engineering PLC.

The scope of the project included fabrication and erection of the steel superstructure which is of 50 m in height and 280 mt in weight and the construction of the basement and the ground floor structures. The fabrication work was undertaken by the mechanical fabrication workshop of Access Engineering PLC.



Telecommunication Infrastructure

Dialog OFN Backbone Project: Phase IV

Status	: Completed
Client	: Dialog Axiata PLC
Commencement	: 12th January 2014
Funded by	: Dialog Axiata PLC
Completion	: 3rd January 2016
Project Value	: Rs. 378.7 Mn
Role in Contract	: Main Contractor
Location	: Multiple Sites

The scope of the said project included planning, obtaining approvals, supply and installation of cables and accessories, testing and commissioning of optical fiber circuits.

National Optical Fiber Backbone Network Project consists of several phases and Phases I to III have already been completed and commissioned. Under Phase IV, a total of around 215 km of cables were installed and successfully commissioned by Access Engineering, which covered the backbone route segments of Mawanella – Kiribathkumbura up to Padeniya, Urapola – Nittambuwa, Kesbewa – Waskaduwa, Avissawella – Sankapala. Subsequently, Optical Fiber Backbone Phase V was launched to install a cable network of 61 km from Jaffna to Molankawil along the A32 Road.



Review of Business Operations


**BUSINESS OPERATIONS:
ENGINEERING OPERATIONS**

Engineering Design

The Engineering Design Office made significant contributions to some of our key projects during the year. A particularly significant achievement was the Design and Construction of Access Tower 2 using Post-tension system with large spans.

Projects to which the Design Office contributed to are shown in the table below. Services provided to both internal and external customers are included.

Project Name	Description of Work Carried Out	Type	Commencement	Completion	Client
Rehabilitation of Labugama and Kalatuwawa Water Treatment Plants	Design of DAF unit and lime saturator in Kalatuwawa and design of DAF unit, filter, sludge pit, lime saturation plant in Labugama and associated buildings at both Labugama and Kalatuwawa treatment plants	Water Supply	July 2013	July 2015	Forarosi Vismuak (Hungary)
Construction of Access Tower 2	Design of 28 storey office building	Building	December 2013	December 2016	Access Realities 2 (Private) Limited
Design of Kapparathota Jetty	Design of jetty with pile foundation and deck	Harbor & Marine Works	November 2014	December 2015	Ministry of Fisheries & Aquatic Resources
ITC Colombo One Development	Design review of diaphragm wall	Building	January 2015	October 2015	Welcome Hotels Lanka (Private) Limited
Grater Colombo Water Management Project	Design of structures	Water supply	June 2015	May 2016	NWSDB
Construction of prefabricated dormitories for workers of Lakvijaya Power Station at Norochcholai, Puttalam – Stage 02	Design of steel building	Building	August 2015	November 2015	Ceylon Electricity Board
Urban Regeneration Project – City of Colombo, Construction of 608 Housing Units for Government Servants at Borella	Design of 25 storey building	Building	March 2016	July 2016	UDA
Design and Construction of Ganemulla Flyover	Design of substructure with pile foundation, approach road and drainage	Flyover	March 2016	June 2016	Road Development Authority
Design and Construction of Polgahawela Flyover	Design of substructure with pile foundation, approach road and drainage	Flyover	March 2016	June 2016	Road Development Authority
Design and Construction of Rajagiriya Flyover	Design of substructure with pile foundation, approach road and drainage	Flyover	March 2016	May 2016	Road Development Authority

The following software has been utilized in engineering designs: ETAB, STAADPRO, SAP 2000, SAFE and Auto Cad.



External Consultants

The design office used the services of CSE consultants during the year for peer reviewing of the Access Tower 2 Project.



The following innovative technologies were introduced and utilized during the year.

- 15% saving on direct structural cost of the Access Tower 2 Project by introducing Post-tension system with large Spans. There are considerable indirect savings also due to the low floor to floor height.
- Introduction of high grade concrete to economies the column and beam sizing of Access Tower 2 Project.



Piling

A large number of projects were carried out by the Piling Unit during the year under review. Details of which are given below:

Project Name	Type	No. of Piles	Average Depth of Piles (m)	Average Diameter of Piles (mm)	Inception	Client	Volume of Concrete Used (m ³)
Proposed Apartment Complex at Abdul Gafoor Mawatha, Colombo 03	Building	65	25	600/1,000	December 2015	Complete Investments (Private) Limited	689
Proposed Apartment Complex at Gregory's Road, Colombo 07	Building	20	18	600/800/1,000	February 2016	Blue Ocean Properties (Private) Limited	260
Proposed Condominium Apartment Complex at Alfred House Gardens, Colombo 03	Building	81	20	1,000	November 2014	Blue Ocean Properties (Private) Limited	853
Proposed Apartment Complex at Havelock Road, Colombo 06	Building	24	16	700/800/1,000	November 2015	Blue Ocean Legend (Private) Limited	302

Review of Business Operations



Project Name	Type	No. of Piles	Average Depth of Piles (m)	Average Diameter of Piles (mm)	Inception	Client	Volume of Concrete Used (m ³)
Proposed Damro Showroom Building at Moratuwa	Building	14	13	750/900/100	April 2015	D.R. Industries (Private) Limited	157
Construction of Additions to the Existing Factory and Office Premises of Ceylon Tea Services PLC at Peliyagoda	Building	124	25	800/1,000	January 2016	Ceylon Tea Services PLC	347
Construction of Proposed Divisional Secretariat Complex at Wattala	Building	26	16	600/750/900/1,000	December 2015	District Secretariat Gampaha	399
Proposed Apartment Complex Project (Fairway Galle) at Galle	Building	275	23	600/800/1,000	April 2015	Fairway Holdings (Private) Limited	4,047
Urban Homes, Fairway Koswatte	Building	150	6	750/900/1,000/1,200	December 2015	Fairway Holdings (Private) Limited	1,218
Extension of Fairway Holdings Office Building	Building	15	15	750/1,000	May 2015	Fairway Holdings (Private) Limited	162
Badulla, Hali-Ela and Ella Integrated Water Supply Project	Water Supply	97	7	750	July 2015	National Water Supply and Drainage Board	407
Proposed Development of Institute of Technology, University of Moratuwa	Building	346	20	450/600/800/1,000	December 2014	University of Moratuwa	1,971
Major Bridges Construction Project of the National Road Network – Package 01	Bridge	42	18	1,500	October 2015	Wakachiku Construction Co., Limited	1,706
Proposed Apartment Complex at Jayasinghe Road, Colombo 05	Building	28	8	600/800/900	February 2016	Link Engineering (Private) Limited	167
Proposed Apartment Complex (Prime Libra) at Koswatte	Building	72	10	600/800/900/1,200	June 2015	Prime Homes (Private) Limited	588
Proposed Apartment Complex (Prime 194) at Nugegoda	Building	26	5	800/900/1,000/1,200	September 2015	Prime Homes (Private) Limited	156
Piling Works for 30m Monopole (Relocation) at Peliyagoda Junction	Telecommunication	4	24	600	August 2015	Dialog Axiata PLC	41
Widening of Bridge No. 27/5km on Colombo-Kandy Road Project	Bridge	16	6	1,000	January 2016	Road Development Authority	79
Widening of Bridge No. 27/3km on Colombo-Kandy Road Project	Bridge	9	8	1,000	March 2016	Road Development Authority	72
ITC Colombo One Hotel and Luxury Apartment at Galle Face Colombo 01	Bridge	438	15	600/800/1,200	December 2015	Welcome Hotels Lanka (Private) Limited	1,400





The types of piling executed by the division includes the following:

- Cast in-situ bored piles
- Steel Sheet piles
- Secant piles
- Contiguous piles
- Timber piles
- Micro piles
- Caissons
- Ground Improvements and Earth Retaining works

In addition to constructing and installing piles on sites, the unit offers the following services to its clients.

- Pile Integrity Testing which is a non-destructive method to assess the continuity and integrity of concrete pile foundations
- Crosshole sonic logging (CSL) to verify the structural integrity of bored piles and drilled shafts
- Static Load Testing to assess the pile's load bearing capacity
- KODEN test – to monitor the profile of a deep excavation

The division maintained the following inventory of equipment as at 31st March 2016.

- Six hydraulic rotary boring rigs (BG 24/25)
- Percussion drilling rigs
- Hydraulic grab and accessories (GB 34)
- 50-60t crawler and mobile cranes
- Excavators
- Desanders (BE 70)
- Concrete spraying machine ('shotcreting')
- Soil anchoring drilling rig
- Pile-testing apparatus

The Company has also obtained the services of a consultant from the University of Moratuwa for interpretation of pile testing data and validation of results.

The Company completed the First diaphragm wall project in Sri Lanka at ITC Colombo One Project. The Company also introduced Klemm 909-2 for anchoring work in the same project.



HDD & Cable Jetting Services

The following gives the highlights of the work carried out by the HDD and Telecom Division during the year.

- Designed & built solutions in Optical Fiber Backbone Networks, Metro Fiber Implementation projects including FTTH networks, Copper cable networks, Telecommunication tower constructions and Aerial Cable Installation.
- Utilized Horizontal Directional Drilling (HDD) technique which employs a trenchless method to install pipes, ducts or cables underground with minimal or no disturbance to surrounding structures. This is the most versatile solution for the installation of underground utilities along roads in built up areas as it causes minimal disturbance.
- Carried out Fiber Optic Cable Installation through cable jetting. Cable jetting is the process of installing a cable in a duct by pushing the cable into the duct whilst blowing air through the duct. This method is extremely productive than the conventional manual cable pulling method. This also enhances quality by eliminating potential damage to cables. The Company has been successful in installing and reaching a distance of approximately 4km of optical Fiber cable on average each day.
- Production of precast telecommunication poles

Performance matrices/indices during the year

- Total HDD distance – Approximately 6.7 km
- Total cable blowing distance – Approximately 17.1 km
- Total Optical Fiber Network Development distance – 159.5 km
- Total sites connected during the year – 132 Nos. within the year

Specialized Equipment fleet

Machine	Nos.
Horizontal Directional Drilling Machine	3
Cable Blowing Machine	2



Review of Business Operations

**Dredging**

Services carried out by the Dredging Division during the year are given below:

Project Name	Description of Work Carried Out	Date of Commencement	Date of Completion	Client	Total Number of Operational Hours	Total Quantity Dredged (m ³)
Thotagamuwa Molapu Estuary Desilting Project	Desilting of Molapu Oya outfall and 3 km length along the river	24th May 2015	31st July 2015	Mega Dredge (Private) Limited	278.10	2,779

The dredger was disposed on 8th September 2015.





Production Plants

The sales figures of AELs production plants in the year under review by product category are given in the table below.

Site	Commissioning Date	UOM	Sales Quantity for the Financial Year 2015/16 (1st April 2015 - 31st March 2016)	Cumulative Sales Quantity, 31st March 2016	Total Capacity of the Plant
Asphalt Plant – Kotadeniyawa	April 2011	mt	85,496	347,606	96 TPH
Asphalt Plant – Matugama	September 2015. Transferred from Jaffna	mt	28,397	130,099	120 TPH
Asphalt Plant – Ibbagamuwa	June 2011	mt	26,375	118,884	120 TPH
Asphalt Plant – Vavuniya	August 2013	mt	31,684	111,237	120 TPH
Total Production – Asphalt Plants			171,951	707,826	
Quarry Vavuniya II	July 2014	Cubes	28,691	49,293	
Quarry Warakapola	April 2015	Cubes	17,016	17,016	
Quarry Matugama	December 2015	Cubes	2,374	2,374	
Quarry Mankulam	March 2016	Cubes	–	–	
Total Sales – Quarries (Quarry Products)			48,081	68,683	
Crusher Plant – Kumbukgate	June 2013	Cubes	–	43,498	50 TPH
Crusher Plant – Warakapola	September 2015. Transferred from Kotadeniyawa	Cubes	15,399	95,610	80 TPH
Crusher Plant – Vavuniya	January 2012	Cubes	32,135	161,371	150 TPH
Crusher Plant (Leased) – Matugama	September 2015	Cubes	1,908	1,908	110 TPH
Total Sales of Crusher Production (Aggregates)			49,442	302,387	
Concrete Batching Plant – Kandana	August 2013	m ³	14,384	38,598	25m ³ /hr
Concrete Batching Plant – Mabima	January 2012	m ³	67,885	213,151	60m ³ /hr
Concrete Batching Plant – Wattala	July 2015	m ³	11,547	11,547	60m ³ /hr
Total Sales of Concrete Production			93,816	263,296	
Precast Yard – Kotadeniyawa	July 2014	Nos.	5,639	13,274	
Total Sales of Precast Production			5,639	13,274	
Sand Washing Plant – Nikaweratiya	June 2015	Cubes	706	706	
Total Sales of Sand Production			706	706	



Central Equipment Division (CED)

The value of output of the Central Equipment Division workshop (both CED and Fabrication) is given in the table below.

Project Name	Amount Rs.
Vavuniya – Horowpothana Road Project, Access Engineering PLC – PMD I	45,681,404
Kadawatha – Nittambuwa Road Project, Access Engineering PLC – PMD I	36,200,351
ITC Colombo One Development, Access Engineering PLC	28,423,570
Construction & Equipment Division II, Access Engineering PLC	24,846,482
Kotadeniyawa Asphalt Plant, Access Engineering PLC	17,741,636
Asphalt Laying Unit I, Access Engineering PLC	17,510,200
Vavuniya Crusher Plant, Access Engineering PLC	16,648,842
Kandana Concrete Batching Plant, Access Engineering PLC	16,173,722
Kotadeniyawa Crusher Plant, Access Engineering PLC	15,454,304
Vavuniya Quarry II, Access Engineering PLC	13,161,391
Dialog Optical Fiber Network Project (Phase 4), Access Engineering PLC	12,035,044
Colombo Port Expansion Project - East Container Terminal (Phase 1), Access Engineering PLC	11,704,329
Asphalt Laying Unit II, Access Engineering PLC	11,339,340
Matugama Asphalt Plant, Access Engineering PLC	10,840,505
97 Miscellaneous Jobs	167,269,449
Total	445,030,575



Fabrication Workshop – Analysis of Top Projects

The output values of the major projects carried out by the Fabrication Workshop are depicted in the table below.

Description of Work	Project/Client	Amount Rs.
Fabrication and supply of 59.5 m height steel building	Modifying Cement Unloading and Conveying System at Ultratech Cement, Access Engineering PLC	67,424,205
Fabrication and supply of permanent casing for piles	Proposed Apartment Complex Project (Fairway Galle) at Galle, Piling Unit of Access Engineering PLC	62,384,700
Fabrication of various types of pile equipment accessories	ITC Colombo One Development, Piling Unit of Access Engineering PLC	28,000,000
Fabrication and supply of stainless steel grid tanks	Greater Colombo Wastewater Management Project, Access Engineering PLC	8,040,000
Fabrication, supply and installation of lime saturation tank	Rehabilitation of Labugama and Kalatuwawa Water Treatment Plants Project, Access Engineering PLC	4,900,850
Fabrication and supply of hand rail and stairway structures	Greater Ratnapura Water Supply Project, Abeinsa Ingeniería y Construcción Industrial, S.A., Spain	4,568,037
Total		175,317,792

ENGINEERING INNOVATION

Ground anchoring & micropiling using KR 909-2 drilling rig



Business Impact
(High/Medium/Low):

Medium

Measure of Impact:

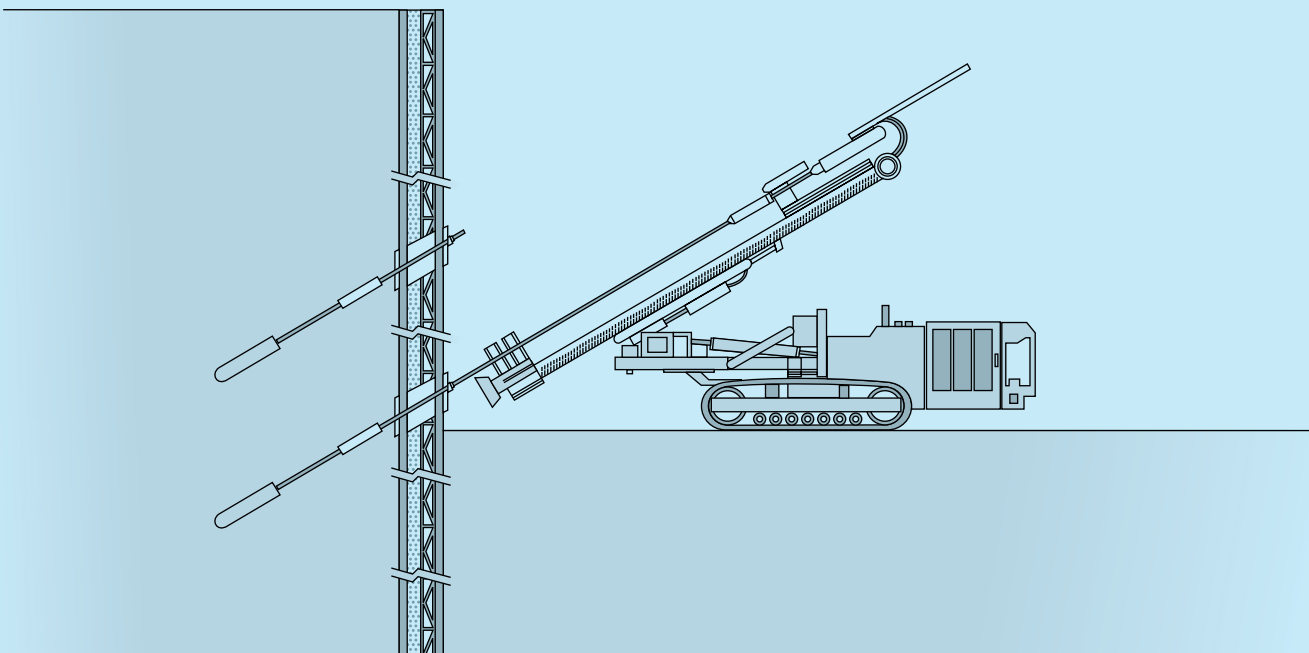
Increased efficiency and
quality control

Value Addition

- The machine can be used at limited access situations due to the compact size of equipment
- It can be maneuvered with ease due to the crawling feature and remote control device that enables it to move to a precise coordinate on ground
- Can be used in environmentally sensitive projects because it creates relatively little disturbance to the surrounding area
- Can be installed at most ground conditions, obstructions and foundations at any incline
- Facilitates simple and economical connection to existing and new structures

Remarks

The KR 909-2 is a compact and powerful drill rig. Through tried and tested Klemm components, the rig is easily adaptable to varied tasks. On the one hand, the machine can be optimally operated to full capacity; while on the other, its inherent robust and simple construction, as well as the exclusive use of standardized modules, guarantees the highest degree of performance with the slightest capital outlay. This product is suited to a wide range of drilling applications in the specialized civil engineering/geo-construction fields such as: anchoring applications, micropile applications, soil nailing and tie back anchor drilling applications and high-pressure injection for the construction of columns, base slabs or for underpinning jobs.





A Stakeholder Approach to Value Creation

Any business has numerous individuals, groups and organizations that are affected or are concerned with its activities. Similarly, there are individuals, groups and organizations whose actions, attitudes and opinions bear on the organization. These are known as its stakeholders. Stakeholders can be both internal and external to the organization. In all its activities, the Company has to consider the needs and aspirations of its diverse stakeholders and has often to strike a balance when meeting them.

The following are the groups who are considered to be stakeholders of the Company:

- Investors
- Shareholders
- Bankers and Prospective Lenders
- Employees
- Government and Regulatory Authorities
- Customers
- Suppliers including Subcontractors
- Business Partners
- Local Communities where the Company Conducts Operations
- General Public
- Industry Peers and Competitors
- The Environment

There is naturally a degree of prioritization in our engagement with our stakeholders. Stakeholder engagement at AEL is based on:

- The level of interest a particular stakeholder group has on our activities
- The degree of influence exercisable by a particular stakeholder group on the Company

The groups that have a higher degree of interest and influence are given priority in the degree and frequency of engagement. However, AEL strives to maintain at least a minimum level of engagement with those stakeholder groups that have a low degree of interest and influence.

The roles of the various stakeholder groups and the interactions AEL has with them are described below:

INTERNAL STAKEHOLDERS

Stakeholder Group	Rational for Engagement
Employees	<p>The industry AEL operates in is highly labour intensive and needs various categories of skilled labour. Moreover, employees can be lured by numerous opportunities both locally and overseas. Thus to remain competitive in the market, AEL needs to have the best talent pool and human capital in the industry and for this the Company needs to satisfy the needs and aspirations of its employees. A fully-engaged workforce that is highly satisfied will go the extra mile for the benefit of the Company to achieve its goals and objectives.</p> <p>Similarly, AEL's vision towards sustainability is driven by its employees, who need the most up-to-date information to make a valuable and informed contribution.</p>

A Stakeholder Approach to Value Creation



EXTERNAL STAKEHOLDERS

Stakeholder Group	Rational for Engagement
Investors	As the Government of Sri Lanka (GoSL) is faced with financial constraints and is not able to finance all planned infrastructure development projects, investors will play a key role in funding future projects.
Shareholders	Shareholders provide equity capital and approve/reject Company strategic decisions while expecting a reasonable return on their investment.
Bankers and Prospective Lenders	<p>Banks play a major role in the following areas:</p> <ul style="list-style-type: none"> • Financing infrastructure development projects of the country • Processing day-to-day monetary transactions of the Company • Providing funding arrangements enabling effective working capital management • Providing investment opportunities through accepting deposits
Government and Regulatory Authorities	<p>Being in the business of developing infrastructure we are heavily dependent on the Government, directly or indirectly, for most of AEL's projects and contracts. Therefore, maintaining good relationships with GoSL is paramount to the Company continued business operations and sustainability. AEL has to continuously deal with regulatory authorities regarding approving and reviewing completed, ongoing and future infrastructure development projects.</p> <p>AEL contributes to the Government's objectives by creating employment both directly and indirectly. The Company also contributes heavily to Government revenue by way of both direct and indirect taxes. AEL not only has a social responsibility to comply with all laws and regulations but the Company also has to satisfy regulatory authorities about its compliance.</p>
Clients and Customers	<p>Maintaining cordial relationships with clients is important since most of the repeat orders are based on this. Similarly, client satisfaction through effective project implementation is important in securing future business.</p> <p>AEL also needs customers to continually subscribe to its engineering products and services in order to generate business.</p>
Suppliers Including Subcontractors	<p>Construction industry is heavily dependent on raw materials and therefore, suppliers play a key role in the achievement of business objectives and timely completion of projects.</p> <p>Also, AEL needs subcontractors who are capable of carrying out work in an uninterrupted manner, who will provide timely delivery, who are trustworthy, competitive in terms of prices, quality of service offered and flexibility, easy to communicate with, have a good past track record and adhere to ethical conduct.</p> <p>It is both in AEL's interests as well as that of the subcontractors that the Company cements lasting relationships with them. AEL needs to ensure that its scrupulously carries out all contractual obligations.</p>
Business Partners	For AEL to be a leader in knowledge-based value engineering, it needs to liaise with companies specializing in particular areas enabling a valuable knowledge transfer process. They also collectively expects AEL to safeguard their interests while building progressive sustainable relationships.
General Public	<p>The end user of almost all AEL's products, i.e., construction projects, is the general public. Hence, they expect AEL to build infrastructure and provide services that are of minimum cost consistent with high quality, safety while being sustainable economically, socially and environmentally. In the present context, the general public will also be concerned with ethical conduct in all its transactions.</p> <p>Being a responsible corporate citizen and maintaining a positive public image is very important to succeed in this industry.</p>
Local Communities	AEL's operations often have a major impact on the areas in which the Company operates especially social and environmental. It is vital that AEL minimizes any negative consequences and maintain good relationships with the communities.
Industry Peers and Competitors	Fostering and engaging in fair competition while promoting ethical business practices is vital for the development of the industry. The peers expect AEL to actively promote and uplift the standard of the industry as a whole, while the Company sometimes needs to act collectively regarding industry issues.



Methods of Engagement and Frequency of Engagement

Stakeholder Group	Method of Engagement	Frequency of Engagement
Investors	<ul style="list-style-type: none"> • Periodic meetings to ascertain/review project progress • Business promotion meetings 	As and when required
Shareholders	Annual Report and General Meeting	Annual
	Interim Financial Statements	Quarterly
	Extraordinary General Meetings	As and when required
	<ul style="list-style-type: none"> • Updated website and dedicated investor relations e-mail • Newspaper articles and other publications • Road shows and investor forums • CSE disclosures and announcements • Research reports of the stock broking community 	Continuous
Bankers and Prospective Lenders	<ul style="list-style-type: none"> • Timely settlement of dues • Providing periodic financial information 	Continuous
	Responding to lenders' queries	As and when required
Employees	<ul style="list-style-type: none"> • Periodic management-employee meetings • 'Open-door' policy • Training and development • Maintaining transparency in all activities • Staff welfare activities • AEL News Portal • Exit interviews 	Continuous
	<ul style="list-style-type: none"> • Performance appraisal and rewarding • Employee satisfaction surveys • Annual get-together and staff trip • Joint communication from MD & COO via mail to every employee at the beginning of each year 	Annual
Government and Regulatory Authorities	<ul style="list-style-type: none"> • Public-Private Partnership projects • Timely feedback through submission of reports, tax returns, updates etc. • Ensuring compliance • Participation at various forums, meetings, discussions organized by the Government and regulatory authorities • Continuous membership in industry associations 	Continuous
Clients and Customers	Publication of the Integrated Report	Annual
	<ul style="list-style-type: none"> • Progress review meetings • Updated website • Relationship managers for each major customer 	Continuous
Suppliers including Subcontractors	<ul style="list-style-type: none"> • Subcontractor/supplier evaluation • Regular progress review meetings • Updated website • Contract negotiation and communication • Procurement Committee meetings 	Continuous

A Stakeholder Approach to Value Creation



Stakeholder Group	Method of Engagement	Frequency of Engagement
Business Partners	<ul style="list-style-type: none"> Regular visits to/from business partners Updated website Regular communication and periodic meetings for ongoing projects Relationship managers for each major customer 	Continuous
General Public	<ul style="list-style-type: none"> Updated website Regular media and other communications with the public Participation/sponsoring trade exhibitions Providing employment and internship opportunities Various Corporate Social Responsibility projects Consultation of local communities in project planning and execution 	Continuous
	Publication of the Integrated Report	Annual
Industry Peers and Competitors	<ul style="list-style-type: none"> Membership in industry associations Joint execution of infrastructure projects with peers Industry advancement workshops, discussion forums and CSR projects 	Continuous

Key Concerns Raised and Company's Response

Stakeholder Group	Key Concerns Raised During the Year	Company Response
Investors	Timely securing of projects	Vigilant and proactive business development efforts
Shareholders	Provision of a monetary return on their investment	Declared Rs. 750 Mn in cash dividends
	Providing upto date information about the affairs of the Company	<ul style="list-style-type: none"> Press releases featuring every project at three stages of the life cycle (commencement, execution and completion), earnings reviews and other publications such as the Annual Integrated Report Frequent release of research reports about the Company through stock broker companies Participation at investor forums both local and foreign Upgraded the Company website: www.accessengsl.com during the year with dedicated space for investors
Bankers and Prospective Lenders	Taking advantage of the low interest regime that prevailed in the latter part of 2015	Raised Rs. 5 Bn through an initial public offering of debt which was subsequently listed on the Colombo Stock Exchange
Employees	Need of recognizing and rewarding high performers	Continued the performance-based reward system
	Need to enhance the competence of staff	Provided training and development opportunities to staff members
	Need for brainstorming among employees	Held the 'Core Team Meeting' in March 2016 headed by the Managing Director



Stakeholder Group	Key Concerns Raised During the Year	Company Response
	Training and raising awareness of the newly – implemented ERP system	Carried out continuous user training sessions on different functional areas of the ERP system
	Need to provide staff with more up-to-date information about the Company	Created a central repository system giving access to all employees Launched 'AEL News' e-mail-based information dissemination system Upgraded the Company website; www.accessengsl.com during the year
Government and Regulatory Authorities	Need to participate in the infrastructure development drive/initiatives of the Government	<ul style="list-style-type: none"> Carried out infrastructure development projects throughout the country Participated at various industry related forums, discussions spearheaded by the GoSL
	Infrastructure development in partnership with the GoSL	Commenced the first Public-Private Partnership (PPP) Project in partnership with the Urban Development Authority (UDA) to build houses for public sector servants
	Need to comply with all Government regulatory requirements and payment of dues such as taxes, rates, etc.	Complied with all applicable rules and regulations of the Government with timely payment of all dues
Clients and Customers	Speedy delivery of projects at a lesser cost	Provided solutions that are less costly and speedy such as the diaphragm wall, prefabricated bridges, post-tensioning, HDD, etc., during the year
	Need for high quality construction	Completed projects with least number of defects
Suppliers including Subcontractors	Timely settlement of dues	Settled all dues on time with zero fines or penalties for delayed payments
Business Partners	Need to impart knowledge from foreign principals	Partnered Centunion of Spain in finalizing several flyovers across major railway stations and cities
General Public	Addressing the timely needs of the public	<ul style="list-style-type: none"> Carried out various social responsibility initiatives Offered direct and indirect employment opportunities
	Enhancing the knowledge base of the industry	<ul style="list-style-type: none"> Offered internships for over 160 students Introduced innovative solutions to the industry during the year
Industry Peers and Competitors	Raising sustainability awareness among industry participants	Organized the construction industry learning event with the Ceylon Chamber of Commerce

APPROACH TO MATERIALITY

AEL focus on the full range of topics or aspects that have a potential impact on its ability to create sustainable value. These aspects are analyzed from two perspectives, namely importance to its engineering business and importance to its stakeholders. An aspect is considered important or material based on relevance and significance, the latter being determined by the probability of occurrence and the magnitude of the impact.

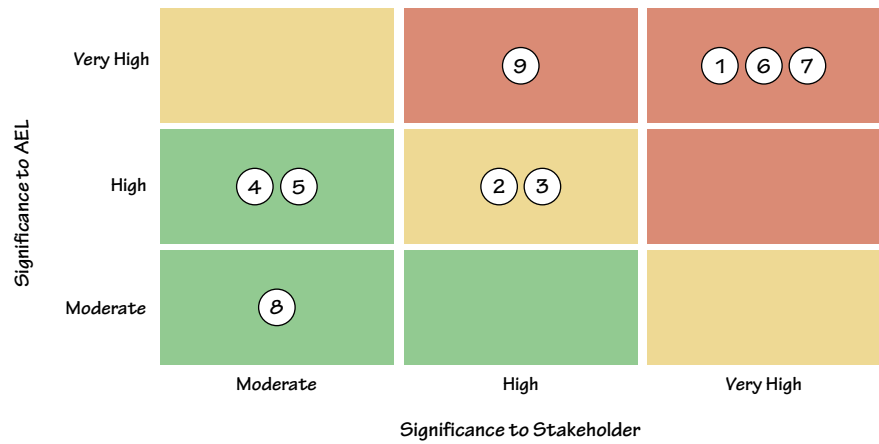
AEL has identified aspects that are material to the Company's stakeholders and AEL in the context of its economic, environmental and social agenda for sustainable value creation. The aspects AEL considers to be important are thus rated as moderate, high and very high and are tabulated below. AEL has used GRI G4 Sustainable Reporting Guidelines in this process.



Materiality Matrix

No.	Aspect	Indicators	Significance to Stakeholder	Significance to AEL
1.	Economic Performance	EC 1 EC 3	VH VH	VH VH
2.	Energy	EN 3 EN 6	H H	H H
3.	Water	EN 10	H	H
4.	Biodiversity	EN 11	M	H
5.	Overall	EN 31	M	H
6.	Employment	LA 1 LA 2	VH VH	VH VH
7.	Training and Education	LA 9	VH	VH
8.	Diversity and Equal Opportunity	LA 12	M	M
9.	Local Community	SO 3	H	VH

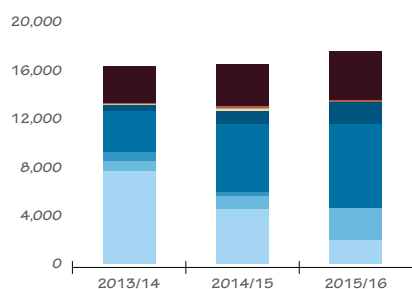
M – Moderate H – High VH – Very High





Internal Capital Formation

Consolidated Revenue (Rs. Mn)



- Roads and Highways Construction
- Water and Drainage Construction
- Bridge Construction
- Building and Other Construction
- Sale of Construction Related Materials
- Hiring Income
- Fabrication Income
- Consultancy Service Income
- Rental Income
- Service Charges
- Vehicle Sales and After Sales Services

FINANCIAL CAPITAL

Revenue

During the year under review, the Group's consolidated revenue was recorded at Rs. 17,625 Mn, a growth of approximately 6.7% over the previous year. The major contributors to this top line were construction activities of the Company (52%), sale of motor vehicles and after sales services (23%), revenue of Access Projects (Private) Limited (15%) and the sale of construction related material (10%). A marginal drop in the construction revenue of the Company (-4%) was off set by healthy gains from other sectors including production (39%), Access Projects (19%) and sale of motor vehicles and after sales services (17%). The Company also saw the first time consolidation of the full year results of its 80% owned subsidiary Access Projects (Private) Limited.

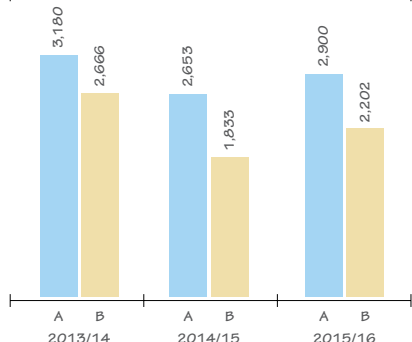
At a company level, the top line recorded Rs. 11,604 Mn, a growth of 3.2% over the corresponding year with the highest contribution stemming from building construction (46%) followed by water and drainage construction (23%), road and highways construction (17%) and production (14%). At a project level ongoing work of the Kadawatha – Nittambuwa Road Project, town east of Colombo water supply project, construction of houses for the underserved resettlements (phase II) project, Access Tower II and ITC Colombo One development were the major contributors to Company's top line in addition to production income.

Gross profit for the period was Rs. 3,977 Mn and Rs. 2,562 Mn at Group and Company level with a margin of 22.6% and 22.1% respectively. The main contributors to this were the Company's ability to offer fully-integrated value engineering services and turnkey engineering solutions for clients, prudent management of projects and internal sourcing of raw materials from its own plants and quarries.

Other Income

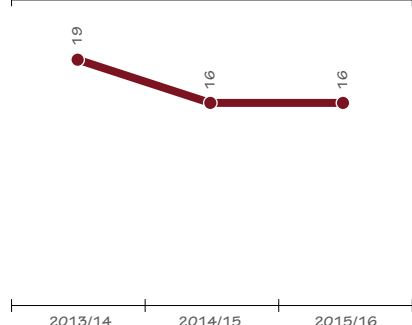
The Company recorded other income amounting to Rs. 262 Mn and Rs. 252 Mn at Group and Company level with corresponding growth rates of 38% and 1,417% respectively. This was mainly due to the exchange gain generated by the devaluation of the Rupee as a result of the volatile market conditions that prevailed during the year. Dividend income also recorded a significant growth of 169% during the year at Company level on account of 140% growth in the dividends declared by its 84.42% owned subsidiary Sathosa Motors PLC.

EBIT – Group & Company (Rs. Mn)



- Group
- Company

EBIT Margin – Group (%)



Earnings Before Interest and Tax (EBIT)

During the year under review, the EBIT increased by 9% and 20% respectively at Group and Company level to record at Rs. 2,900 Mn and Rs. 2,202 Mn. In addition to the contribution given by the growth in revenue and other income, the EBIT growth was also supported by the decline in administrative and other expenses. At a company level, other expenses and administrative expenses recorded significant year-on-year declines of 50% and 21% respectively. Efficiency improvement initiatives and streamlining of operations that were put in place during the latter part of 2014/15 were continued in 2015/16.

EBIT margin for 2015/16 was 16% and 19% at Group and Company level respectively.

Net Finance Income

For the Financial year 2015/16 the Company generated a net finance income of Rs. 96 Mn and Rs. 152 Mn respectively at Group and Company level. At a company level, interest on fixed deposits rose by 266% during the year to Rs. 273 Mn while Rs. 40 Mn was received on account of investments made during the year in listed corporate debentures.

During the year under review the Company raised Rs. 5 Bn through an initial public offering of rated unsecured redeemable debentures which was subsequently listed on the Colombo Stock Exchange. On account of this, for the period ended 31st March 2016, the Company has incurred an interest expense of Rs. 190 Mn and finance cost of the Company increased significantly as a result.

At a group level, the interest on bank loan rose by 288% year-on-year to record at Rs. 78 Mn mainly on account of the 141% increase in interest bearing borrowings.



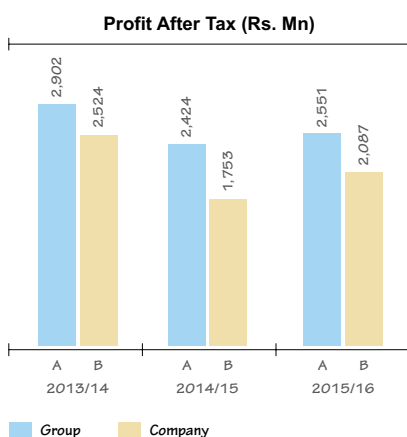
Taxation

During the financial year 2015/16, the Company and its 80% owned subsidiary Access Projects (Private) Limited continued to enjoy a concessionary tax rate on construction income of 12%. Similarly, profits attributable to manufacturing of construction related material of the Company are exempted from income tax, commencing from year of assessment 2011/12 for a period of seven years. The Company's fully owned Subsidiary – Access Realities (Private) Limited is taxed at 2% on revenue while Sathosa Motors PLC is taxed at 28%.

Operations were not carried out at the Company's recently made investments namely, Horizon Knowledge City Limited (100% owned) and Horizon Holdings Ventures (Private) Limited (92%).

Tax expense for the year increased by 31% and 40% at Group and Company level to record at Rs. 444 Mn and Rs. 268 Mn respectively. At the Company level, the main reason for the increase in tax expense was the significant rise in other income which is taxed at 28%. At a group level, the full year consolidation of the results of Access Projects (Private) Limited also partly contributed to the increase in tax expense.

The effective tax rates for 2015/16 remained at 15% and 11% respectively at Group and Company level as opposed to 12% and 10% respectively in 2014/15.



Profit After Tax

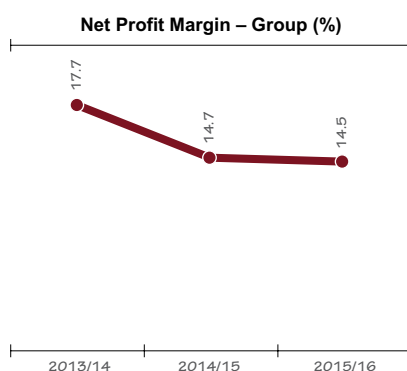
The after tax profit for the period ended 31st March 2016 was recorded at Rs. 2,551 Mn and Rs. 2,087 Mn respectively at Group and Company level. This is a marginal growth of 5% at Group level and a significant growth of 19% at Company level. Highest contribution to PAT was from construction activities of the Company (67%) followed by the production of construction related material (15%), Sathosa Motors PLC (13%), Access Realities (Private) Limited (6%) and Access Projects (Private) Limited (6%). The Company's recently acquired Subsidiaries namely Horizon Holdings Ventures (Private) Limited and Horizon Knowledge City Limited generated negligible losses amounting to Rs. 380,093 for the period.

The Group's associate and venture undertakings contributed Rs. 11 Mn to the bottom line, a growth of 2% over the corresponding year. Contribution from the Group's 30% owned associate, ZPMC Lanka Company (Private) Limited was Rs. 12 Mn while its 50% owned joint venture, Horizon Holdings (Private) Limited was a marginal loss of Rs. 1 Mn.

Profit attributable to the owners of the Company increased by 19% over the previous year to register at Rs. 2,087 Mn while at Group level, this amounted to Rs. 2,465 Mn, a growth of 5%.

Supported by the strong growth in after tax profits, the Company's net profit margin rose to 18%, a significant growth of 15% over the previous year. This is due to the prudent cost management practices adopted by the Company. Group's net profit margin was 14.5% as opposed to 14.7% in the previous year.

Earnings per ordinary share was recorded at Rs. 2.47 and Rs. 2.09 at Group and Company level respectively.

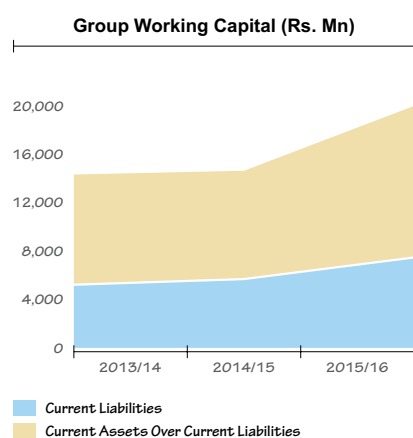


Financial Position and Working Capital Management

Total asset base of the Group increased by 36% to Rs. 30.3 Bn supported by the recent acquisition of a land bank in Malabe, capacity building initiatives, construction of Access Tower II, investments made in various corporate debentures and short term deposit.

At a company level, the total asset base stood at Rs. 25.3 Bn, recording a growth of 38% mainly on account of the investments made in various Horizon Group Companies, corporate debentures and short term deposits.

Capacity building to support the core business has always underpinned the organic growth of the Company over the years. 2015/16 too saw over Rs. 600 Mn being invested by the Company in building capacity across plant and machinery, tools and construction equipment



to cater the growth in business. The Group invested over Rs. 720 Mn during the year in the construction of Access Tower II which is scheduled for completion in 2016/17. The Group invested approximately Rs. 1.4 Bn in the debenture issues of National Development Bank PLC, People's Leasing & Finance PLC and Hatton National Bank PLC in 2015/16. In November 2015 the Company raised Rs. 5 Bn through an initial public offering of debt which is held in fixed deposits until such time it is utilized for the intended purposes for which it was raised.

The liquidity position remains strong with approximately Rs. 7.3 Bn and Rs. 7.1 Bn held in short term deposits and cash at Group and Company level respectively. Net working capital of the Group increased to Rs. 11.2 Bn from Rs. 8.1 Bn, a significant growth of 39.6%. At a company level, the net working capital remained at Rs. 10.6 Bn compared to Rs. 6.7 Bn a year earlier, showcasing a mammoth growth of 60%. The current ratio of 2.7 and 3.8 at Group and Company level and the quick ratio of 2.3 and 3.6 at Group and Company level are well above the industry standards. At the Group level, the increase in interest-bearing borrowings on account of its subsidiary namely Access Projects (Private) Limited and indirect subsidiary SML Frontier Automotive (Private) Limited has caused a slowdown in the growth of net working capital.

Total net assets of the Group increased to Rs. 17.5 Bn from Rs. 16.3 Bn a year earlier underlying a growth of 7% year-on-year. At the Company levels, total net assets were recorded at Rs. 16 Bn recording a growth of 6% YoY. This translates to a net asset per share of Rs. 17.46 and Rs. 15.94 at Group and Company levels. The return on shareholders' equity for the year was 14.1% and 13.1% at Group and Company levels respectively.

As at 31st March, the operating activities of the Group and Company generated net cash flows amounting to Rs. 3,168 Mn and Rs. 2,858 Mn respectively. This was mainly due to the one-off super gain tax that was paid during the year amounting to Rs. 554 Mn and Rs. 438 Mn respectively at Group and Company levels. Investing activities generated negative net cash flows amounting to Rs. 9,251 Mn and Rs. 8,149 Mn respectively at Group and Company levels, while the positive net cash flows generated by the financing activities amounted to Rs. 4,532 Mn and Rs. 4,250 Mn. During the year, the Company paid Rs. 750 Mn in cash dividends to its shareholders.

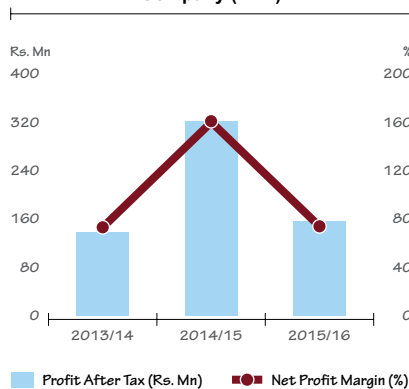
VALUE CREATION AND DISTRIBUTION

	2015/16		2014/15		2013/14	
	Rs.	%	Rs.	%	Rs.	%
Value Added						
Revenue	12,198,091,440		11,373,026,739		13,426,749,520	
Cost of materials and services bought in	(7,122,407,885)		(7,252,535,669)		(8,349,711,487)	
	5,075,683,555		4,120,491,070		5,077,038,033	
Value Distributed						
To employees as remuneration	1,330,832,626	26.21	1,550,805,636	37.64	1,667,587,386	32.85
To providers of capital	189,576,842	3.74	542,337	0.01	1,972,226	0.04
To Government revenue	770,437,350	15.18	178,137,460	4.32	237,932,779	4.69
To shareholders as dividend	750,000,000	14.78	1,000,000,000	24.27	500,000,000	9.85
Value Retained for Expansion and Growth						
Depreciation	731,645,853	14.41	605,791,129	14.70	551,874,844	10.87
Profit retained	1,303,190,883	25.68	785,214,508	19.06	2,117,670,798	41.71
	5,075,683,555	100.00	4,120,491,070	100.00	5,077,038,033	100.00

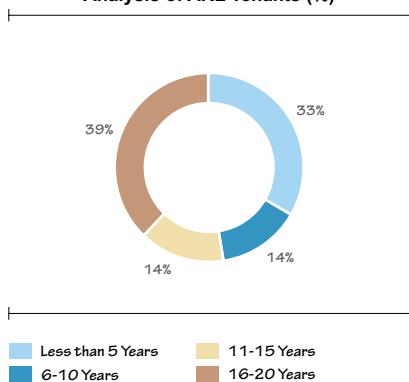
Internal Capital Formation



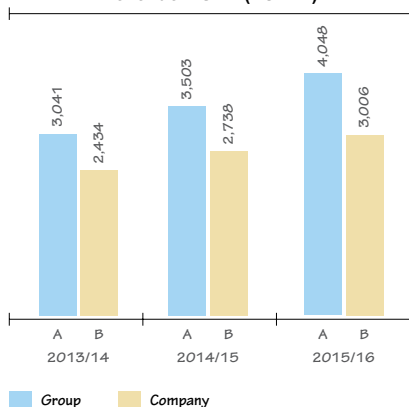
Profit After Tax and Net Profit Margin – Company (ARL)



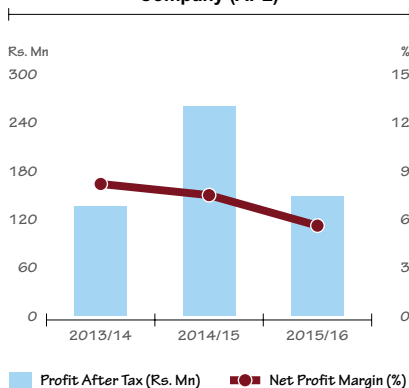
Analysis of ARL Tenants (%)



Revenue – SML (Rs. Mn)



Profit After Tax and Net Profit Margin – Company (APL)



SUBSIDIARY PERFORMANCE

Access Realties (Private) Limited (ARL)

The Company's fully owned subsidiary Access Realties (Private) Limited, which is the owner and the managing agent of Access Tower, generated a net income of Rs. 211 Mn and Rs. 213 Mn respectively at Group and Company levels during the year through renting of office space and provision of related services. This is a marginal growth of 5% and 6% respectively compared to the corresponding period. With gross profits amounting to Rs. 184 Mn and Rs. 185 Mn respectively at Group and Company levels the Company enjoyed high margins of 87%.

Being 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. Hence the after tax profit of the Company stood at Rs. 153 Mn and Rs. 156 Mn respectively at Group and Company levels. This is a 51% decline at both levels compared to the previous year (2014/15) on account of the gain on fair value of investment property recognized in 2014/15.

The Company's investment property which is the Access Tower, a 12 storey modern office complex is currently valued at approximately Rs. 3.3 Bn. During the period under reviews the Company invested Rs. 530 Mn in its fully owned subsidiary Access Realties 2 (Private) Limited which is the developer of Access Tower II, a state-of-the-art 29-storey office complex due for completion in 2016/17.

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

Sathosa Motors PLC (SML)

During the year under review Sathosa Motors PLC which has the franchise in Sri Lanka for Isuzu motors vehicles and spare parts manufactured by Isuzu Motors Limited of Japan generated a top line of Rs. 4,048 Mn and Rs. 3,006 Mn at Group and Company levels, a growth of 15.6% and 9.8% respectively. AEL holds approximately 84.4% of SML which is a Public Quoted Company.

The Company's gross profit margins at Group and Company level were 25% and 22% respectively. With net profit margins of 8% and 11% respectively at Group and Company levels, the Company's after tax profits stood at Rs. 327 Mn and 316 Mn.

Access Projects (Private) Limited (APL)

Established in 2002, Access Projects (Private) Limited is a leading contractor in the leisure related building industry. It is CIDA 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. AEL acquired 80% of Access Projects in October 2014.

Top line for the financial year 2015/16 was recorded at Rs. 2,648 Mn, a drop of 24% compared to the previous year. With a gross profit of Rs. 328 Mn, the margin was 12%. The Company's finance expenses increased by 359% during the year to record at Rs. 67 Mn, mainly on account of short term borrowings taken for working capital requirements. As a result, the Company's net profit for the period was Rs. 149 Mn, a decline of 43% year-on-year.



INSTITUTIONAL CAPITAL

Institutional capital is largely constituted of intangibles which are hard to quantify. It includes organizational learning, knowledge bases, systems, procedures, software, brand value and ethics. In this Report AEL does not attempt to present our institutional capital exhaustively, but confine ourselves to its most salient features.

Organizational Knowledge and Expertise

The knowledge stored in AEL's human resources constitutes what is probably the most valuable part of its institutional capital. Today, AEL has a total of 2,054 employees including over 150 engineering professionals with Chartered Engineers and Quantity Surveyors. The Company has developed effective IT-based mechanisms to promote knowledge sharing within the Company. Some of them are the AEL Central Data Repository and the AEL news e-mail platform. There is also the Core Team meeting headed by the Managing Director.

AEL's institutional knowledge base is built up as an ongoing process by way of post project analyses which identify and record lessons learnt and formulate best practices for future reference. The Company's in-house library contains reference materials on both paper and electronic materials on civil engineering and project management.

A Companywide restructuring process was carried out during the year which included centralisation of operations such as accounting. A total of Rs. 600 Mn was invested in capacity building and the product/service portfolio was extended through the introduction of new construction techniques.

Brand Value

AEL's brand value has been progressively built-up by the numerous projects it has executed over the years which has had very tangible and visible outcomes. The quality of value of the engineering artefacts the Company has built are appreciated not only by its clients but also by the ultimate end users who are often the general public. The reputation AEL has built-up in the industry has made us the partner of choice for most contractors. The retention rate AEL has achieved is a tribute to the image AEL has among skilled workers and professionals in the industry; that AEL has achieved these rates in a milieu where there are so many opportunities both locally and internationally is indeed commendable.

AEL has fine tuned its systems and processes to come as close as possible to perfection in design and in construction. This is also backed up by the ISO certifications the Company has obtained for quality management, environmental management as well as health and safety management. Furthermore, the Company utilized SAP ERP system and HRIS backed up by a set of operating procedures which all employees are familiar with to reinforce AEL's commitment to quality.

Governance

AEL has the distinction of being the first locally owned construction Company to obtain a listing on the Colombo Stock Exchange. While being a listed Company brings its own requirements regarding governance and transparency beyond this the Company has own governance procedures. AEL's sound structure of internal controls is built on ethical principles which are ingrained in the Company's corporate culture. AEL's close adherence to quality, health, environmental and safety policies contribute to upholding its brand value.

ENGINEERING INNOVATION

Quality control of deep excavations using KODEN ultrasonic drilling monitor



Business Impact
(High/Medium/Low):

High

Measure of Impact:

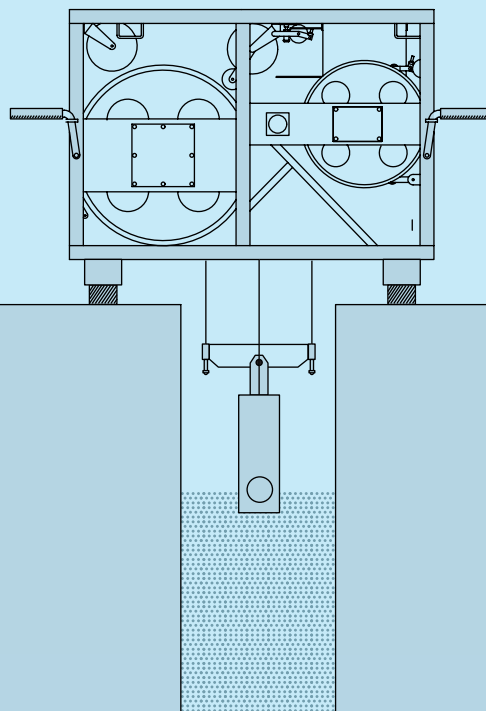
Increased quality and precision

Value Addition

- Helps improve the quality of a drilled hole/trench and reduces working time and cost
- Provides onsite records of the perpendicularity of drilled holes and the shape of cross sections with high accuracy
- Provides numerical measurement data that can be easily imported into various Windows applications (Excel, Word, PowerPoint, etc.) for work reports, etc.
- Helps to maintain the vertical alignment of the excavation thereby minimizing the wastages of concrete and drilling fluid
- Issues clear recording even in slurry contaminated with dirt and sand

Remarks

Koden Drilling Monitor DM-602/604 can measure and confirm underground foundation work, the state of wall surface, pile diameter, deflection and inclination, namely the 'vertical accuracy' of the drilled hole or excavated wall. The recording unit of the Koden instrument utilizes an ultrasonic echo sensing system to measure the verticality of the excavation and any deviation is measured along with the surface cavities present in the deep excavated/drilled wall/hole. The ultrasonic measurement probe is suspended vertically from a cable and lowered into the excavated trench/hole to be surveyed. A log printout is generated to indicate the excavation profile as a function of depth as detected by the sensor.





External Capital Formation

INVESTOR CAPITAL

A few major shareholders, who have active and longstanding connections with the Company, account for the bulk of the ownership of Access Engineering PLC. Nevertheless, the interests of smaller shareholders are also safeguarded through good corporate governance and financial transparency.

Publicly held shares comprise 37.92% of the total shareholding held by a total of 5,743 shareholders.

The breakup of the investors in terms of the number of shares held as at 31st March 2016 is as follows:

From	To	No. of Holders	No. of Shares	%
1	1,000	2,412	1,063,019	0.11
1,001	10,000	2,141	9,343,440	0.94
10,001	100,000	909	29,345,707	2.93
100,001	1,000,000	235	69,039,782	6.90
Over 1,000,000		60	891,208,052	89.12
		5,757	1,000,000,000	100.00

Categories of Shareholders

Access Engineering PLC is an overwhelmingly Sri Lankan owned Company and the breakup of the shareholders by category as at 31st March 2016 is as follows:

	No. of Shareholders	No. of Shares	%
Local Individuals	5,268	803,986,710	80.40
Local Institutions	402	143,073,602	14.31
Foreign Individuals	66	4,065,207	0.40
Foreign Institutions	21	48,874,481	4.89
	5,757	1,000,000,000	100.00

Directors' Shareholding

The shareholding of the Directors as at 31st March 2016 is shown below:

Name of the Director	No. of Shares Held	%
S J S Perera	250,000,000	25.00
R J S Gomez	120,000,000	12.00
J C Joshua	100,000,000	10.00
S H S Mendis	24,000,000	2.40
D A R Fernando	24,000,000	2.40
S D Munasinghe	24,000,000	2.40
S D Perera	2,000,000	0.20
K A M K Ranasinghe	Nil	Nil
N D Gunaratne	Nil	Nil
D S Weerakkody	Nil	Nil

External Capital Formation



Top 20 Shareholders as at 31st March 2016

Name of Shareholder	No. of Shares 31.03.2016	%	No. of Shares 31.03.2015*	%
1. S J S Perera	250,000,000	25.00	250,000,000	25.00
2. R J S Gomez	120,000,000	12.00	120,000,000	12.00
3. 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. S J S Perera	49,433,000	4.94	46,350,000	4.64
6. Mrs. D R S Malalasekera	45,000,000	4.50	45,000,000	4.50
7. Employees' Provident Fund	27,420,502	2.74	15,396,437	1.54
8. S D Munasinghe	24,000,000	2.40	24,000,000	2.40
9. S H S Mendis	24,000,000	2.40	24,000,000	2.40
10. D A R Fernando	24,000,000	2.40	24,000,000	2.40
11. Citi Bank Newyork S/A Norges Bank Account 2	21,391,649	2.14	-	-
12. Access Medical (Private) Limited	13,000,000	1.30	13,000,000	1.30
13. Hotel International Limited	8,053,988	0.81	5,545,460	0.55
14. Nuwara Eliya Property Developers (Private) Limited	8,052,462	0.81	8,052,462	0.81
15. MAS Capital (Private) Limited	6,860,957	0.68	6,860,957	0.69
16. CB London S/A Tundra Frontier Opportunities Fund	6,754,837	0.68	8,654,837	0.87
17. J B Cocoshell (Private) Limited	6,197,056	0.62	-	-
18. M J Fernando	5,158,120	0.51	2,634,490	0.25
19. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	5,072,312	0.51	6,185,731	0.62
20. Mellon Bank N.A. – Eaton Vance Trust Co. Collective Inv. Trust	4,337,027	0.43	2,818,027	0.28
	818,731,910	81.87	772,498,401	77.25
Others	181,268,090	18.13	227,501,599	22.75
Total	1,000,000,000	100.00	1,000,000,000	100.00

*Comparative shareholdings as at 31st March 2015 of the twenty largest shareholders as at 31st March 2016

Share Price Performance

Share price movements during the year with comparative figures for 2015/16 are shown below:

Market Price Per Share	2015/16 Rs.	2014/15 Rs.
Highest	27.90 (30.07.2015)	43.50 (18.11.2014)
Lowest	18.80 (09.03.2016)	18.50 (31.03.2015)
As at end of the Year	20.80	19.20

Investor Relations

Access Engineering takes care to nurture its investor relations. Presentations to the investor community were made by the Company at forums organized by stockbroker firms.

Online real time trading information, Financial Statements and Company research reports can be accessed at www.accessengsl.com. The Company also maintains its investor relations by way of dedicated e-mails on the subject.

The Company maintains high standards of transparency and accountability by timely release of all material and price sensitive information to CSE. Uptodate project related information is always available on the Company website. Shareholders can also have access to Directors by prior appointment if they wish. The Company's dividend policy remains unchanged. The table below shows the earnings for each share, dividends for each share and payout ratio since our listing in 2012.



	2015/16		2014/15		2013/14		2012/13		2011/12	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
EPS (Rs.)	2.47	2.09	2.35	1.75	2.83	2.52	2.38	2.13	1.83	1.52
DPS (Rs.)	0.75	0.75	1.00	1.00	0.50	0.50	0.50	0.50	0.27	0.27
Payout (%)	30	36	43	57	18	20	21	23	15	18

An interim dividend of Rs. 0.50 for each share was declared for 2015/2016 on 20th November 2015 and paid in full by the Company on 11th December 2015.

A final dividend of Rs. 0.50 for each share was declared for 2015/2016 on 25th May 2016 and paid in full by the Company on 14th June 2016. A total of approximately Rs. 750 Mn was paid out in cash as dividends during the year 2015/16.

The performance of the shares relative to ASPI is shown in the table below.

	31st March 2016	1st April 2015	Change (%)
AEL Price (Rs.)	20.80	20.40	1.96
ASPI	6,071.88	6,916.08	(12.21)
S&P SL 20	3,204.44	3,900.67	(17.85)

The trading statistics of our shares since our listing in 2012 is shown below.

For the year ended 31st March	2016	2015	2014	2013	2012
No. of Shares Traded	199,334,867	476,248,674	64,571,998	99,057,069	1,668,272
Value of Shares Traded (Rs.)	4,570,150,971	14,900,355,246	1,265,038,262	2,147,640,644	45,103,518
Number of Days Traded	241	239	239	243	4
Number of Trades	36,018	49,154	13,535	10,229	975

In November 2015, AEL issued 50 million rated senior unsecured redeemable debentures with tenures of 5-8 years raising Rs. 5 Bn. The debentures were rated '(SL) A+ with a stable outlook' by ICRA Lanka Limited and were listed on the Colombo Stock Exchange on 23rd November 2015

This step was taken to take advantage of the low interest regime that prevailed in the latter part of 2015.

CUSTOMER CAPITAL

During the year under review, the Company has sustained its customer base for products and services alike. As shown in the tables appearing next, the Company has a diversified portfolio which includes not only contracts for engineering construction but encompasses a large number of services.

External Capital Formation



Customer Base

	Sector	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Services	Piling	19	15	2	3	3	5	4
	Mechanical and Steel Fabrication Workshops	2	4	4	3	3	-	-
	Geotechnical and Laboratory Services	-	3	1	1	1	1	-
	Supply of Asphalt Concrete	70	30	21	22	20	-	-
	Quarry Operations and Aggregate Production	67	57	56	11	12	-	-
	Supply of Ready Mix Concrete	184	123	38	40	5	-	-
	Engineering Designs	8	1	1	-	-	1	2
Products	Roads and Highways	3	5	7	7	7	5	5
	Bridges and Flyovers	1	1	2	2	1	1	1
	Water and Wastewater	8	5	5	4	3	3	3
	Building and Other	13	5	4	4	3	2	3
	Airport and Aviation	-	1	1	1	1	-	-
	Harbours and Marine Works	2	-	1	1	1	-	-
	Dredging and Reclamation	-	-	-	-	1	1	-
Telecommunication Infrastructure	2	3	3	2	2	1	2	

Customer Turnover

	Sector	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10
Services	Piling	1,239.12	1,278.00	1,797.40	1,411.69	284.09	51.81	23.18
	Mechanical and Steel fabrication workshops	7.46	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	857.53	717.68	331.11	407.58	494.09	-	-
	Quarry operations and Aggregate production	96.05	77.41	31.30	53.37	55.31	-	-
	Supply of ready mix concrete	634.82	391.17	84.44	161.53	1.58	-	-
	Engineering designs	73.60	24.00	35.00	-	-	20.00	88.00
Products	Roads and Highways	1,417.39	3,905.40	6,752.96	5,410.90	3,989.92	1,695.61	1,356.42
	Bridges and Flyovers	15.97	392.72	761.63	241.41	17.93	667.01	364.12
	Water and Wastewater	2,485.04	1,079.61	869.09	967.76	472.76	325.73	550.56
	Building and Other	3,705.06	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	486.79	-	12.06	270.08	43.75	-	-
	Dredging and Reclamation	-	-	-	-	7.07	31.19	-
Telecommunication Infrastructure	610.67	650.62	1,115.41	650.46	578.69	738.08	735.24	



Customers by Type

Sector	Public	Private	Foreign
Piling	2	15	3
Mechanical and Steel fabrication workshops	–	1	1
Geotechnical and Laboratory services	–	–	–
Supply of asphalt concrete	4	63	3
Quarry operations and Aggregate production	3	64	–
Supply of ready mix concrete	3	176	5
Engineering designs	3	4	1
Roads and Highways	1	–	3
Bridges and Flyovers	1	–	–
Water and Wastewater	3	2	3
Building and Other	4	8	1
Airport and Aviation	–	–	–
Harbors and Marine Works	2	–	–
Dredging and Reclamation	–	–	–
Telecommunication Infrastructure	1	2	–

How the Company does Business

The methods by which AEL secures new business are listed below:

Public Sector

- International Competitive Bidding (ICB)
- National Competitive Bidding (NCB)
- Limited/Restricted International and National Bidding
- Direct Contracting and Repeat Orders
- Two Stage Bidding
- Two Envelope System

Private Sector

- Responses to requests for proposals (RFPs)
- Bidding
- Preferred Contractor
- Repeat Orders

Our role in a contract can be:

- Main Contractor
- Subcontractor
- Joint Venture Partner
- Partner of a consortium
- Public-Private partnerships



Elements of Customer Value Creation

Given the nature of the Company's business, engineering is the foundation of its customer value creation. The engineering solutions the Company offers its customers give value in terms of strength, quality, longevity and maintainability.

Value Engineering Solutions

- Basement construction using diaphragm walls which can be erected in congested and closed areas with adjacent buildings and utilities with minimum vibration and noise. Construction time is lowered by this method.
- Slope stabilization using soil nailing and shotcreting where slopes with loose soils that are vulnerable for landslides can be stabilized using this technique. Using soil nailing slopes with low absorption and high strength can be achieved. Using shotcreting slopes that are not easily accessible to heavy machinery can be stabilized by spraying concrete from a distance at a high velocity.
- Post tensioning method for high rise building resulting in thinner concrete sections and/or longer spans between supports. This method saves energy in the construction process by minimizing the use of concrete and steel thereby preserving natural resources. It also reduces cost and time of construction.
- Ground anchoring and micropiling using KR-909-2 Drilling Rig – this machine can be used at limited access situations due to compact size of the equipment. It can be maneuvered with ease due to its crawling feature and the remote control device that enables it to move to a precise coordinate on ground. This is used in environmentally sensitive projects because it creates relatively little disturbance to the surrounding area.
- Quality control of deep excavations using Ultrasonic Drilling Monitor – this improves the quality of a drilled hole/trench and reduces working time and cost.
- Monitoring of potential lateral displacements of diaphragm walls using digital inclinometer.
- Pile instrumentation to measure changes in physical properties of the concrete and steel mass of a pile during static load testing or during long term monitoring; Concrete embedment strain gauges to measure the transfer of load along the length of the pile during the short term or long term loading of the structure.
- Prefabricated panel walls which require less working space, which is faster and has a long lifespan.
- New guardrail installation method which increases the speed of installation, reduces cost and improves quality.
- Prefabricated steel bridges & flyovers resulting in time and cost saving and efficiency improvement.
- Hydrogen Leak Detection for testing of pipes and ducts soon after installation.
- Ground Penetration Radar for detecting underground utilities and artefacts.
- Horizontal Directional Drilling (HDD) for trenchless installation resulting in minimal surface disruption.
- Cable Blowing in telecommunication works resulting in increased efficiency and cost reduction. Under this method, longer installation distances can be achieved.



Other Aspects of Customer Value Creation

- The only local construction Company to run operations on a fully automated ERP System which is based on SAP. Operations ranging from Project Management, Sales and Distribution, Equipment and Tools Management, Financial Management, Material Management and Procurement and Production Planning are run based on this system.
- Only local construction Company to have the highest CIDA Grading across most number of disciplines of civil engineering. This is also complemented by the Company's subsidiary Access Projects (Private) Limited which also has the highest CIDA Grading for building construction and aluminium and ceiling works.
- In-house service portfolio providing A-Z engineering solutions. This is also complemented by the Company's subsidiary Access Projects (Private) Limited which is a leader in providing interior solutions.
- Commitment to sustainability.
- Corporate governance.
- Being a preferred partner among all international contractors present in Sri Lanka. Invited by China Harbour Engineering Company (CHEC) to work with them on a project in Papua New Guinea which was completed and handed over successfully. The only Company to have formed a Joint Venture Partnership with the world's largest container handling equipment manufacturer, ZPMC, China.

Responsible Design

The customer usually provides the designs done by their architects and engineers and the Company develops a product that fits the purpose. However, through a process of dialogue with the customer and the architects/engineers, the Company adds value by suggesting alterations and modifications to design aspects.

The Company undertakes compliance with all relevant standards. As a result, it is involved in the design of temporary works. Stability check for walls, slopes and excavations are also done by the design department without adopting rules of thumb. Model testing is also done by the division and all designs are verified by third party consultants.

Quality Assurance

The Company's quality procedures are enforced by rigorous adherence to the quality certifications it has obtained. The Company's Quality Management System is ISO certified. An integrated audit covering both QMS and EMS was carried out by Det Norske Veritas.

At least three internal audits are carried out during the life cycle of a project; namely at commencement, project execution and completion. This ensures the quality of the final product. The audits cover all aspects including quality, environmental performance and health and safety performance. Additionally, special audits are conducted when the need arises.

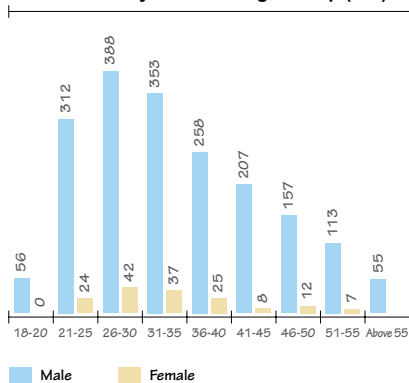
EMPLOYEE CAPITAL

Despite its volume of business and the wide scope of its operations, both technically and geographically, Access Engineering does not have an enormous workforce. As at 31st March 2016, the Company's full time employees were a modest 2,054. Due to the nature of the work and the fact that operations of this nature are usually male dominated; the vast majority of its workforce is male. The bulk of the demand for manual labour is met through casual or subcontract workers.

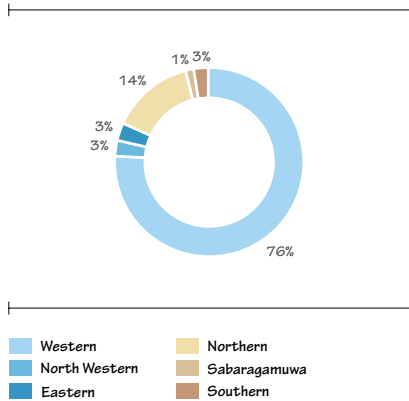
External Capital Formation



Workforce by Gender & Age Group (No.)



Workforce by Province (%)



The breakup of the Company's full time or permanent workforce by age group and gender is shown below.

Age Group	Male	Female	Total
18-20	56	0	56
21-25	312	24	336
26-30	388	42	430
31-35	353	37	390
36-40	258	25	283
41-45	207	8	215
46-50	157	12	169
51-55	113	7	120
Above 55	55	0	55
Total	1,899	155	2,054

The analysis of the workforce by province shows a heavy concentration in the Western Province, reflecting the regional distribution of construction work. There are also a substantial number in the Northern Province due to post-war reconstruction and rehabilitation work.

Province	Total
Western	1,560
North western	57
Eastern	63
Northern	296
Sabaragamuwa	26
Southern	52
Total	2,054

Employees by Division breakdown of the Company is shown in the table below.

Division	Head Count
Head Office	118
PMD I	723
PMD II	989
PMD III	224
Total	2,054

New recruitment by division and gender are shown in the table below. The fact that the majority of the total workforce as well as the new recruitments have been for the project divisions and relatively few for the head office, reflects our lean administrative structure.

Division	Total	Female	Male
Head office	21	8	13
Project management division I	52	0	52
Project management division II	79	10	69
Project management division III	34	5	29
Total	186	23	163



Staff Retention and Benefits

The Company have also continued with its performance-based reward system. Staff retention for the year was 94.67% which reflected its reputation in the industry. It is indeed commendable that the Company was able to achieve this figure despite the numerous opportunities available both locally and overseas.

Training and Development

At AEL, the Company gave great importance to staff training and development, which is a major thrust of its human capital development strategy. The total cost incurred on training and development during the year was Rs. 2,371,731.14. The Company also offered a total of 166 industrial placements during the year contributing to the knowledge base of the industry as a whole.

Industrial Placements by Division

Division	Total Placements Offered
Project Management Division I (PMD I)	51
PMD II	38
PMD III	70
Head Office	7
Total	166

The training hours by gender and employee categories are as follows.

Based on Gender

Average training hours for males	2.86
Average training hours for females	1.61

Based on Employee Category

Average training hours for staff	2.82
Average training hours for workers	2.76

Areas of training include a broad spread encompassing technical, soft skills and managerial subjects. Some of the subjects for which training was conducted are given below.

- Construction Development
- Building Construction Techniques
- Health and Safety Practices
- ISO 9001 and ISO 14001 Integrated Training
- Export Procedures and Documentation
- National Income and Taxation
- Internal Control Framework for Finance
- Construction Insurance
- Internal Audit Training for System Management



The Company has a systematic training program with training needs being identified by a training need analysis and the performance appraisals of staff. Training is conducted both internally and externally.

Internal and on-the-job training methods include workshops, seminars, meetings and drills. Continuous user training sessions were carried out on different areas of the ERP system to promote effective utilisation of the system.

External training is by way of workshops, seminars, conferences and discussions. A core team meeting was held in March 2016 headed by the Managing Director to promote brainstorming among employees.

Health and Safety

Details of Health and Safety Training carried out during the year are as follows.

Program Name	Type	Dates	Number of Participants	Average Training Hours
General Health and Safety Training (By Project Managers and Safety Officers)	Internal	April 2015 – March 2016	633	2,010
Access Health and Wellness Awareness Program on Heart Diseases	External	7th October 2015	55	82.5
National Occupational Health and Safety Conference	External	14th October 2015	13	104
Training on First Aid Practices	External	24th October 2015	30	150
Occupational First Aid Training Program	External	30th October 2015	20	140
Seminar on Occupational Safety and Health for Construction Employees	External	17th November 2015	31	248
Access Health and Wellness Awareness Program on Cancer Prevention	External	18th November 2015	54	54
Training on Fire Fighting	External	24th October 2015 & 30th December 2015	66	392.5
Construction Industry Safety Requirements	External	10th & 30th December 2015, 30th January 2016, 27th February 2016 & 28th March 2016	109	436
Training on Occupational Health and Safety Management	External	15th March 2016	11	88



Health and safety practices carried out during the year included:

- a. Conducting safety induction (through Video & PPT Presentation)
- b. Setting Operational Controls for critical activities
- c. Selection of best Safety Performer
- d. Display of safety signage
- e. Training and awareness on hazard identification, risk assessment & establishment of controls

In the year under review, the Company spent a total of Rs. 11,267,389 on safety initiatives, mostly on purchase of safety equipment and other tools.

The Company's future plans for health and safety include health screening programs to ensure fitness for the jobs they perform for all employees and to identify and take action on any illnesses found.

Anti-Corruption Measures

All business units were analyzed for risks related to corruption in the year under review. The analysis covered a total of 99 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 2015 – 31st March 2016

Completed	32
Commenced	23
Ongoing	26
DLP/FC	18
Total	99

Training in Anti-Corruption Measures

The nature of our industry is such that it is at high risk of corruption occurring or of allegations of same. The Company has a very stringent policy of zero tolerance of corruption at all levels. This is very important from the point of view of building the Company's social and relationship capital in view of the high public concern with the issue at the present time.

Anti-Corruption Training (%)

New Recruits in 2015/16 (Nos.)	186
Total Staff as at 31st March 2016 (Nos.)	2,054
% of Total Staff Underwent Training (%)	9

BUSINESS PARTNER CAPITAL

AEL, in the course of its business operations, has had commercial agreements with a variety of partners. The most common forms are partnerships with other contractors or suppliers. The Company has played the roles of a joint venture partner, as a subcontractor to a lead contractor or a lead contractor overseeing one or more subcontractors.

In the year under review, AEL commenced executing a public-private partnership project undertaken with the Urban Development Authority. This was to construct 608 residential housing units for public sector employees. The project, which was delayed due to finalization of facilities and financial options to be made available to the prospective public sector buyers, is now under construction.



The number of suppliers by category is shown in the table below.

Supplier Type	Number of Suppliers
Local Vendors	8,130
Foreign Vendors	168
Internal Vendors	41
Total	8,339

Further the Company strengthened its relationship with ZPMC through the commissioning of twenty six rubber tired gantry cranes and eight ship-to-shore cranes in Qatar.

The location of suppliers by country is shown below.

Country	Number of Suppliers
Sri Lanka	8,171
UAE	2
Austria	1
Australia	1
China	68
Germany	2
United Kingdom	6
Hong Kong	6
Hungary	2
India	36
Italy	1
Japan	6
South Korea	2
Malaysia	7
Netherlands	2
Saudi Arabia	1
Singapore	15
Swaziland	1
Thailand	1
Turkey	2
Taiwan	1
USA	5
Total	8,339



Growth in JV & Subcontractor

Sector	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
JV	814.24	852.04	453.40	717.61	734.92	444.66	41.00
Subcontractor	817.39	1,353.56	3,589.33	6,290.79	6,240.17	3,684.05	2,525.79

The types of suppliers include manufacturers, wholesalers, dealers, subcontractors, hirers of vehicles & machinery, sole agents, clearing agents and Government authorities

AEL is also a member of the following associations:

- Construction Industry Development Authority (CIDA)
- National Construction Association of Sri Lanka (NCASL) – Major Specialist Contractor
- TRACE International, UK
- Business & Biodiversity Sri Lanka of the Ceylon Chamber of Commerce – Patron Member
- UNGC – Member
- Lanka Business Coalition on HIV/AIDS – Member

SOCIAL AND ENVIRONMENTAL CAPITAL

Since AEL's core business is that of building infrastructure, the Company naturally delivers social value by way of the projects it executes. The ultimate end users of the Company's infrastructure developments are the general public. The Company enhances the value these developments provide by ensuring their safety, quality, maintainability and sustainability and executing them at the lowest possible cost without sacrificing other considerations.

The Company also scrupulously fulfils its statutory responsibilities by complying with all laws and regulations. The Company also makes its due contributions to the Government's coffers by timely payment of all taxes and rates. However, the Company recognises that its responsibilities as a socially conscious Company go far beyond the above.

During the year under review, the Company continued with its tree planting campaign which was initiated in 2007. During the year, the Company planted 281 trees bringing the total planted under the campaign to 13,726.

There is generally a poor understanding of biodiversity issues within the construction industry, despite the industry having a big impact on natural habitats, wild life and plants. To address this need, AEL together with the Sri Lanka Business and Biodiversity (SL B&B) Platform of the Ceylon Chamber of Commerce organized the 'Construction Sector Networking and Learning Event' targeting an audience of construction teams, design teams, consultants and other professionals in the industry. 44 individuals attended the event from 14 organizations in the industry.

The nature of the Company's activities is such that it has an unavoidable impact on the natural environment. The Company is very conscious of the fact that this can damage its public image and especially that it can bring very adverse reactions from the local communities where the Company operates. The Company therefore does its utmost to mitigate any adverse environmental impacts.

External Capital Formation



The actions taken to this end in the year under review are listed below.

Significant Aspect	Environmental Impact	Mitigation Strategies Adopted during 2015/16						
Dust generated during roadwork	Air quality degradation	Watering						
Dust from crusher plants	Air quality degradation	Water sprinkling and water jacketing						
Waste oil/ burnt oil generated from mechanical workshop	Water/land pollution	Handing over to an approved burnt oil handler for reuse/recycle						
Cement contaminated water generated from batching plant	Water/land pollution	<ul style="list-style-type: none"> Monitoring of water quality Simple water treatment (Sedimentation) and reuse of water 						
Waste paper (office operations)	Natural resource depletion	Handing over to certified recycling agents						
E-waste (office operations)	Heavy metal contamination	Handing over to certified recycling agents						
Fuel/oil leakages and spillages from storages	Water/land pollution	<ul style="list-style-type: none"> Secondary containment for storage tanks 						
Fossil fuel consumption	Natural resource depletion	<ul style="list-style-type: none"> Monitoring fuel consumption Preventive/corrective maintenance 						
Emission from motor vehicles	Air pollution and Contribution to anthropogenic climate change	<ul style="list-style-type: none"> Emissions tests for motor vehicles Preventive/corrective maintenance 						
Noise from generators	Area nuisance	<ul style="list-style-type: none"> Soundproofing 						
Tree felling during road works	<ul style="list-style-type: none"> Carbon sink destruction Degradation of natural environment Contribution to anthropogenic climate change Biodiversity loss (knock-on effect) 	<ul style="list-style-type: none"> Tree planting programs; <table border="1"> <tbody> <tr> <td>During FY 2015/16</td> <td>281</td> </tr> <tr> <td>In Previous Years</td> <td>13,445</td> </tr> <tr> <td>Total</td> <td>13,726</td> </tr> </tbody> </table>	During FY 2015/16	281	In Previous Years	13,445	Total	13,726
During FY 2015/16	281							
In Previous Years	13,445							
Total	13,726							

Energy Conservation

Construction and engineering are by nature energy intensive activities. Reducing energy usage by conservation and efficiency measures not only reduces cost but it also reduces the Company's carbon footprint and the national energy debt. As in the previous year, the Company set itself a target of reducing electricity consumption by 2% from the budgeted consumption.

The following practices were adopted to reduce energy consumption.

- Procurement of energy efficient machines
- Installing thermal installation for roofs
- Utilisation of natural ventilation for site offices and rest rooms/meal rooms instead of air conditioning
- Isolating meeting rooms from the central AC system
- Use of solar energy for welding drilling activities
- Use of energy efficient light bulbs
- Dividing the lighting system into several zones with separate switches and installing a power factor correction capacitor

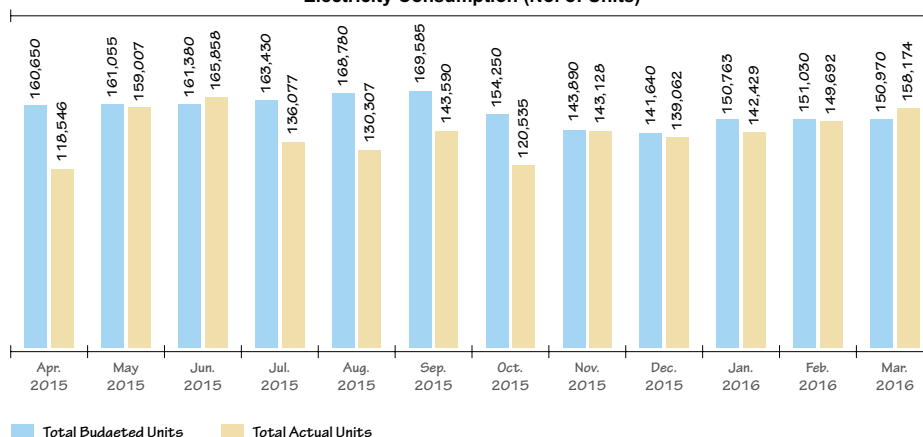
The Company's electricity conservation program was extremely successful. While the Company's budgeted consumption was 1,877,423 units, the Company's actual consumption was 1,706,405 units, a saving of 9.11% as compared with the targeted 2%.



Monthly details of budget and consumption are shown in the table and bar chart below.

Month	Total Budgeted Units	Total Actual Units
April	160,650	118,546
May	161,055	159,007
June	161,380	165,858
July	163,430	136,077
August	168,780	130,307
September	169,585	143,590
October	154,250	120,535
November	143,890	143,128
December	141,640	139,062
January	150,763	142,429
February	151,030	149,692
March	150,970	158,174
Total	1,877,423	1,706,405

Electricity Consumption (No. of Units)



Water Conservation

While the Company had no specific target for water conservation during the years nevertheless it adopted a number of practices to reduce water consumption. These included:

- Treating waste water and reusing it at sites where possible (e.g. Mabima Concrete Batching Plant, Kandana Concrete Batching Plant, Kaduwela Workshop, etc.)
- Reusing water at all its construction sites as much as possible
- Budget water consumption based on the project activities for more realistic consumptions (construction and day to day) and monitor consumptions
- Monitor water consumptions monthly by head office and inquire unacceptable deviations



Water Usage 2015/16

Total water usage (Units)	485,322.40
Annual usage by each employee (Units)	236.28
Monthly usage (average) by each employee (Units)	19.69
Water reused & recycled (Units)	1,205
Percentage (%)	0.25

1 unit = 1,000 liters

Waste Management

All Company worksites produce substantial quantities of waste materials.

The following waste management practices were adopted in the year under review.

- Each site identified the type of waste based on the activities performed at site, formulated and implemented a Waste Management Plan
- Domestic wastes collected at sites are segregated at the time of collection (e.g. iron, glass, steel, paper, polythene, etc.)
- Hazardous wastes generated at sites (burnt oil, oil filters, etc.) are disposed through CEA approved agents for recycle & reuse purposes
- Resorting to non-hazardous construction methods
- Using demolishing debris for landfills

The Company also implemented a paper recycling program the results of which are summarised below.

Wastepaper recycled (Kg)	795
Full-grown trees saved (No.)	13
Oil saved (l)	1,381
Electricity saved (kWh)	3,148
Water saved (l)	25,011
Landfill saved (m)	2.59
Reduction in GHG emissions (kg of Carbon Equivalent)	637

Eco Friendly Practices

The Company strives to incorporate eco-friendly practices in all its activities and inculcate environmental consciousness in the Company's staff as well. The following are some of the activities carried out during the year to this end.

- Promoting employees to adopt practices which conserve its environment
- Taking environmental practices into consideration when evaluating suppliers
- Compliance with environmental statutory requirements (e.g. EPL conditions, material (ABC, Quarry, Soil) transportation, etc.)
- Minimizing disturbance to the existing eco-system (e.g. environmental friendly site office construction)
- Control measures to avoid environmental emergencies/incidents (e.g. secondary containments for oil/fuel storage, etc.)



- Minimization of dust generation (water jacketing at crusher plants, watering with water bowsers, etc.)
- Best construction practices to avoid environmental impacts (facilitating Bentonite collection within the piling site, washing facilities to avoid muddy environment inside as well as outside the construction sites)

The costs incurred in the Company's environmental protection activities are given below.

Environmental protection activity	Cost (Rs.)
Road watering	125,085
Tree planting	12,850
Exposure levels monitoring	881,274
Miscellaneous activities	94,018

Location & size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity.

Location	Land Extent
Vauniya crusher and asphalt plant	2 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



③

6. Dilhan Perera
Non-Executive Director

⑤

7. Ranjan John Suriyakumar Gomez
Non-Executive Director

④

8. Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe
Independent Non-Executive Director

⑥

9. Niroshan Dakshina Gunaratne
Independent Non-Executive Director

⑩

10. Dinesh Weerakkody
Independent Non-Executive Director



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 two 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 Realities 2 (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, Eco Friendly Power Developers (Private) Limited, Access Realities (Private) Limited and Access Realities 2 (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, SML Frontier Automotive (Private) Limited, Access Realities (Private) Limited and Access Realities 2 (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, SML Frontier Automotive (Private) Limited, Access Realities (Private) Limited and Access Realities 2 (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 and a Member of the University Grants Commission. He is a Chartered Engineer, 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 National Policies and Economic Affairs. He was the Chairman of the Government-appointed Committee to review the Banking Sector and NBFIs 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 also a Vice-President of the International Chamber of Commerce, Sri Lanka Chapter, a Committee member of Sri Lanka Tennis Association, a Council member of the Employers Federation of Ceylon, a member of the Institute of Directors of Sri Lanka, a member of the National Health Development Fund and a member of the CIMA Global Asia Pacific Industry Experts Panel.

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



- ① Sumal Perera
Chairman
- ② Christopher Joshua
Managing Director
- ③ Rohana Fernando
Executive Director/COO
- ④ Shevantha Mendis
Executive Director/Director – Business Development



⑤ Dharshana Munasinghe
Executive Director/Director – Business Development

⑥ Vasantha Manatunge
Senior General Manager

⑦ Dharmasiri Chandrapala
General Manager – Technical

⑧ Manoaj Jayahsuriya
General Manager – Project Management Division – I



- ⑨ Simal Fernando
General Manager – Project Management Division – II
- ⑩ Palitha Wanigasundara
General Manager – Project Management Division – III
- ⑪ Kosala Wickramasinghe
General Manager – Planning and Development
- ⑫ Niroshan Thilakarathne
General Manager – Commercial



13 Ms. Neranjala Priyadarshani
General Manager – Finance
(Resigned w.e.f. 31st March 2016)

14 Thasantha Kumara
Deputy General Manager

15 Prabashana Kumara
Deputy General Manager – Project Management Division – II

16 Nilantha Iddagoda
Deputy General Manager – Finance
(Appointed w.e.f. 1st April 2016)

Corporate Management Team

**Sumal Perera**

Chairman

Profile given on page 88

Christopher Joshua

Managing Director

Profile given on page 88

Rohana Fernando

Executive Director/COO

Profile given on page 88

Shevantha Mendis

Executive Director/Director – Business Development

Profile given on page 88

Dharshana Munasinghe

Executive Director/Director – Business Development

Profile 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 38 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 11 years of experience at 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 37 years of experience in the fields of Irrigation and Drainage, Building Construction, Water Supply, Roads and Bridges.

Manoj Jayahuriya

General Manager – Project Management Division – I

Manoj joined the Company in March 2006. He has over 30 years of experience in diversified fields such as the Sri Lanka Navy, operations, apparel manufacturing, corporate planning and human resource 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 Institution 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 the 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 14 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 13 years. Also, he has over six 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.

Ms. 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.

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 a Postgraduate Diploma in Highway and Traffic Engineering from University of Moratuwa. He is also 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 17 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.

Nilantha Iddagoda

Deputy General Manager – Finance

Nilantha joined the Company in 2008 and presently serves in the capacity of the Deputy General Manager – Finance of the Company. He is an Associate Member (ACA) of The Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Association of Accounting Technicians of Sri Lanka. He holds an MBA from the Postgraduate Institute of Management (PIM) of University of Sri Jayewardenepura and holds a B.Sc. Estate Management and Valuation (Special) Degree from the University of Sri Jayewardenepura. He has over 11 years of experience in the field of finance and auditing.



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 AEL, corporate governance goes beyond the tenets of conformance and compliance into a milieu where the Company business is grown and nurtured into a sustainable and equitable one, presenting all the Company's stakeholders with a future to grow with AEL. Maximizing shareholder wealth on a sustainable basis while safeguarding the rights of multiple stakeholders are fundamentals which are permeated through all levels of the Company's 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 AEL's corporate governance practice.

AEL's 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 positions the Company 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. AEL also considers it is its prime responsibility to disclose unbiased, fair and accurate information on the Company's governance practices on a timely manner to all stakeholders so that they could exercise sound decision-making. Hence this report serves that purpose in great detail.

The Company's vision and mission remain firmly embedded in its future journey with the Board of Directors and Executive Management providing the necessary stewardship to its team and other stakeholders to achieve its 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 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, Remuneration Committee and the Related Party Transactions Review 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 through the Company Secretary who keeps a record of their concerns. These concerns are promptly replied either directly or through 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.

AEL has 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 shopfloor level and the frontline 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 AEL's team has been the catalyst in integrating its core competencies into strategic partnerships. Maintaining a healthy work life balance with an environment of superior human resource development through 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 through their respective department heads.



BUSINESS ETHICS

AEL's 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 the Company's 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:



INTERNAL CONTROL

At Access Engineering, Internal Controls are considered a fundamental and integral part of good corporate governance because the Board of Directors is responsible for identifying and managing all risks of the Company. To this effect the Company's Internal Audit Department provides reasonable assurance to the Board of Directors and the Corporate Management that the internal controls imposed over core organizational processes are effective enough so as to ensure the achievement of the ultimate objective of wealth maximization of the Company and its shareholders. It presents the Company with a systematic, disciplined approach to evaluate and improve the effectiveness of risk management/mitigation process, internal controls and governance activities within the Company while adding value. It also assists the Company to meet its obligations of adhering to the practice of good corporate governance.

The system of internal controls at Access Engineering is one that is embedded within the Company and not a separate exercise and is able to respond to emerging risks within and outside the Company and includes procedures for reporting control failures and weaknesses, if prevalent.

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

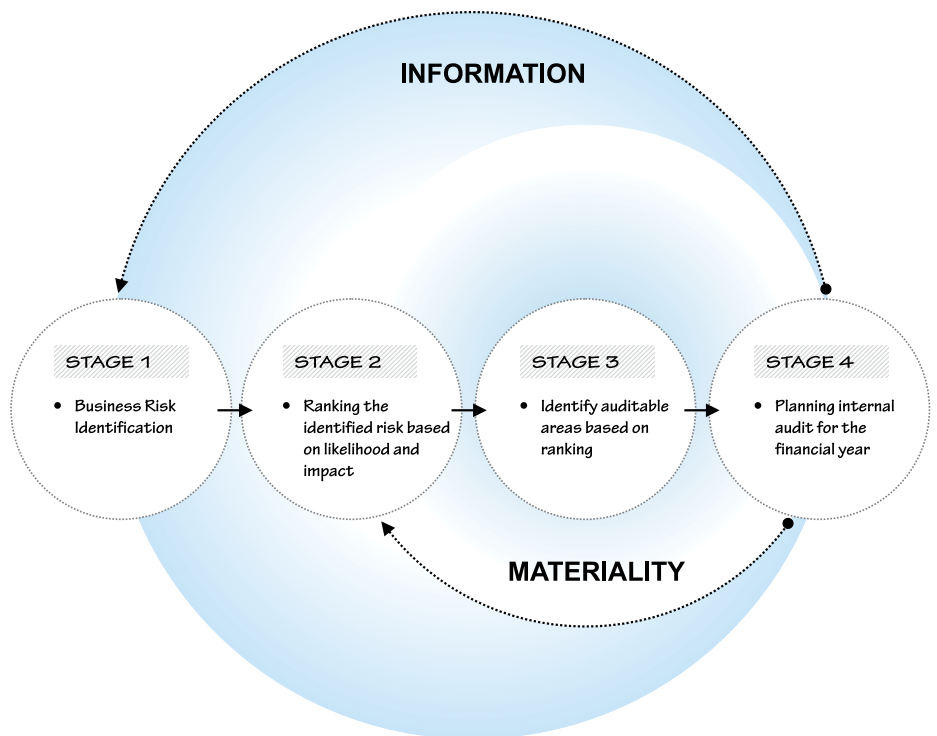


- Reviewing the compliance framework and specific compliance issues
- Reviewing operational and financial performance
- Making recommendations for more effective and efficient use of resources
- Assessing the accomplishment of corporate goals and objectives
- Providing feedback on adherence to Organizational 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

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.

In preparing the Internal Audit Plan for each financial year, the Company adopts a balanced approach considering both high risk areas as well as core organizational processes. Due to the increasing complexity of the business environment the Company operates in, the more recent Internal Audit Plans have adopted a flexible structure so as to facilitate unforeseeable and *ad hoc* situations. Once prepared, the draft plan is presented to the Corporate Management for review and comments prior to being presented to the Audit Committee for final ratification.

Based on a thorough evaluation and previous audit findings the department’s key focus areas for the financial year 2016/2017 were identified to be statutory compliance, information technology, enterprise resource planning system, public complaints and financial reporting.





COMPANY POLICIES

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.

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 through 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 companywide on a continuous basis. Effectiveness of their implementation is measured from time to time through periodic audits conducted both internally and externally.



BOARD COMMITTEES

Audit Committee

Appointed by the Board of Directors, the Committee comprises 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
Dinesh Weerakkody	Independent Non-Executive Director
Suresh Dilhan Perera	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

Remuneration Committee

Comprising 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)	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	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.



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

Name	16th June 2015	22nd September 2015
Dinesh Weerakkody (Chairman)	✓	✓
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	✓	✓
Niroshan Dakshina Gunaratne	✓	✓
Suresh Dilhan Perera	✓	–

Related Party Transactions Review Committee

Established during the financial year by the Board, this Committee comprises three (03) Independent Non-Executive Directors and two (02) Executive Directors of the Board.

Members of the Related Party Transactions Review Committee:

Niroshan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Dinesh Weerakkody	Independent Non-Executive Director
Joseph Christopher Joshua	Managing Director
Rohana Fernando	Director/Chief Operating Officer

The purpose of the Committee is to provide independent review, approval and oversight of all proposed Related Party Transactions in accordance with the Related Party Transactions Policy. The Related Party Transactions Review Committee Charter formalizes the authority, responsibilities and specific duties pertaining to the Committee as follows:

1. Providing independent review, approval and oversight of related party transactions on the terms set forth in the Related Party Transactions Policy
2. Reviewing the Charter and Policy at least annually and recommending amendments to the Charter and Policy to the Board as and when determined to be appropriate by the Committee
3. Performing such other functions as assigned by law and regulations or the Board

During the financial year the Committee met once on 23rd March 2016 with the attendance of all Committee Members.

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

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.

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 through 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)

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'.</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>	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. 	In determining the Independence/ Non-Independence of the NEDs the Company takes into account criteria specified in Section 7.10.4.	Complied
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>	The Remuneration Committee of the Company consists of four (04) Non-Executive Directors out of which three (03) are independent.	Complied



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 101 – 102 of this Report.</p> <p>Refer Note 36.5 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 124 of the Annual Report.</p> <p>Independence of the Auditors is disclosed on page 140 of the Annual Report.</p> <p>Audit Committee Report is found on page 124 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 ten (10) members. Primary objective of the Board is to provide necessary stewardship, strategic direction, a policy framework and a governance structure in order to achieve the vision of the Company. Composition of the Board is as follows:</p> <ul style="list-style-type: none"> • Five (5) Executive Directors • Two (2) Non-Executive Directors • Three (3) Independent Non-Executive Directors <p>The Board consists of Professionals from diverse fields such as Engineering, Accounting, Finance, Business Development, Human Resources and Consultancy. They also sufficiently represent professional, academic and entrepreneurial domains all of which are necessary for the effective functioning of the Board. Additionally all Members of the Board possess the adequate level of skills, competencies and knowledge in their respective fields of specialization so as to provide overall strategic direction to the Company. The Board also sets the level of Risk Appetite of the Company.</p> <p>There are four (4) Subcommittees of the Board of which three (3) are mandatory and one (1) is voluntary. These Committees ensure Company's adherence to the best practices of corporate governance in conducting business.</p>	Complied



Principle	Description	Comment	Extent of Compliance																																																																		
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 the Board's responsibilities, while providing information to the Board on a structured and regular basis.	<p>During the year 5 scheduled Board meetings were conducted all of which were well planned and informed in advance. Attendance of Members at the meetings was as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>19th May 2015</th> <th>29th Jun. 2015</th> <th>29th Jul. 2015</th> <th>4th Nov. 2015</th> <th>3rd Feb. 2016</th> </tr> </thead> <tbody> <tr> <td>S J S Perera</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>R J S Gomez</td> <td>✓</td> <td>x</td> <td>x</td> <td>x</td> <td>✓</td> </tr> <tr> <td>J C Joshua</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>S H S Mendis</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>D A R Fernando</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>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>N D Gunaratne</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>S D Perera</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>D Weerakkody</td> <td>✓</td> <td>x</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> </tbody> </table>	Name	19th May 2015	29th Jun. 2015	29th Jul. 2015	4th Nov. 2015	3rd Feb. 2016	S J S Perera	✓	✓	✓	✓	✓	R J S Gomez	✓	x	x	x	✓	J C Joshua	✓	✓	✓	✓	✓	S H S Mendis	✓	✓	✓	✓	✓	D A R Fernando	✓	✓	✓	✓	✓	S D Munasinghe	✓	✓	✓	✓	✓	Prof. K A M K Ranasinghe	✓	✓	✓	✓	✓	N D Gunaratne	✓	✓	✓	✓	✓	S D Perera	✓	✓	✓	✓	✓	D Weerakkody	✓	x	✓	✓	✓	Complied
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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> <p>The Board is also responsible for the preparation of Financial Statements of the Company to reflect a true and fair view of the state of affairs, establishment of an adequate corporate governance framework and the appointment of External Auditors.</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																																																																		



Principle	Description	Comment	Extent of Compliance
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, proper conduct of meetings and the adoption of best practices of corporate governance. The firm is also responsible for the distribution of Company's Annual Report to its shareholders.	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, performance and business conduct. 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 and the composition of the Board is sufficient enough to ensure balance of power. No Director dominates the conduct of meetings or the Board's decision-making process.	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 Subcommittee meetings and in the decisions passed through 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
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 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.	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. Majority of the Independent Non-Executive Directors are members of the Sri Lanka Institute of Directors. 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.	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.	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. Hence, there is a balance of power & authority. The Managing Director is supported by the Chief Operating Officer in managing the day-to-day affairs of the Company. 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.	Complied



Principle	Description	Comment	Extent of Compliance
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.	<p>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 Board Members receive adequate information prior to every meeting together with the agenda, facilitates discussions at the meetings, encourages participation of all members and accurate recording of proceedings through minutes. He is responsible for ensuring that the objectives of the meeting are achieved and adequately discussed among its members.</p> <p>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.</p>	Complied
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



Principle	Description	Comment	Extent of Compliance
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 comprise 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. Non-Executive Directors are not involved in the day-to-day operations of the Company, thus ensures independent judgment.	Complied
A.5.1	The Board should include Non-Executive Directors of sufficient caliber 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 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. Based on the written declaration submitted by the Independent NEDs for the financial year 2015/16, they were considered as continuing to be independent.	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.	During the year, each Non-Executive Director submitted a dated and signed declaration regarding their independence against the specified criteria set out in the Code.	Complied
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

Corporate Governance



Principle	Description	Comment	Extent of Compliance
A.5.6	If an Alternate Director is appointed by a Non-Executive Director such as 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.	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 supplementary information was provided on the request of Board members.	Complied
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, Human Resources 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. As and when necessary the Corporate Management also makes presentations to the Board in order to enable sound decision-making. The Board has free and open access to all Corporate Management members.	Complied



Principle	Description	Comment	Extent of Compliance
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.	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 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. 	No new Director was appointed to the Board during the year. However, all new appointments are promptly communicated to the CSE together with a brief résumé containing the member's expertise, other Directorships held and independence for public dissemination.	Complied
A.8 Re-Election			
A.8	All Directors should be required to submit themselves for reelection at regular intervals and at least once in every three years.	Directors are reelected 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 reelection every year and as such 2015 saw the reelection of R J S. Gomez who retired by rotation. Recommendations on the reelection 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 reelection 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 reelection of NEDs is sanctioned by the shareholders at the AGM of the Company.	Complied



Principle	Description	Comment	Extent of Compliance
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 reelection thereafter at intervals of no more than three years. The names of Directors submitted for election or reelection 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.	No new Director was appointed to the Board during the year. However, in the event a new Director is appointed to the Board, he/she will offer himself/herself for election by the shareholders at the first opportunity.	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 coordinated 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 2015/16 was assessed at the first Board meeting conducted for the FY 2016/17. The evaluation was done against the targets and goals set at the beginning of the FY 2015/16 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 2015/16.	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 2015/16 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 2016/17 were identified. Each individual Director was satisfied of his performance in the FY 2015/16. Over the years both individual and collective performance appraisal of the Board has facilitated continuous development and improvement.	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
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 through disclosures and financial results released to the CSE for public dissemination.	Complied



Principle	Description	Comment	Extent of Compliance																		
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="0"> <tr> <td>Information Requirement</td> <td>Page/s</td> </tr> <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>188 – 192</td> </tr> <tr> <td>• Other Directorships Held</td> <td>191</td> </tr> <tr> <td>• Attendance at Board Meetings</td> <td>108</td> </tr> <tr> <td>• Composition of Board Committees</td> <td>101 – 102</td> </tr> <tr> <td>• Attendance at Committee Meetings</td> <td>102, 124 & 126</td> </tr> <tr> <td>• Remunerations</td> <td>192</td> </tr> </table>	Information Requirement	Page/s	• Brief Profile	88 – 89	• Nature of Expertise	88 – 89	• Related Party Transactions	188 – 192	• Other Directorships Held	191	• Attendance at Board Meetings	108	• Composition of Board Committees	101 – 102	• Attendance at Committee Meetings	102, 124 & 126	• Remunerations	192	Complied
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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, inline 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 101 – 102 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 subcommittees. 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 Makeup 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	The 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 Director's 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 192 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 pages 101 and 192 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 215 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. So, shareholders are given the opportunity to vote separately on each substantial issue.	Complied

Corporate Governance



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 2015 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.	The 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. So 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 4th AGM on 28th August 2015 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



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 through the 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 138 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 145, 148 and 146 respectively.	Complied

Corporate Governance



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 17 – 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 'Head of Internal Audit'.	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 146 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



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 124 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 124 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 98 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 98 of this Report. The affirmative declaration on compliance with this Code is given in page 142 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 142 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	A 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 the 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 211 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 211 of this Report for a full list of performance indicators relating to the environment.	Complied



Principle	Description	Comment	Extent of Compliance
G.1.3	Labor Practices Labor practices governance of an organization encompass all policies and practices relating to work performed by or on behalf of the organization.	Refer page 211 of this Report for a full list of performance indicators relating to labor 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 212 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 57 – 61 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 third 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 (3) Independent Non-Executive Directors and one (1) Non-Executive Director of the Board.

Members of the Audit Committee are as follows:

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

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	19th May 2015	29th July 2015	4th November 2015	3rd February 2016
Niroshan Dakshina Gunaratne (Chairman)	✓	✓	✓	✓
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	✓	✓	✓	✓
Suresh Dilhan Perera	✓	✓	✓	✓
Dinesh Weerakkody	✓	✓	✓	✓

In addition to the committee members, the meetings were attended by the Director/COO, GM – Finance, GM – Commercial and the Head of Internal Audit on invitation. 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 the same to the CSE.
- Review of the 'Compliance Report' and its enforcement to ensure compliance with all legal and regulatory requirements.
- Review and ratification of the Internal Audit Plan of the Company .
- Recommendation to the Board on the post implementation audit of the enterprise resource planning system of the Company.



- Oversight of the internal audit function and review of the 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.
- Review of the progress of various projects carried out by the Company.
- Review of performance of various subsidiary companies within the Group .

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 Messrs KPMG, Chartered Accountants as the External Auditors for the financial year 2016/17.

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.

A handwritten signature in black ink, appearing to read "N D Gunaratne".

N D Gunaratne
Chairman – Audit Committee

10th July 2016



Board Related Party Transaction Review Committee Report

ROLE OF THE RELATED PARTY TRANSACTION REVIEW COMMITTEE

The Related Party Transaction Review Committee's authority, responsibilities and specific duties have been formalized through a Related Party Transaction Review Committee Charter. The role of the Committee is to provide independent review, approval and oversight of all related party transactions on behalf of the Board as required by the 'Code on Related Party Transactions' issued by the Securities and Exchange Commission of Sri Lanka and the Listing Rules of the Colombo Stock Exchange. The Committee shall also perform such other functions as assigned by law, regulations or the Board.

COMPOSITION OF THE COMMITTEE

The Related Party Transaction Review Committee of AEL is appointed by the Board of Directors and the present Committee comprises of three (3) Independent Non-Executive Directors and two (2) Executive Directors of the Board.

Members of the Related Party Transaction Review Committee are as follows:

Niroshan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Dinesh Weerakkody	Independent Non-Executive Director
Joseph Christopher Joshua	Managing Director
Rohana Fernando	Director/Chief Operating Officer

MEETINGS AND ATTENDANCE

The Committee met on 23rd March 2016 with the presence of all Members.

In addition to the Committee members, the meeting was attended by the GM – Commercial on invitation. The Company Secretaries were also present at the meeting.

ACTIVITIES

Being the first meeting of the Committee since its formation by the Board, the Members reviewed and approved the Related Party Transaction Review Committee Charter and made recommendations on the Related Party Transaction Policy concerning recurrent and non-recurrent related party transactions.

A handwritten signature in black ink, appearing to read "N D Gunaratne".

N D Gunaratne

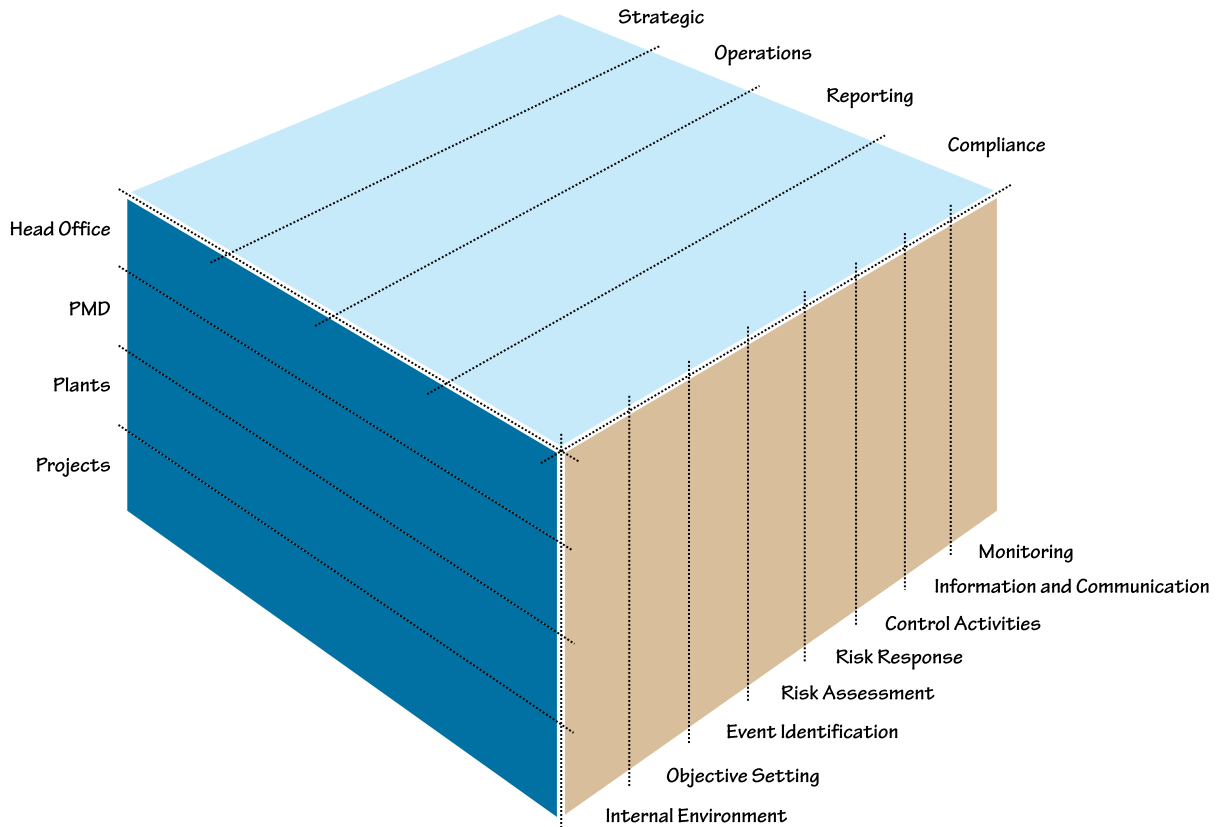
Chairman – Related Party Transaction Review Committee

10th July 2016

Enterprise Risk Management

At Access Engineering PLC, 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 predefined 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

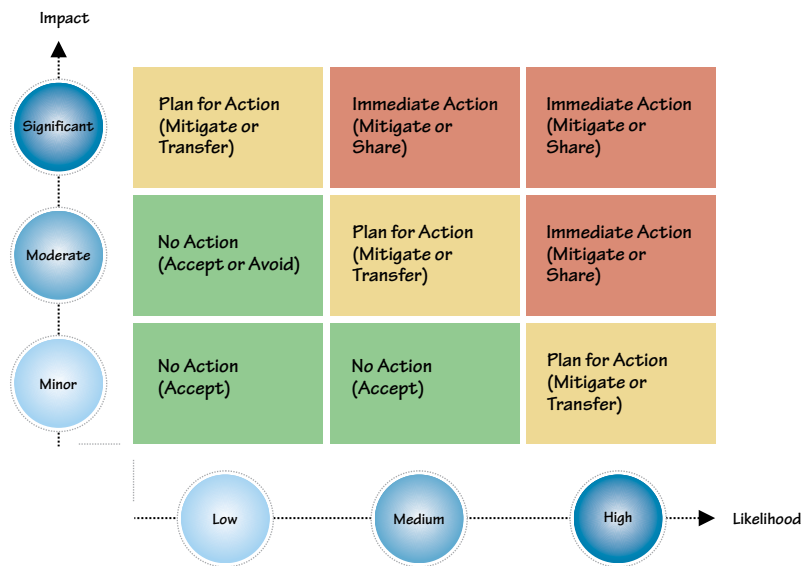
The following risk matrix is developed as a technique for analyzing and evaluating risk. This matrix mainly focuses on risk analysis based on qualitative perception.

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

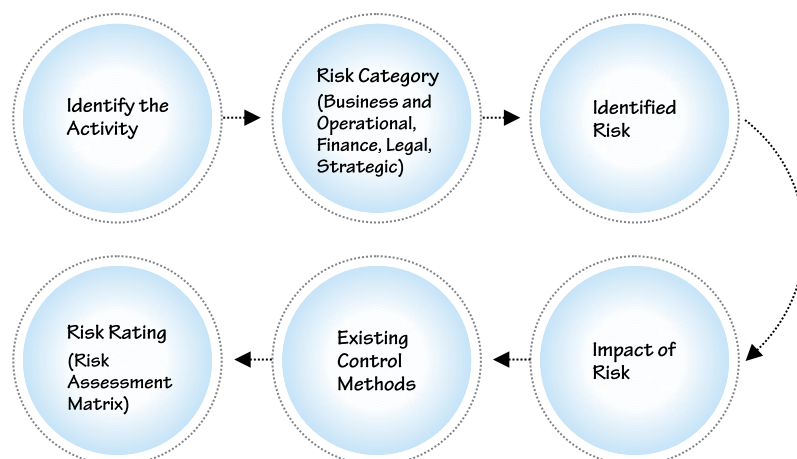
Value	Estimation	Descriptor	Indicator
1 - 2	Accept the risk with no action or accept with monitoring risk while maintaining existing controls (Accept or Avoid)	No action	
3 - 4	Take action to amend the existing control processes as they are insufficient before incurring severe damage. (Mitigate or Transfer)	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
- 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 actions are decided based on the quantum of certain risks:

Business and Operational Risks	Consequences	Response
Project delays and cost overruns	Could lead to penalties, negative image and low profits. 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 • Implementation of strict budgetary controls with each project and production plant considered as a separate profit center • Continuous use of advanced technology and new construction techniques to expedite project implementation and to reduce cost • Project progress review meetings held every month for all ongoing 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 & OHSAS 18001) during project implementation • 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 • Conduct of Post Project Analysis for each project with proper documentation of method statements and knowledge sharing • Standardization of project management through the ERP system • Utilization of the most up-to-date and advanced technologies in construction • External verification of projects by third party consultants as and when necessary
Product portfolio (Less diversity in income streams)	This can lead to high income volatility	<ul style="list-style-type: none"> • Expanded the Company's presence in the real estate sector through investments in Horizon Holdings (Pvt) Limited (50%), Horizon Holdings Ventures (Pvt) Limited (100%) and Horizon Knowledge City Limited (92%). These companies together own 21 acres of property in the Malabe Information Technology Zone which is expected to be developed on a staggered basis. • Commenced construction on a Public Private Partnership (PPP) Project to construct houses for public sector servants. This is the first PPP Project in the country for over 2 decades.



Business and Operational Risks	Consequences	Response
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
Dependence on partners/subcontractors	Quality issues could arise and dependence could lead to unfavorable terms in contracting	<ul style="list-style-type: none"> • Limited use of subcontractors in the core business of the Company with the main resource hired externally being labour • 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 and sectors where there is limited subcontractor presence
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 • Transfer of knowledge from reputed international contractors and partners to enhance staff competence • Rewarding of employees with performance-based incentives
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 H&S 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 • Rewarding of employees based on safety performance
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 project sites to restore any damage caused • Raising awareness of staff through focused training on the importance of preserving the environment during construction • Periodic evaluation of stakeholders (mainly subcontractors and suppliers) on environmental grounds



Business and Operational Risks	Consequences	Response
Changes in technology	Obsolescence of machinery/systems etc., could result in a low quality product, project delays and cost overruns	<ul style="list-style-type: none"> Investment in new technology Upgrading of knowledge through training and development, industrial visits Partnering foreign principals 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 Diversifying business operations to reduce the impact of competition
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 with clearly defined user authority levels Use of firewalls, access controls and physical controls to protect IT resources 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 Companywide use of the ERP system
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"> Use of thorough contract management and administration policies and strategies Negotiation with suppliers Training and development of procurement staff on effective contract management practices and negotiation skills Regular supplier evaluations are conducted to ascertain their financial strength, social and environmental conduct Streamlined procurement procedures through 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 turnover.	<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 costs 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 Training of staff on the proper use of production plants



Business and Operational Risks	Consequences	Response
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 • Training of staff on the proper use of equipment and machinery

Financial Risks	Consequences	Response
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 • Conducting business transactions in a limited number of currencies to reduce exposure
Interest rate risk	Potential high interest cost lowering net earnings and difficulty of financing new Projects	<ul style="list-style-type: none"> • Issue of listed debentures with a fixed coupon rate • 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	<ul style="list-style-type: none"> • Cash flow forecasting and maintaining adequate cash and cash equivalent balances • Agreed debtor/creditor settlement periods • Closely monitoring projectwise net operating cash flows • 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	<ul style="list-style-type: none"> • Credit policy/approvals and regular reviews • Creditworthy client base (mainly Government) • Material payments being backed by guarantees • Entering to contractual agreements with clients



Financial Risks	Consequences	Response
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	Response
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 • Overseas expansion • Collective lobbying with industry players
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 • Collective lobbying with industry players
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 and the Related Party Transactions Review Committee • Adherence to corporate governance practices • Careful review of agreements

Strategic Risks	Consequences	Response
Damage to corporate image	Loss of contracts and a negative effect on stakeholder engagement	<ul style="list-style-type: none"> • Continuous effort in brand/image building • Corporate communication • Continuous dialogue with stakeholders
Slowdown in business Growth (Industry trends)	Inability to meet stakeholder expectations	<ul style="list-style-type: none"> • Diversification into complementary areas of business • Overseas expansion • 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 • Working with a diverse clientele and business partners
Share price fluctuations	Inability to achieve shareholder return targets leading to negative investor sentiment	<ul style="list-style-type: none"> • Adherence to all applicable rules and regulations and voluntary codes of conduct • 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 • Training and development • Focused reward management

Financial Reports

5



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Financial Calendar

4th Annual General Meeting	28th August 2015
1st Quarter Report	10th August 2015
2nd Quarter Report	5th November 2015
3rd Quarter Report	8th February 2016
4th Quarter Report	30th May 2016
First Interim Dividend for 2015/16	11th December 2015
Final Dividend for 2015/16	14th June 2016

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 2016.

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.

The Company also has Rs. 5,000 Mn Rated Senior Unsecured Redeemable Debentures at a par value of LKR 100/- which are listed on the Main Board of the Colombo Stock Exchange.

Both the Company and the Debentures in issue have been assigned a Rating of '(SL) A+ with a stable outlook' by ICRA Lanka Limited.

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 1.3 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 50% of the share capital of Blue Star Constructions (Private) Limited, for a cash consideration of Rs. 800 Mn on 30th May 2016.

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 148.

ACCOUNTING POLICIES

The accounting policies adopted in the preparation of Financial Statements of the Company and the Group are given on pages 155 to 162 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 155 to 162 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 (SLFRS/LKASs), the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange.

The Statement of Directors' Responsibility is given on page 145.

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

In terms of Article 88 (i) of the Articles of Association, Prof. K A M K Ranasinghe shall retire by rotation and being eligible is recommended by the Board for re-election at the forthcoming Annual General Meeting.

Directors of Subsidiary Companies are given in Annexure A of this 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 2016, 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 36.5 to the Financial Statements on page 192.



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. 2,531,098/- is payable by the Company to the Auditors for the year under review comprising Rs. 2,185,000/- as audit fees and Rs. 346,098/- 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.

The details of the Debentures in issue as at 31st March 2016 are set out in Note 30.1 to the Financial Statements on page 181. The said Debentures have been assigned a Rating of '(SL) A+ with a stable outlook' by ICRA Lanka Limited.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31st March 2016 and 31st March 2015 are as follows:

	Shareholding as at	
	31st March 2016	31st March 2015
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	Nil

SHAREHOLDERS

There were 5,757 shareholders registered as at 31st March 2016 (4,610 shareholders as at 31st March 2015). The details of distribution are given on page 69 of this 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 71 under Investor Capital.



RATIOS AND MARKET PRICES OF DEBENTURES

Ratios and market prices of the Listed Rated Senior Unsecured Redeemable Debentures issued by the Company, as required by the Listing Rules are set out in Note 30.1 to the Financial Statements on page 181.

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 2016, 2,054 persons were in employment (1,887 persons as at 31st March 2015).

RESERVES

The reserves of the Company with the movements during the year are given in the Statement of Changes in Equity on page 151.

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	3,310,076,746
Sathosa Motors PLC				
Peliyagoda – Leasehold Land	2.0	-	23.93	5,362,542
Access Projects (Private) Limited				
No. 278, Kekulanvilla Road, Jalthara, Ranala	2.0	1.0	38.38	27,400,000
Horizon Holdings Ventures (Private) Limited				
Investment Property – Land at Kaduwela	4.0	1.0	5.00	285,193,000
Horizon Knowledge City Limited				
No. 278, Weliwita Road, Weliwita	8.0	4.0	44.87	562,158,000

DIVIDENDS

An interim dividend of Rs. 0.50 per share was declared on 20th November 2015 and paid to shareholders on 11th December 2015. Pursuant to a resolution adopted on 25th May 2016, the Board of Directors of the Company approved the payment of a final dividend of Rs. 0.50 per share for the year ended 31st March 2016. The said final dividend was paid on 14th June 2016.

**INVESTMENTS**

Details of the Company's quoted and unquoted investments as at 31st March 2016, are given in Notes 18, 19, 20, 24.1, 25 and 26 to the Financial Statements.

DONATIONS

The Company made donations amounting to Rs. 3,651,267/- in total, during the year under review (2015 – Rs. 2,802,883/-).

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 127 to 136.

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, Remuneration Committee and the Related Party Transaction Review 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 2016 is as follows:

AUDIT COMMITTEE

Mr. N D Gunaratne – Chairman
Prof. K A M K Ranasinghe
Mr. S D Perera
Mr. D S Weerakkody

REMUNERATION COMMITTEE

Mr. D S Weerakkody – Chairman
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

RELATED PARTY TRANSACTION REVIEW COMMITTEE

Mr. N D Gunaratne – Chairman
Prof. K A M K Ranasinghe
Mr. D S Weerakkody
Mr. J C Joshua
Mr. D A R Fernando

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 96 to 123 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 page 81 of this 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 Fifth Annual General Meeting will be held on 10th August 2016.

The Notice of the Annual General Meeting appears on page 215.

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

10th July 2016
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) • C Wijesinghe (Independent Non-Executive Director)
Access Realities (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
Horizon Holdings Ventures (Private) Limited	<ul style="list-style-type: none"> • D A U Priyasaman • M Dharmapriya • R M R K Wickramasinghe • P T N Priyadharshani
Horizon Knowledge City Limited	<ul style="list-style-type: none"> • D A U Priyasaman • M Dharmapriya • S J S Perera • J C Joshua • D A R Fernando

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 in page 148.

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 the 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,

A handwritten signature in black ink, appearing to be "P W Corporate Secretarial (Private) Limited".

P W Corporate Secretarial (Private) Limited
Secretaries

10th July 2016
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 and 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 responsibilities effectively, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Company and the 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 the 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 Head of Internal Audit carries out periodic audits on an ongoing 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 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.
- In accordance with Sri Lanka Accounting Standards comprising SLFRS and LKAS, processes that are required to comply with requirements of recognition, measurement, presentation and disclosures were introduced and implemented. 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 2014/15 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 (SLFRS/LKASs), requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange.

Handwritten signature of S J S Perera in black ink.

S J S Perera
Chairman

Handwritten signature of J C Joshua in black ink.

J C Joshua
Managing Director

Handwritten signature of N D Gunarathna in black ink.

N D Gunarathna
Chairman – Audit Committee
10th July 2016

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 2016, 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 149 to 205 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 Consolidated 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 Consolidated Financial Statements are free from material misstatement.

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 control 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 2016 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 2016 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

10th July 2016

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. Abeyrathne FCA	S.T.D.L. Perera FCA
G.A.U. Karunaratne FCA	R.M.D.B. Rajapakse FCA	Ms. B.K.D.T.N. Rodrigo FCA
R.H. Rajan 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



For the year ended 31st March	Note	Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Revenue	8	17,624,604,760	16,514,104,913	11,604,396,432	11,244,872,796
Cost of Sales		(13,647,549,913)	(12,698,719,308)	(9,041,925,327)	(8,614,500,716)
Gross Profit		3,977,054,847	3,815,385,605	2,562,471,105	2,630,372,080
Other Income	9	262,058,936	189,532,049	251,714,453	16,597,808
Administrative Expenses		(1,294,039,664)	(1,252,113,127)	(559,330,905)	(708,712,636)
Other Expenses		(56,710,414)	(110,799,227)	(52,672,798)	(105,322,773)
Net Finance Income	10	95,718,108	109,623,595	152,403,713	111,013,798
Share of Profit of Associate & JV, Net of Tax	19.3	11,282,378	11,112,685	–	–
Profit Before Tax	11	2,995,364,191	2,762,741,580	2,354,585,568	1,943,948,277
Income Tax Expenses	12	(444,499,958)	(338,840,390)	(267,802,039)	(191,224,052)
Profit for the Year		2,550,864,233	2,423,901,190	2,086,783,529	1,752,724,225
Profit Attributable to:					
Owners of the Company		2,465,295,003	2,345,902,717	2,086,783,529	1,752,724,225
Non-Controlling Interest		85,569,230	77,998,473	–	–
Profit for the Year		2,550,864,233	2,423,901,190	2,086,783,529	1,752,724,225
Other Comprehensive Income					
Actuarial Gain on Defined Benefit Plans	31.1	22,744,245	8,029,753	18,634,323	10,511,919
Tax on Other Comprehensive Income	12.3	(2,565,288)	(575,005)	(2,301,616)	(968,220)
Other Comprehensive Income for the Year, Net of Tax		20,178,957	7,454,748	16,332,707	9,543,699
Total Comprehensive Income for the Year, Net of Tax		2,571,043,190	2,431,355,938	2,103,116,236	1,762,267,924
Total Comprehensive Income Attributable to:					
Owners of the Company		2,484,759,741	2,353,822,479	2,103,116,236	1,762,267,924
Non-Controlling Interest		86,283,449	77,533,459	–	–
Total Comprehensive Income for the Year, Net of Tax		2,571,043,190	2,431,355,938	2,103,116,236	1,762,267,924
Earnings Per Share	13	2.47	2.35	2.09	1.75

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

Figures in brackets indicate deductions.

Statement of Financial Position



Statement of Financial Position

As at 31st March	Note	Group		Company	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Assets					
Non-Current Assets					
Property, Plant and Equipment	15	4,790,904,021	4,221,531,887	3,078,333,356	3,241,572,136
Investment Properties	16	3,328,874,433	3,012,436,200	174,392,599	174,392,599
Investment Properties – Work in Progress	16.3	1,191,726,723	472,169,319	–	–
Intangible Assets	17	1,354,162,838	1,292,345,386	72,638,543	83,087,853
Investments in Subsidiaries	18	–	–	6,358,474,047	5,193,474,047
Investment in Joint Venture	19.1	249,097,834	–	250,000,000	–
Investment in Associate	19.2	83,553,736	72,533,965	55,465,410	55,465,410
Other Long Term Investments	20	–	–	–	–
Other Non-Current Financial Assets	24.1	1,358,785,866	84,113,503	863,166,986	–
Total Non-Current Assets		12,357,105,451	9,155,130,260	10,852,470,941	8,747,992,045
Current Assets					
Inventories	21	2,376,138,354	2,183,981,213	839,846,530	928,795,475
Trade and Other Receivables	22	6,575,954,063	6,522,291,096	4,572,900,445	4,540,372,873
Amount Due from Related Parties	23	25,929,496	146,058,280	468,398,485	554,648,785
Current Tax Assets	35	–	14,640,295	–	14,640,295
Other Current Financial Assets	24.2	1,671,305,926	1,275,404,887	1,353,134,714	1,041,609,527
Short Term Investments	25	40,387,475	63,908,621	40,387,475	63,908,621
Short Term Deposits	26	6,792,241,584	1,047,928,278	6,654,883,540	847,812,646
Cash and Cash Equivalents	27	503,790,212	1,918,480,806	476,383,407	1,517,175,410
Total Current Assets		17,985,747,110	13,172,693,476	14,405,934,596	9,508,963,632
Total Assets		30,342,852,561	22,327,823,736	25,258,405,537	18,256,955,677
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		8,361,639,086	7,168,628,364	6,835,195,392	5,920,470,541
Equity Attributable to Owners of the Company		17,462,499,488	16,269,488,766	15,936,055,794	15,021,330,943
Non-Controlling Interest		532,191,820	425,017,704	–	–
Total Equity		17,994,691,308	16,694,506,470	15,936,055,794	15,021,330,943
Non-Current Liabilities					
Deferred Grant	29	6,362,000	6,581,652	–	–
Interest-Bearing Borrowings	30	5,193,271,021	97,868,513	5,189,556,989	–
Employee Benefits	31	168,729,706	159,264,174	119,523,080	112,510,177
Deferred Taxation	32	234,905,814	250,705,784	204,527,660	242,831,592
Total Non-Current Liabilities		5,603,268,541	514,420,123	5,513,607,729	355,341,769
Current Liabilities					
Bank Overdraft	27	412,594,547	276,320,248	–	–
Trade and Other Payables	33	5,367,753,212	4,430,258,431	3,610,047,268	2,866,512,030
Amount Due to Related Parties	34	42,349,657	47,914,212	30,659,604	11,726,511
Interest-Bearing Borrowings	30	652,491,078	251,727,673	–	–
Current Tax Liability	35	248,999,284	98,281,234	164,499,820	–
Unclaimed Dividend		20,704,934	14,395,345	3,535,322	2,044,424
Total Current Liabilities		6,744,892,712	5,118,897,143	3,808,742,014	2,880,282,965
Total Liabilities		12,348,161,253	5,633,317,266	9,322,349,743	3,235,624,734
Total Equity and Liabilities		30,342,852,561	22,327,823,736	25,258,405,537	18,256,955,677
Net Asset Per Share		17.46	16.27	15.94	15.02

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.

N Iddagoda

Deputy 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

10th July 2016

Colombo

D A R Fernando

Chief Operating Officer

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 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
Super Gain Tax Expense (Note 35)	-	-	(541,749,019)	(541,749,019)	(12,479,631)	(554,228,650)
Balance at 1st April 2015 after SGT	9,000,000,000	100,860,402	6,626,879,345	15,727,739,747	412,538,073	16,140,277,820
Profit for the Year	-	-	2,465,295,003	2,465,295,003	85,569,230	2,550,864,233
Other Comprehensive Income, Net of Tax	-	-	19,464,738	19,464,738	714,219	20,178,957
Total Comprehensive Income for the Year	-	-	2,484,759,741	2,484,759,741	86,283,449	2,571,043,190
Dividends Paid	-	-	(750,000,000)	(750,000,000)	-	(750,000,000)
Dividend Paid to Non-Controlling Interest	-	-	-	-	(16,629,704)	(16,629,704)
Non-Controlling Interest of Horizon Knowledge City Limited	-	-	-	-	50,000,002	50,000,002
Balance at 31st March 2016	9,000,000,000	100,860,402	8,361,639,086	17,462,499,488	532,191,820	17,994,691,308

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance at 1st April 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
Super Gain Tax Expense (Note 35)	-	-	(438,391,385)	(438,391,385)
Balance at 1st April 2015 after SGT	9,000,000,000	100,860,402	5,482,079,156	14,582,939,558
Profit for the Year	-	-	2,086,783,529	2,086,783,529
Other Comprehensive Income, Net of Tax	-	-	16,332,707	16,332,707
Total Comprehensive Income for the Year	-	-	2,103,116,236	2,103,116,236
Dividends Paid	-	-	(750,000,000)	(750,000,000)
Balance at 31st March 2016	9,000,000,000	100,860,402	6,835,195,392	15,936,055,794

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	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Cash Flows from Operating Activities					
Profit Before Tax		2,995,364,191	2,762,741,580	2,354,585,568	1,943,948,277
Reconciliation of Profit Before Tax to Cash Generated from Operations:					
Depreciation, Amortization and Impairment	11	847,894,354	668,476,961	731,645,853	605,791,129
Provision for Retirement Benefits	31.1	47,553,165	39,218,502	33,337,497	33,257,731
Provision for/Write-off of Bad and Doubtful Debts and Inventories	11	24,537,179	33,982,805	14,770,329	32,896,081
Gain on Fair Value Changes of Investment Property	16	(21,168,487)	(174,125,525)	-	-
(Gain)/Loss on Fair Value Changes of Short term Investments	9	10,053,644	(21,528,816)	10,053,644	(21,528,816)
Gain on Fair Value Changes of Investment in Unit Trusts	9	(109,300)	(109,300)	(109,300)	(109,300)
Profit from Disposal of Property, Plant and Equipment	9	(34,548,179)	(28,485,502)	(29,919,741)	(18,452,958)
(Gain)/Loss on Disposal of Investments	9	(14,677,702)	294,030	(14,677,702)	294,030
Amortization of Deferred Revenue	29	(219,652)	(219,389)	-	-
Share of Profit of Associate & JV, Net of Tax	19.3	(11,282,378)	(11,112,685)	-	-
Dividend Income	9	(8,032,719)	(8,406,900)	(94,139,164)	(35,011,627)
Net Finance Income	10	(95,718,108)	(109,623,595)	(152,403,713)	(111,013,798)
		3,739,646,008	3,151,102,166	2,853,143,271	2,430,070,749
Changes in Working Capital					
(Increase)/Decrease Inventories		(195,809,057)	153,578,543	88,948,945	260,288,758
(Increase)/Decrease Trade and Other Receivables		(99,134,201)	1,039,433,121	(70,643,802)	1,406,862,645
(Increase)/Decrease Other Current Financial Assets		(395,901,039)	(196,854,449)	(311,525,187)	32,903,706
(Increase)/Decrease Amounts Due from Related Parties		120,128,783	17,645,953	86,250,300	(433,600,315)
Increase/(Decrease) Trade and Other Payables		943,650,983	(532,884,072)	745,026,136	(752,164,363)
Increase/(Decrease) Amounts Due to Related Parties		(5,564,555)	20,204,780	18,933,093	(24,949,736)
Cash Generated from Operating Activities		4,107,016,922	3,652,226,042	3,410,132,756	2,919,411,444
Interest Paid		(96,537,327)	(28,931,973)	(19,853)	(542,337)
Tax Paid		(272,920,901)	(371,959,666)	(105,921,571)	(250,776,595)
Super Gain Tax Paid		(554,228,650)	-	(438,391,385)	-
Gratuity Paid	31	(15,343,388)	(8,001,339)	(7,690,271)	(5,582,898)
Net Cash Flows from Operating Activities		3,167,986,656	3,243,333,064	2,858,109,676	2,662,509,614
Cash Flows from/(used in) Investing Activities					
Purchase of Property, Plant and Equipment		(1,430,730,557)	(938,385,924)	(613,131,458)	(713,882,417)
Purchase of Intangible Assets	17.1, 17.2	(90,387,201)	(19,308,865)	-	(18,868,061)
Investment in Other Non-Current Financial Assets		(1,274,672,363)	(45,628,180)	(863,166,986)	-
Investment in Investment Properties	16	(295,269,746)	(6,272,202)	-	-
Investment in Investment Properties – Work in Progress		(719,557,404)	(472,169,319)	-	-
Proceeds from Sale of Property, Plant and Equipment		92,227,353	53,208,398	85,093,437	38,831,136
Proceeds from Sales of Investment		28,145,203	953,370	28,145,203	953,370
Acquisition of Subsidiary, Net of Cash Acquired		-	(1,148,557,338)	-	(1,000,000,000)
Investment in Subsidiary		-	-	(1,165,000,000)	(300,000,000)
Proceeds from Issue of Shares to Non-Controlling Interest		50,000,000	-	-	-
Investment in Joint Venture		(250,000,000)	-	(250,000,000)	-
(Investments in)/Withdrawal from Short Term Deposit		(5,744,204,006)	91,913,279	(5,806,961,594)	225,627,819
Dividend Income		8,032,719	8,406,900	94,139,164	35,011,627
Interest Income		375,252,363	138,555,567	341,980,555	111,556,135
Net Cash Flows used in Investing Activities		(9,251,163,637)	(2,337,284,314)	(8,148,901,679)	(1,620,770,391)
Cash Flows from/(used in) Financing Activities					
Dividends Paid		(750,000,000)	(1,000,000,000)	(750,000,000)	(1,000,000,000)
Proceeds from Issue of Debentures	30.1	4,825,670,000	-	5,000,000,000	-
Dividends Paid to Non-Controlling Interest		(16,629,704)	(4,699,368)	-	-
Loan Obtained During the Year	30.2	2,297,706,327	459,262,242	-	-
Repayment of Loan	30.2	(1,815,840,233)	(209,056,646)	-	-
Payment of Finance Lease Liabilities	30.3	(8,694,302)	(7,711,702)	-	(5,058,610)
Net Cash from/(used in) Financing Activities		4,532,212,088	(762,205,474)	4,250,000,000	(1,005,058,610)
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,550,964,893)	143,843,276	(1,040,792,003)	36,680,613
Cash and Cash Equivalent at the Beginning		1,642,160,558	1,498,317,282	1,517,175,410	1,480,494,797
Cash and Cash Equivalent at the End	27	91,195,665	1,642,160,558	476,383,407	1,517,175,410

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', No. 278, Union Place, Colombo 02.

1.2 Consolidated Financial Statements

The Consolidated Financial Statements of Access Engineering PLC as at and for the year ended 31st March 2016, 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. Access Engineering PLC does not have any identifiable parent of its own. The Company is the ultimate parent of the Group.

1.3 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 Realties (Private) Limited, a fully-owned subsidiary of AEL engaged 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 84.4% of 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.

Horizon Holdings Ventures (Private) Limited is a fully-owned subsidiary of AEL and involved in the business of property development.

Horizon Knowledge City Limited is a subsidiary of AEL with 92% of holding and was established for the business of higher education and providing infrastructure facilities for an internationally recognized private university.

All subsidiaries of the Company have been incorporated in Sri Lanka.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The Financial Statements of the Company and those consolidated which comprise the Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the accounting policies and Notes (the Financial Statements) have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs/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.

Responsibilities for the Financial Statements

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/LKASs).

The Board of Directors acknowledges this responsibility as set out in the Statement of 'Directors' Responsibility for Financial Statements' (Refer page 145), 'Annual Report of the Board of Directors' (Refer page 138) and in the statement appearing with the Statement of Financial Position of this Annual Report.

Components of Financial Statements

Financial Statements include the following components:

- **The 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 149)
- **The Statement of Financial Position:** providing information on the financial position of the Group and the Company as at the year-end. (Refer page 150)
- **The 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 151)
- **The Statement of Cash Flow:** providing information on the generating of cash and cash equivalents and utilization of the same. (Refer page 152)
- **Notes to the Financial Statements:** comprising accounting policies and other explanatory notes. (Refer page 153 to 205)

The Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 10th July 2016.



2.2 Basis of Measurement

These Financial Statements have been prepared on the historical cost basis except for the following material items in the Statement of Financial Position:

- Financial assets and financial liabilities that have been measured at fair value – LKAS 39 – (Refer Note 41)
- Employee benefit liability recognized based on actuarial valuation – LKAS 19 – (Refer Note 31)
- Land and buildings stated at revalued amounts – LKAS 16 – (Refer Note 15)
- Investment property measured at fair value – LKAS 40 – (Refer Note 16)

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 Significant Accounting Judgments, Estimates and Assumptions

The preparation of Financial Statements of the Group/Company in conformity with SLFRSs/LKASs requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosure of contingent liabilities. Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence, actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognized prospectively.

The Management considered the following items, where significant judgments, estimates and assumptions have been used in preparing these Financial Statements.

Going Concern

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

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 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. Details of the valuation are depicted on Notes 15 and 16.

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.

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.



The following Notes provide more information on specific accounting judgments, estimations and assumptions used:

- Impairment of financial assets (Note 3.3.7.8)
- Fair value measurement of financial instruments (Note 3.3.10)
- Impairment of non-financial assets (Note 3.3.6)
- Provision for impairment of investments in subsidiaries (Note 3.1.2)
- Provisions and contingent liabilities and contingent assets (Note 3.4)

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 periods 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 Group's Financial Statements comprise consolidation of the Financial Statements of the Company, its Subsidiaries in terms of the Sri Lanka Accounting Standards SLFRS 10 – 'Consolidated Financial Statements'.

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. Any goodwill that arises is tested annually for impairment.

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

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries are recorded at cost less impairment in the Financial Statements of the Company. The net assets of each subsidiary are reviewed at each Reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognized to the extent of its net assets loss.

3.1.3 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 interest. 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.



3.1.4 Investment in Associates and Joint Ventures

As associate is an entity over 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate and joint venture 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 or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The Statement of Profit or Loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in Other Comprehensive Income of those investees is presented as part of the Group's Other Comprehensive Income until the date on which significant influence or joint control ceased. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, 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 or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture 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 or joint venture.

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

Upon loss of significant influence over the investment, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the Statement of Profit or Loss.

3.1.5 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.

Foreign exchange differences arising on translation of foreign exchange transactions are recognized as a profit or a loss in the Statement of Profit or Loss.

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 of 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 in 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 risks 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
Improvements to Leasehold Property	8 – 9
Plant and Machinery	3 – 10
Motor Vehicles	4 – 8
Office Equipment	3 – 5
Furniture and Fittings	3 – 5
Tools	3 – 8
Other Construction Equipment	10

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.

Notes to the Financial Statements

**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 life is as follows:

Item	Useful Life (Years)
Leasehold Rights (Remaining Lease Period)	70 Years

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 Life (Years)
Enterprise Resource Planning System	10
Other Software	3 – 5

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 realisable 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 up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each Reporting date as to whether there is any indication that previously 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 are classified, at initial recognition, 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.

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

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

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- AFS financial assets

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 or 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 or 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 (EIR) 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.

3.3.7.5 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 whether the ability and intention to sell its available-for-sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the Management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the 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 maturity amount 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 primarily derecognized (i.e., removed from the Group's Consolidated Statement of Financial Position) when:

- The right to receive cash flows from the asset has expired; or
- The Group has transferred its right 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 right to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. 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 has 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 Amortized Cost

For financial assets carried at amortized cost, the Group first assesses whether 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.

The amount of any impairment loss identified 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 asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and loss is recognized in the Statement of Profit or Loss. Interest income (recorded as finance income in the Statement of Profit or Loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment 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 or has been transferred to the Group. 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 write-off is later recovered, the recovery is credited to finance cost in the Statement of Profit or Loss.

3.3.8 Financial Liabilities

3.3.8.1 Initial Recognition and Measurement

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

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

The 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 (EIR) method 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 in 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.

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 there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Notes to the Financial Statements



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 41.

3.4 Provisions and Contingent Liabilities

Provisions

Provisions are recognized when the Group/Company has a present obligation (legal or constructive) as a result of a past event, 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. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are calculated based on the historical experience and the specific terms in the individual cases. The Group arrives at an estimate on the basis of an evaluation of the most likely outcome.

All known provisions have been accounted for in preparing the Financial Statements.

Contingent Liabilities

Contingent Liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured. Further, contingent liabilities are not recognized in the Statement of Financial Position but are disclosed unless its occurrence is remote.

Currently the Group/Company is involved in pending litigations and claims arising out of the normal conduct of the business. The Group/Company does not expect the pending litigations and claims, individually and in aggregate, to have a material impact on the Group's financial position, operating profit or cash flow in addition to amounts accrued as provision for legal disputes. The disclosures relating to contingencies are set out in Note 37.

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 1972, the liability for gratuity payment to an employee arises only after the completion of five 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 contributions 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 the 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 the 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 the 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

Other income is recognized on an accrual 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 the 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 a part of the cost of those assets during the period of construction or development.



4.4 Taxation

4.4.1 Current Tax

Current income tax assets and 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 at the Reporting date.

The provision for income tax is based on the elements of income and expenditures reported in the Financial Statements and computed 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 the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the Reporting date.

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

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

4.4.3 Sales Tax

Revenue, 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.

Intersegment 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 operates 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 the 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 of 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 Flows.

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 favorable and unfavorable that occurs 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 – ‘Financial Instrument: Recognition and Measurement’ 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 1st January 2018. 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 1st 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.

Notes to the Financial Statements



For the year ended 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
8. REVENUE				
Roads and Highways Construction	1,963,490,947	4,511,993,093	1,963,490,947	4,511,993,093
Water and Drainage Construction	2,672,353,036	1,079,610,095	2,672,353,036	1,079,610,095
Bridge Construction	15,965,649	392,724,184	15,965,649	392,724,184
Building and Other Construction	7,140,296,654	5,565,913,243	5,308,289,381	3,849,272,882
Sale of Construction-Related Material	1,566,381,307	1,130,853,960	1,588,462,802	1,186,479,707
Hiring Income	47,310,383	115,465,225	48,374,583	119,161,902
Fabrication Income	7,460,034	28,878,502	7,460,034	28,878,502
Consultancy Service Income	–	76,752,431	–	76,752,431
Rental Income	143,507,832	137,007,440	–	–
Service Charges	19,544,067	17,897,730	–	–
Vehicle Sales and After Sales Services	4,048,294,851	3,457,009,010	–	–
	17,624,604,760	16,514,104,913	11,604,396,432	11,244,872,796
9. OTHER INCOME				
Dividend Income	8,032,719	8,406,900	94,139,164	35,011,627
Gain on Fair Value Changes of Investment in Unit Trust	109,300	109,300	109,300	109,300
Rent Income	3,725,000	2,400,000	9,675,000	2,100,000
Gain/(Loss) on Fair Value Changes in Short Term Investments	(10,053,644)	21,528,816	(10,053,644)	21,528,816
Gain on Fair Value Changes of Investment Property (Note 16)	21,168,487	174,125,525	–	–
Profit on Disposal of Property, Plant and Equipment	34,548,179	28,485,502	29,919,741	18,452,958
Foreign Exchange Gain/(Loss)	105,996,686	(62,514,447)	106,046,943	(62,495,304)
Sundry Income	83,854,507	17,284,483	7,200,247	2,184,441
Gain/(Loss) on Disposal of Investment	14,677,702	(294,030)	14,677,702	(294,030)
	262,058,936	189,532,049	251,714,453	16,597,808
10. NET FINANCE INCOME				
10.1 Finance Income				
Interest Income on Fixed Deposits	274,010,994	83,740,835	273,271,267	74,576,067
Interest Income on Repurchase Agreements	25,489,782	45,767,817	22,716,376	28,114,583
Interest Income on Debentures	63,425,557	–	40,220,959	–
Other Interest Income	12,326,030	9,046,915	5,771,953	8,865,485
Interest Income on Retention Receivable	86,896,284	57,044,857	69,648,671	54,013,696
Interest Income on Staff Loan	2,184,230	2,718,521	2,184,230	2,718,521
Total Finance Income	464,332,877	198,318,945	413,813,456	168,288,352
10.2 Finance Cost				
Interest on Finance Leases	(1,012,906)	(1,078,348)	–	(430,323)
Interest on Bank Overdraft	(17,541,587)	(7,764,672)	(19,853)	(112,014)
Interest on Debentures	(182,996,927)	–	(189,556,989)	–
Interest on Bank Loan	(77,982,835)	(20,088,952)	–	–
Unwinding of Prepaid Retention Receivable Expenses	(86,896,284)	(57,044,857)	(69,648,671)	(54,013,696)
Unwinding of Prepaid Staff Loan Expenses	(2,184,230)	(2,718,521)	(2,184,230)	(2,718,521)
Total Finance Cost	(368,914,769)	(88,695,350)	(261,409,743)	(57,274,554)
Net Finance Income	95,718,108	109,623,595	152,403,713	111,013,798



For the year ended 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
11. PROFIT BEFORE TAX				
Is stated after charging all expenses including following:				
Auditors' Remuneration – Statutory Audit and Related Services	5,136,000	4,472,000	2,185,000	1,895,000
– Non-Audit Services	2,302,698	3,898,987	346,098	1,407,467
(Gain)/Loss on Fair Value Changes in Short Term Investments	10,053,644	(21,528,816)	10,053,644	(21,528,816)
Provision for/Write-off of Bad and Doubtful Debts	20,885,264	33,982,805	14,770,329	32,896,081
Provision for Inventories	3,651,915	–	–	–
Donations	4,558,957	2,818,195	3,651,267	2,802,883
CSR Expense	458,412	90,060,468	458,412	89,692,168
Depreciation, Amortization and Impairment	847,894,354	668,476,961	731,645,853	605,791,129
Personnel Cost Including				
Defined Benefit Plan Costs – Gratuity (Note 31.1)	47,553,165	39,218,502	33,337,497	33,257,731
Defined Contribution Costs – EPF	98,696,597	88,198,781	60,813,337	68,580,536
– ETF	24,456,603	22,028,084	15,221,712	17,128,943
Directors' Emoluments and Fees (Note 36.5)	51,745,060	55,822,800	25,666,500	35,805,000
Staff Cost	1,513,205,145	1,635,381,279	1,179,254,166	1,377,281,772
Performance Incentives	92,352,582	46,308,451	92,352,582	46,308,451
Number of Employees	2,625	2,493	2,054	1,887
12. INCOME TAX EXPENSES				
12.1 Current Tax Expense (Note 12.2)	460,183,602	300,119,249	308,407,587	157,762,618
Under Provision in Respect of Previous Year	2,681,614	18,134,066	–	18,134,065
Deferred Tax Expense (Note 12.3)	(18,365,258)	20,587,075	(40,605,548)	15,327,369
	444,499,958	338,840,390	267,802,039	191,224,052
12.2 Reconciliation between Accounting Profit and Taxable Profit				
Accounting Profit before Income Tax Expense	2,995,364,191	2,762,741,580	2,354,585,568	1,943,948,277
Aggregate Disallowed Items	1,708,409,867	984,397,902	1,408,908,172	821,162,802
Aggregate Allowable Items	(1,305,319,484)	(1,188,580,344)	(1,162,305,429)	(979,510,170)
Total Statutory Income	3,398,454,574	2,558,559,138	2,601,188,311	1,785,600,909
Exempted Income	(418,655,570)	(473,550,672)	(417,166,263)	(470,912,428)
Taxable Income	2,979,799,004	2,085,008,466	2,184,022,048	1,314,688,481
Taxable Revenue at 2%	209,062,056	198,507,074	–	–
Taxable Construction Income at 12%	2,058,977,293	1,468,921,012	1,894,491,163	1,314,688,481
Taxable Other Income at 28%	711,759,655	417,580,380	289,530,885	–
	2,979,799,004	2,085,008,466	2,184,022,048	1,314,688,481
Tax @ 2%	4,181,241	3,970,141	–	–
Tax @ 12%	247,077,275	176,270,521	227,338,939	157,762,618
Tax @ 28%	199,292,703	116,922,506	81,068,648	–
Dividend Tax	9,632,383	2,956,081	–	–
Current Tax Expenses	460,183,602	300,119,249	308,407,587	157,762,618

Notes to the Financial Statements



For the year ended 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
12.3 Deferred Tax Expense				
Statement of Profit or Loss				
Property, Plant and Equipment	3,359,591	35,492,368	(19,811,402)	29,209,505
Staff Redundancy Provision	6,836,391	(6,836,391)	6,836,391	(6,836,391)
Provision for Bad and Doubtful Debts	(1,606,507)	(3,517,950)	(1,606,507)	(3,517,950)
Provision for Debenture Interest Expense	(22,965,811)	-	(22,965,811)	-
Defined Benefit Obligation	(3,988,922)	(4,550,952)	(3,058,219)	(3,527,795)
	(18,365,258)	20,587,075	(40,605,548)	15,327,369
Other Comprehensive Income				
Revaluation of Building	(43,971)	(318,155)	(43,971)	(318,155)
Defined Benefit Obligation	2,609,259	893,160	2,345,587	1,286,375
	2,565,288	575,005	2,301,616	968,220
Total Deferred Tax Charge	(15,799,970)	21,162,080	(38,303,932)	16,295,589

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 17A.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 seven (7) years.

Potential Impact of Income Tax Rate Change

As per the recent policy measures published on 29th April 2016 by the Ministry of Finance (www.treasury.gov.lk), Company will be liable to pay income tax at 17.5% instead of the concessionary rate of 12% on construction income whilst the tax rate on other sources of income will remain at 28% with effect from the year of assessment starting 1st April 2016.

Subsidiaries**Access Realities (Private) Limited**

As per the agreement entered into with the Board of Investment (BOI) of Sri Lanka under Section 17 of the Board of Investment Act No. 04 of 1978, the Company is exempted from income tax for the period of seven (7) 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 (5) years reckoned from the date of its operation whichever year is earlier.

Accordingly, the seven (7) 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 (15) years immediately following the seven (7) years tax exemption period. However, the Company is liable to pay Income Tax at 28% on other income.

Access Realities 2 (Private) Limited

As per the Agreement entered into with Board of Investment (BOI) of Sri Lanka, the enterprise shall apply for a tax exemption period of twelve (12) years under Section 17 of Inland Revenue (Amendment) Act No. 08 of 2012 subject to the condition that over Rupees Two Thousand Five Hundred Million (Rs. 2,500 Mn) is made in the project within a period of three (3) years from the date hereof.



Sathosa Motors PLC and its Subsidiary

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.

Access Projects (Private) Limited

In accordance with the provisions in 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.

Horizon Holdings Ventures (Private) Limited

In accordance with the provisions in the Inland Revenue Act No. 10 of 2006 and amendments thereto, the Company is liable for Income tax at 28% on its taxable profit.

Horizon Knowledge City Limited

Pursuant to the agreement dated 12th February 2016 entered into with the Board of Investment (BOI) under Section 17 of the Board of Investment Law No. 4 of 1978, the profits and income of the enterprise is exempt from income tax for a period of eight (8) years reckoned from the year of assessment as may be determined by the Board ('tax exemption period').

After the expiration of the aforesaid tax exemption period, referred to above, the profit and income of the Company charged at the rate of 15% for a period of two (2) years.

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 in issue during the year:

	Group		Company	
	2016	2015	2016	2015
Profit Attributable to Equity Holders of the Company (Rs.)	2,465,295,003	2,345,902,717	2,086,783,529	1,752,724,225
Weighted Average Number of Ordinary Shares	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Earnings per Share (Rs.)	2.47	2.35	2.09	1.75

	Group/Company	
	2016 Rs.	2015 Rs.
<i>For the year ended 31st March,</i>		
14. DIVIDENDS PER SHARE		
Declared and Paid during the Year		
Dividends on Ordinary Shares		
Final Dividend*	250,000,000	500,000,000
Interim Dividend	500,000,000	500,000,000
Total Dividends	750,000,000	1,000,000,000
Dividend per Share	0.75	1.00

*Dividend paid out of previous year's profits.

Notes to the Financial Statements



	Land Rs.	Building Rs.	Plant and Machinery Rs.	Motor Vehicles Rs.	Office Equipment Rs.
15. PROPERTY, PLANT AND EQUIPMENT					
15.1 Group					
Cost or Valuation					
Balance at the beginning of the Year	433,011,111	573,014,617	3,470,739,192	759,421,244	280,385,587
Additions	562,158,000	8,013,810	381,537,631	32,867,778	30,332,105
Transfers	-	265,592,000	9,158,915	-	26,058,002
Acquisition through Business Combination	-	-	-	-	-
Disposals/Impairment/Derecognition	-	-	(85,420,121)	(36,779,458)	(2,838,895)
Balance at the end of the Year	995,169,111	846,620,427	3,776,015,617	755,509,564	333,936,799
Accumulated Depreciation					
Balance at the beginning of the Year	-	80,160,716	1,147,550,805	339,636,166	189,603,301
Charge	-	32,253,976	489,668,345	102,055,360	46,739,775
Acquisition through Business Combination	-	-	-	-	-
Impairment Loss	-	-	11,542,238	-	-
Disposals	-	-	(40,657,212)	(28,043,526)	(2,600,222)
Balance at the end of the Year	-	112,414,692	1,608,104,176	413,648,000	233,742,854
Carrying Value at 31st March 2016	995,169,111	734,205,735	2,167,911,441	341,861,564	100,193,945
Carrying Value at 31st March 2015	433,011,111	492,853,901	2,323,188,387	419,785,078	90,782,286

Group property, plant and equipment with a cost of Rs. 588.74 Mn (2015 – Rs. 459.51 Mn) have been fully-depreciated and continue to be in use by the Group.

	Land Rs.	Building Rs.	Plant and Machinery Rs.	Motor Vehicles Rs.	Office Equipment Rs.
15.2 Company					
Cost or Valuation					
Balance at the beginning of the Year	305,611,111	60,388,889	3,306,432,541	594,059,937	214,808,061
Additions	-	-	357,975,613	27,428,351	18,244,797
Transfers	-	-	-	-	-
Disposals	-	-	(84,526,549)	(33,518,187)	(2,838,895)
Balance at the end of the Year	305,611,111	60,388,889	3,579,881,605	587,970,101	230,213,963
Accumulated Depreciation					
Balance at the beginning of the Year	-	6,047,349	1,066,629,424	287,191,179	144,263,685
Charge	-	6,038,889	469,948,757	71,484,053	36,424,916
Transfers	-	-	-	-	-
Impairment Loss	-	-	11,542,238	-	-
Disposals	-	-	(40,440,081)	(24,782,255)	(2,600,222)
Balance at the end of the Year	-	12,086,238	1,507,680,338	333,892,977	178,088,379
Carrying Value 31st March 2016	305,611,111	48,302,651	2,072,201,267	254,077,124	52,125,584
Carrying Value 31st March 2015	305,611,111	54,341,540	2,239,803,117	306,868,758	70,544,376

On 1st January 2015, land and building located at No. 117, Dehiwala Road, Boralesgamuwa were transferred to Investment Properties (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).

Company property, plant and equipment with a cost of Rs. 500.47 Mn (2015 – Rs. 332.5 Mn) have been fully-depreciated and continued to be in use by the Company.



Furniture and Fittings Rs.	Tools Rs.	Freehold		Leasehold	Capital Work in Progress Rs.	2016	Total
		Other Construction Equipment Rs.	Motor Vehicles Rs.	2015			
						Rs.	Rs.
134,075,500	321,050,535	145,264,282	14,486,144	175,917,576	6,307,365,788	5,194,077,923	
8,257,447	125,147,441	81,616,270	18,000,000	198,445,431	1,446,375,913	938,385,924	
46,650,194	-	-	-	(347,459,111)	-	-	
-	-	-	-	-	-	257,786,038	
(673,185)	(9,430,991)	-	(5,632,930)	-	(140,775,580)	(82,884,097)	
188,309,956	436,766,985	226,880,552	26,853,214	26,903,896	7,612,966,121	6,307,365,788	
78,884,542	181,488,188	60,006,020	8,504,163	-	2,085,833,901	1,406,727,399	
27,656,185	67,272,257	37,929,834	4,206,638	-	807,782,370	656,273,178	
-	-	-	-	-	-	80,994,525	
-	-	-	-	-	11,542,238	-	
(366,415)	(7,469,218)	-	(3,959,816)	-	(83,096,409)	(58,161,201)	
106,174,312	241,291,227	97,935,854	8,750,985	-	2,822,062,100	2,085,833,901	
82,135,644	195,475,758	128,944,698	18,102,229	26,903,896	4,790,904,021	-	
55,190,958	139,562,347	85,258,262	5,981,981	175,917,576	-	4,221,531,887	

Furniture and Fittings Rs.	Tools Rs.	Freehold		2016	Total
		Other Construction Equipment Rs.	2015		
			Rs.	Rs.	
101,200,964	317,131,626	145,264,282	5,044,897,411	4,564,553,103	
3,897,972	123,968,455	81,616,270	613,131,458	713,882,417	
-	-	-	-	(177,500,000)	
(496,665)	(9,430,991)	-	(130,811,287)	(56,038,109)	
104,602,271	431,669,090	226,880,552	5,527,217,582	5,044,897,411	
61,478,921	177,708,697	60,006,020	1,803,325,275	1,245,564,282	
20,896,745	66,931,112	37,929,834	709,654,306	596,528,325	
-	-	-	-	(3,107,401)	
-	-	-	11,542,238	-	
(345,817)	(7,469,218)	-	(75,637,593)	(35,659,931)	
82,029,849	237,170,591	97,935,854	2,448,884,226	1,803,325,275	
22,572,422	194,498,499	128,944,698	3,078,333,356	-	
39,722,043	139,422,929	85,258,262	-	3,241,572,136	

Notes to the Financial Statements



Location and extent of the 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	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
16. INVESTMENT PROPERTIES				
Balance at the beginning of the Year	3,012,436,200	2,832,038,473	174,392,599	–
Acquisition of Investment Property	295,269,746	6,272,202	–	–
Transfer from Property, Plant and Equipment	–	–	–	174,392,599
Fair Value Gain on Investment Property (Note 9)	21,168,487	174,125,525	–	–
Balance at the end of the Year	3,328,874,433	3,012,436,200	174,392,599	174,392,599
Rental Income Derived from Investment Properties	213,856,193	139,407,440	8,400,000	2,100,000
Direct Operating Expenses (Including Repair and Maintenance) Generating Rental Income	(27,532,190)	(29,851,006)	–	–

16.1 Investment Property belong to the Company

Location:

Land and buildings of the Company are located at No. 117, Dehiwala Road, Boralesgamuwa.

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 the sale price of comparative properties has not changed significantly during the year 2015/16. Therefore, the Company has decided that fair value of the investment property as at 31st March 2016 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 is ascertained by independent valuation carried out by K T D Tissera, FIV (Sri Lanka), F.R.I.C.S. (Eng.) an independent professional valuer, on an open market value for existing use basis as at 31st March 2014.

Property located at No. 117, Dehiwala Road, Boralesgamuwa is secured on back-up overdraft facility to accommodate any unsettled claims in respect of letter of 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 Property Belong to Access Realities (Private) Limited

Location:

Access Towers and Land of Access Realities (Private) Limited, are located at Nos. 264/5, 266, 268, 278 and 278/4, 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:

Based on the observation of Board of Directors, Access Realities (Private) Limited decided that the sale price of comparative properties has not changed significantly during the year 2015/16. Therefore, the Company has decided that fair value of the investment property as at 31st March 2016 was similar to the carrying value as at previous Reporting date and no need to recognise gain/(loss) on fair value adjustment based on Section 75-e of the LKAS 40.

Fair value of the investment property is ascertained by independent valuation carried out by K T D Tissera – FIV (Sri Lanka), F.R.I.C.S. (Eng.) an independent professional valuer on an open market value for existing use basis as at 31st March 2015.

Land situated at No. 278/4, Union Place, Colombo 02, which is owned by the Company, has been pledged to Bank of Ceylon – Corporate Branch on behalf of Access Engineering PLC to increase the existing overdraft facility of Rs. 30 Mn (Note 27).

16.2.2 Investment Property Belong 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:

Fair value of the investment property is ascertained by independent valuation carried out by R T K Sirisena, an independent professional valuer, on an open market value for existing use basis as at 31st March 2016.

Notes to the Financial Statements

**16.2.3 Investment Property Belong to Horizon Holdings Ventures (Private) Limited****Location:**

Land of Horizon Holdings Ventures (Private) Limited is located at No. 278, Weliwita Road, Weliwita.

Extent:

The total land area is 4 Acres 1 Root and 4 Perches.

Valuation:

The amount of investment property comprises the purchase value of property and no significant changes in the value of property has taken place as at the Reporting date.

As at 31st March	Group	
	2016 Rs.	2015 Rs.
16.3 Investment Properties – Work in Progress		
Balance at the Beginning of the Year	472,169,319	–
Additions	719,557,404	472,169,319
Balance at the End of the Year	1,191,726,723	472,169,319

Investment property Work in Progress consists the construction of Access Tower 2 building at Dr. Colvin R De Silva Mawatha, Union Place, Colombo 2 by Access Realities 2 (Private) Limited.

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
17. INTANGIBLE ASSETS				
Leasehold Right (Note 17.1)	188,513,512	115,135,134	–	–
Software (Note 17.2)	76,445,099	88,006,025	72,638,543	83,087,853
Goodwill (Note 17.3)	1,089,204,227	1,089,204,227	–	–
	1,354,162,838	1,292,345,386	72,638,543	83,087,853

As at 31st March	Group	
	2016 Rs.	2015 Rs.
17.1 Leasehold Right		
Balance at the Beginning of the Year	115,135,134	116,756,756
Additions	90,000,000	–
Amortization for the Year	(16,621,622)	(1,621,622)
Balance at the End of the Year	188,513,512	115,135,134

Leasehold right comprise leasehold land of the SML and prepaid lease payment of SML Frontire Automotive (Private) Limited.

Leasehold land relate to the property persistently known and called 'SATHOSA MOTORS WORKSHOP' is located at No. 25/11, New Nuge Road, Peliyagoda acquired by Sathosa Motors PLC on a 99 years lease commencing from 1989. The total gross area of the land is 343.93 perches. The leasehold right has been revalued by an independent valuer R T K Sirisena – an independent professional valuer. Valuation has been done based on the demand and supply factors, current evidence of values, improvements and infrastructures etc. as at 31st March 2012.

SML Frontier Automotive (Private) Limited recognized prepaid lease payments in respect of Welisara workshop premises which has been subleased by Frontier Automotive (Private) Limited. Remaining lease period as at 31st March 2016 is five years.



	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
17.2 Software				
Cost				
Balance at the beginning of the Year	100,039,235	80,431,461	93,093,482	74,225,421
Acquisition through Business Combination	–	298,909	–	–
Additions	387,201	19,308,865	–	18,868,061
Balance at the end of the Year	100,426,436	100,039,235	93,093,482	93,093,482
Accumulated Amortization				
Balance at the beginning of the year	12,033,210	1,211,922	10,005,629	742,824
Acquisition through Business Combination	–	239,128	–	–
Amortization	11,948,127	10,582,160	10,449,310	9,262,805
Balance at the end of the Year	23,981,337	12,033,210	20,454,939	10,005,629
Carrying Value at 31st March 2016	76,445,099	–	72,638,543	–
Carrying Value at 31st March 2015	–	88,006,025	–	83,087,853

Software balance in intangible assets mainly consist of the SAP Enterprise Resource Planning system software and SAP user license acquired by the Company.

Amortization rate is disclosed in Note 3.3.3.2

	Group	
	2016 Rs.	2015 Rs.
17.3 Goodwill		
Balance at the Beginning of the Year	1,089,204,227	432,588,101
Goodwill Arising on Acquisition through Business Combination	–	656,616,126
Balance at the End of the Year	1,089,204,227	1,089,204,227

As at 31st March	Company		
	Number of Shares	Effective Holding %	2016 Rs.
18. INVESTMENTS IN SUBSIDIARIES			
Sathosa Motors PLC	5,093,745	84.42	1,196,572,767
Access Realities (Private) Limited	82,422,532	100	3,296,901,280
Access Projects (Private) Limited	16,000,000	80	1,000,000,000
Horizon Holdings Ventures (Private) Limited	29,000,000	100	290,000,000
Horizon Knowledge City Limited	57,500,000	92	575,000,000
			6,358,474,047

As at 31st March	Company	
	2016 Rs.	2015 Rs.
18.1 Assessment of the Fair Value of Investments in Subsidiaries		
Quoted Investment		
Sathosa Motors PLC	1,528,123,500	1,401,289,250
Unquoted Investment		
Access Realities (Private) Limited	4,204,981,013	3,802,083,013
Access Projects (Private) Limited	562,718,124	458,418,274
Horizon Holdings Ventures (Private) Limited	289,857,925	–
Horizon Knowledge City Limited	574,781,042	–
	7,160,461,604	5,661,790,537

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.

Notes to the Financial Statements



As at 31st March	Group				Company	
	Number of Shares	Effective Holding %	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
19. INVESTMENT IN ASSOCIATES AND JOINT VENTURE						
19.1 Investment in a Joint Venture						
Horizon Holdings (Private) Limited	2,770,000	50	249,097,834	–	250,000,000	–
			249,097,834	–	250,000,000	–

The Group has invested on 30th June 2015, 50% interest in Horizon Holdings (Private) Limited, a joint venture involves in the business of property development.

As at 31st March	Group				Company	
	Number of Shares	Effective Holding %	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
19.2 Investment in an Associate						
ZPMC Lanka Company (Private) Limited	5,546,544	30	83,553,736	72,533,965	55,465,410	55,465,410
			83,553,736	72,533,965	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 Associate and Joint Venture:

As at 31st March	ZPMC Lanka Company (Private) Limited		Horizon Holdings (Private) Limited
	2016 Rs.	2015 Rs.	2016 Rs.
19.3 Share of the Associate's Joint Venture's Statement of Financial Position			
Group Share of,			
Current Assets	86,277,647	80,898,056	270,049,695
Non-Current Assets	789,666	1,077,010	2,236,241
Current Liabilities	(3,357,006)	(9,212,682)	(15,923,379)
Non-current Liabilities	(156,571)	(228,419)	(122,500,000)
Net Assets	83,553,736	72,533,965	133,862,557
Goodwill	–	–	115,235,277
Equity	83,553,736	72,533,965	249,097,834

For the year/period ended 31st March	ZPMC Lanka Company (Private) Limited		Horizon Holdings (Private) Limited
	2016 Rs.	2015 Rs.	2016 Rs.
Share of the Revenue	51,885,010	51,807,923	21,250,000
Share of Profit, Net of Tax	12,184,545	11,112,685	(902,167)
Carrying Amount of the Investment	83,553,736	72,533,965	249,097,834



As at 31st March	Number of Shares	Group/Company	
		2016 Rs.	2015 Rs.
20. OTHER LONG TERM INVESTMENTS			
Unquoted Investments			
Asia Pacific Golf Course Limited			
– Preference Shares	6	–	1,500,000
Less: Fair Value Adjustment		–	(1,500,000)
		–	–

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
21. INVENTORIES				
Inventories	1,791,239,222	1,445,030,989	544,291,855	401,009,935
Work in Progress	591,622,895	742,022,072	295,554,675	527,785,540
Less: Provision for Inventories	(6,723,763)	(3,071,848)	–	–
	2,376,138,354	2,183,981,213	839,846,530	928,795,475
22. TRADE AND OTHER RECEIVABLES				
Trade Receivables (Note 22.1)	5,992,408,860	6,083,751,869	4,297,018,213	4,283,818,444
Other Receivables (Note 22.2)	138,821,273	95,372,416	82,815,861	6,548,440
Advances and Prepayments (Note 22.3)	444,723,930	343,166,811	193,066,371	250,005,989
	6,575,954,063	6,522,291,096	4,572,900,445	4,540,372,873
22.1 Trade Receivables				
Trade Receivables	6,038,448,469	6,119,720,735	4,339,314,851	4,316,378,137
Less: Provision for Impairment of Receivables	(46,039,609)	(35,968,866)	(42,296,638)	(32,559,693)
	5,992,408,860	6,083,751,869	4,297,018,213	4,283,818,444
22.2 Other Receivables				
Interest Receivables	59,686,514	9,969,887	57,363,220	6,285,337
Margin on Bond	219,807	263,103	219,807	263,103
VAT Receivables	28,771,878	12,978,503	25,232,834	–
Other Receivables	50,143,074	72,160,923	–	–
	138,821,273	95,372,416	82,815,861	6,548,440
22.3 Advances and Prepayments				
Deposits and Prepayments	43,414,684	21,477,883	19,440,277	19,371,937
Advances	269,777,772	272,574,123	154,442,859	213,122,801
Refundable Deposit	131,531,474	49,114,805	19,183,235	17,511,251
	444,723,930	343,166,811	193,066,371	250,005,989

Notes to the Financial Statements



As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
23. AMOUNTS DUE FROM RELATED PARTIES				
Access International (Private) Limited	6,377,854	6,325,961	880,484	837,692
Access Agencies (Private) Limited	6,645,856	785,747	6,550,827	–
Access International Projects (Private) Limited	1,548,663	604,329	1,548,663	–
ATSL International (Private) Limited	576,849	500,000	76,849	–
Frontier Automotive (Private) Limited	5,021,681	72,860,056	–	–
Mr. Sheran Fernando (Director)	380,046	65,902	–	–
Access International (Private) Limited – Networking	82,012	81,077	–	–
Access Real Estate (Private) Limited	65,730	57,024	–	–
Mr. D D S Ferdinando (Director)	30,805	8,000	–	–
Foresight Engineering (Private) Limited	5,200,000	–	–	–
Asia Pacific Golf Course (Private) Limited	–	13,843,107	–	13,843,107
China Geo – Salcon – Access JV	–	58,446,604	–	58,446,604
Access Energy Solutions (Private) Limited	–	3,991,162	–	–
Eurometallic (Private) Limited	–	2,324,418	–	–
Mr. D C N Ferdinando (Director)	–	8,000	–	–
Access Projects (Private) Limited	–	–	14,388,937	30,924,996
SML Frontier Automotive (Private) Limited	–	–	1,428,000	977,620
Access Realties 2 (Private) Limited	–	–	443,524,725	463,461,873
	25,929,496	159,901,387	468,398,485	568,491,892
Less: Provision for Impairment of Receivables	–	(13,843,107)	–	(13,843,107)
	25,929,496	146,058,280	468,398,485	554,648,785

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
24. OTHER FINANCIAL ASSETS				
24.1 Other Non-Current Financial Assets				
Financial Assets Held-to-Maturity at Amortized Cost				
Investment in Debentures				
National Development Bank PLC	812,686,711	38,485,323	562,889,589	–
Hatton National Bank PLC	543,477,724	43,007,423	300,277,397	–
People's Leasing and Finance PLC	2,621,431	2,620,757	–	–
Total Other Non-Current Financial Assets	1,358,785,866	84,113,503	863,166,986	–
24.2 Other Current Financial Assets				
Loans and receivables at Amortized Cost – Current				
– Retention Receivable	1,472,641,932	1,135,983,959	1,200,920,066	927,476,799
– Staff Loans	26,677,112	22,565,896	23,915,926	19,209,587
– Prepaid Retention Receivable Expenses	168,049,925	112,322,801	124,361,765	90,390,910
– Prepaid Staff Loan Expenses	3,936,957	4,532,231	3,936,957	4,532,231
Total Other Current Financial Assets	1,671,305,926	1,275,404,887	1,353,134,714	1,041,609,527



As at 31st March Group/Company	Number of Shares	Cost		Market Value	
		2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
25. SHORT TERM INVESTMENTS					
Quoted Investments					
Nation Lanka Finance PLC	12,300	453,009	453,009	12,300	54,120
Lanka Indian Oil Corporation PLC	36,600	1,035,414	1,035,414	1,189,500	1,474,980
Touchwood Investments PLC	21,600	414,108	414,108	–	–
Horana Plantations PLC	7,500	538,464	538,464	126,750	168,750
The Colombo Fort Land & Building Company PLC	5,000	499,533	499,533	97,482	126,000
Namunukula Plantations PLC	3,300	527,231	527,231	196,350	233,970
Richard Pieris & Co. PLC	50,000	798,848	798,848	360,000	370,000
Free Lanka Capital Holdings PLC	15,600	78,000	78,000	18,720	24,960
People's Merchant PLC	100	1,976	1,976	1,200	2,390
CIC Holdings PLC	204,000	23,517,007	23,517,007	19,482,000	15,504,000
Softlogic Holdings PLC	208,500	6,110,307	6,110,307	2,773,050	2,752,200
Vallibel One PLC	123,300	3,210,050	3,210,051	2,194,740	2,502,990
Central Investments & Finance PLC	1,000,000	10,000,000	10,000,000	500,000	700,000
People's Leasing Company PLC	839,400	15,109,200	15,109,200	13,430,400	18,550,740
Commercial Bank of Ceylon PLC	39	–	–	4,895	6,451
Tess Agro Company PLC	80	–	–	88	120
Textured Jersey Lanka PLC*	889,500	–	13,467,501	–	21,436,950
Total		62,293,147	75,760,649	40,387,475	63,908,621
(Less) Provision for Impairment		(21,905,672)	(11,852,028)	–	–
Fair Value at the End of the Year		40,387,475	63,908,621	40,387,475	63,908,621

*Investment disposed during the year.

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
26. SHORT TERM DEPOSITS				
Fixed Deposits	6,691,265,553	947,061,547	6,553,907,509	746,945,915
Investment in Unit Trusts	100,976,031	100,866,731	100,976,031	100,866,731
	6,792,241,584	1,047,928,278	6,654,883,540	847,812,646

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
27. CASH AND CASH EQUIVALENTS				
Favorable Balance				
Cash at Bank	273,374,158	1,496,674,317	251,923,841	1,161,716,971
Cash in Hand	30,350,768	29,123,855	24,459,566	20,458,439
Investment in Repos	200,065,286	392,682,634	200,000,000	335,000,000
	503,790,212	1,918,480,806	476,383,407	1,517,175,410
Unfavorable Balance				
Bank Overdraft	(412,594,547)	(276,320,248)	–	–
Cash and Cash Equivalent for the Purpose of Statement of Cash Flows	91,195,665	1,642,160,558	476,383,407	1,517,175,410

Notes to the Financial Statements

**Company**

Land situated at No. 278/4, Union Place, Colombo 02, 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 as back-up overdraft facility to accommodate any unsettled claims in respect of Letter of Guarantees issued or LC (term) bills for the value of Rs. 65 Mn (Note 16.1).

Group**Access Projects (Private) Limited**

Lender	Account No.	Facility Rs.	Balance as at 31.03.2016	Securities
Commercial Bank PLC	1107221801	20,000,000	(21,409,075)	Corporate Guarantee of Access International (Private) Limited for Rs. 330 Mn
Commercial Bank PLC	1415840701	80,000,000	(125,862,471)	Personal Guarantee of Sumal Perera for Rs. 330 Mn
Commercial Bank PLC	1415840701	50,000,000	(27,206,585)	Personal Guarantee of Sumal Perera for Rs. 50 Mn

As at 31st March	2016		2015	
	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 case of a poll.

As at 31st March	Group	
	2016 Rs.	2015 Rs.
29. DEFERRED GRANT		
Balance at the Beginning of the Year	6,581,652	6,801,041
Amortization	(219,652)	(219,389)
Balance at the End of the Year	6,362,000	6,581,652

The above represents a Government grant received by Sathosa Motors PLC, for the construction of workshop at Peliygod and are amortized over a period of fifty (50) years.



As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
30. INTEREST-BEARING BORROWINGS				
Payable Within One Year				
Term Loan (Note 30.2)	648,358,899	248,101,539	–	–
Finance Lease Obligation (Note 30.3)	4,132,179	3,626,134	–	–
	652,491,078	251,727,673	–	–
Payable After One Year				
Debentures (Note 30.1)	5,008,666,927	–	5,189,556,989	–
Term Loan (Note 30.2)	176,107,134	94,498,400	–	–
Finance Lease Obligation (Note 30.3)	8,496,960	3,370,113	–	–
	5,193,271,021	97,868,513	5,189,556,989	–

	Group	Company
	2016 Rs.	2016 Rs.
30.1 Debentures		
Debentures Issued During the Year	4,825,670,000	5,000,000,000
Balance at the end of the Year	4,825,670,000	5,000,000,000
Interest Payable	182,996,927	189,556,989
Carrying Value at the end of the Year	5,008,666,927	5,189,556,989

On 18th November 2015 the Company issued fifty million (50,000,000) rated senior unsecured redeemable debentures to the value of Rupees Five Billion (Rs. 5,000,000,000). These debentures are listed in the Colombo Stock Exchange.

Sathosa Motors PLC has invested 1,743,300 Nos. of Type 01 – five years Tenor Debentures issued by the Company, amounting to Rs. 174,330,000/-. Carrying value of above debentures has been eliminated at the Group level.

Details regarding the listed debentures are as follows:

Instrument Type	Value in Rs.	Proportion %	Interest Frequency	Coupon Rate %	Effective Annual Yield %	IROCGS* as at Reporting Date %
Type 01 – 5 Years Tenor	4,998,410,000	99.97	Semi-Annually	10.25	10.51	11.57
Type 02 – 6 Years Tenor	1,030,000	0.02	Semi-Annually	10.45	10.72	11.56
Type 03 – 7 Years Tenor	20,000	0.00	Semi-Annually	10.72	11.01	11.75
Type 04 – 8 Years Tenor	540,000	0.01	Semi-Annually	10.95	11.25	11.94
Total	5,000,000,000					

* Interest rate of comparable Government Securities

The Listed Debentures were not traded since issuing date. Therefore, Highest Traded Price, Lowest Traded Price, Last Traded Price for the year ended 31st March 2016 and Yield to Maturity of Trade were not available.

For the year ended/as 31st March	Company	
	2016	2015
Debt Security Related Ratios		
Debt to Equity Ratio	0.33	0
Quick Assets Ratio	3.6	3.0
Interest Cover	13.33	N/A

Notes to the Financial Statements



As at 31st March	Group	
	2016 Rs.	2015 Rs.
30.2 Term Loan		
Balance at the Beginning of the Year	342,599,939	58,876,643
Acquisition Through Business Combination	–	33,517,700
Obtained During the Year	2,297,706,327	459,262,242
Repayment During the Year	(1,815,840,233)	(209,056,646)
Balance at the End of the Year	824,466,033	342,599,939
Loan Payable Within One Year	648,358,899	248,101,539
Loan Payable After One Year	176,107,134	94,498,400
	824,466,033	342,599,939

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
30.3 Finance Lease Obligation				
Balance at the Beginning of the Year	8,304,025	6,898,226	–	5,058,610
Acquisition Through Business Combination	–	9,117,501	–	–
Obtained During the Year	15,645,356	–	–	–
Repayment During the Year	(8,694,302)	(7,711,702)	–	(5,058,610)
	15,255,079	8,304,025	–	–
Less: Interest in Suspense	(2,625,940)	(1,307,778)	–	–
Balance at the End of the Year	12,629,139	6,996,247	–	–
Payable Within One Year	4,132,179	3,626,134	–	–
Payable After One Year	8,496,960	3,370,113	–	–
	12,629,139	6,996,247	–	–

30.4 Analysis of Interest-Bearing Borrowings – Group

Company Name	Lending Institution	Nature of the Facility	Interest Rate and Security	Maturity	Loan Value Rs.	2016 Rs.	2015 Rs.
Access Projects (Private) Limited	Commercial Bank	Bank Loan	11.75% Fixed Interest Guarantee of Batching Plant	54 Months	9.5 Mn	6.134 Mn	8.51 Mn
	Commercial Bank	Bank Loan	PLR+2.25% (Variable Rate) Guarantee of T Bar Machine	48 Months	6 Mn	3.125 Mn	4.625 Mn
	Commercial Bank	Bank Loan	12% Fixed Rate	48 Months	5 Mn	3.124 Mn	4.374 Mn
	Commercial Bank	Bank Loan	PLR+1.75% Variable Rate Vehicle No. CAB 0803	60 Months	12.9 Mn	7.095 Mn	9.675 Mn
	Commercial Bank	Bank Loan	PLR+2.25% Variable Rate Guarantee of Generator, Concrete Mixer, Roller and Rammer	48 Months	4.382 Mn	0.817 Mn	1.914 Mn
	Commercial Bank	Bank Loan	PLR+1.75% Guarantee of TATA Tipper WP PL 2499	48 Months	4.48 Mn	–	0.179 Mn
SML Frontier Automotive (Private) Limited	National Development Bank	Bank Loan	12.5% Fixed Interest Corporate Guarantee from Sathosa Motors PLC (PQ 105) for Rs. 200,000,000/-	12 Months	63.9 Mn	15.975 Mn	63.9 Mn



Company Name	Lending Institution	Nature of the Facility	Interest Rate and Security	Maturity	Loan Value Rs.	2016 Rs.	2015 Rs.
	National Development Bank	Import Loan	13% Fixed Interest Corporate Guarantee from Sathosa Motors PLC (PQ 105) for Rs. 200,000,000/-	6 Months	150 Mn	143.2 Mn	63.2 Mn
	Hatton National Bank	Bank Loan	AWPLR+2% (Renew Monthly) Corporate Guarantee from Sathosa Motors PLC Rs. 200,000,000/-	84 Months	200 Mn	178.6 Mn	86.2 Mn

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
31. EMPLOYEE BENEFITS				
Balance at the beginning of the Year	159,264,174	120,948,303	112,510,177	95,347,263
Acquisition through Business Combination	–	15,128,461	–	–
Current Service Cost	31,765,117	27,162,005	22,086,478	23,723,005
Interest Cost	15,788,048	12,056,497	11,251,019	9,534,726
Actuarial Gain	(22,744,245)	(8,029,753)	(18,634,323)	(10,511,919)
	184,073,094	167,265,513	127,213,351	118,093,075
Less: Payments Made during the Year	(15,343,388)	(8,001,339)	(7,690,271)	(5,582,898)
Balance at the end of the Year	168,729,706	159,264,174	119,523,080	112,510,177
31.1 Expense Recognized in Statement of Profit or Loss and Other Comprehensive Income				
Current Service Cost	31,765,117	27,162,005	22,086,478	23,723,005
Interest Cost	15,788,048	12,056,497	11,251,019	9,534,726
Expense Recognized in Statement of Profit or Loss	47,553,165	39,218,502	33,337,497	33,257,731
Actuarial Gain Recognized in OCI	(22,744,245)	(8,029,753)	(18,634,323)	(10,511,919)
Total Provision for the Year	24,808,920	31,188,749	14,703,174	22,745,812

31.2 Company

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2016 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:

	2016	2015
Discount Rate (%)	11	10
Expected Annual Average Salary Increment Rate (%)	8.50	8.50
Staff Turnover Factor (%)	1	1
Retirement Age (Years)	55	55

Notes to the Financial Statements

**31.3 Group****(a) Sathosa Motors PLC**

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2016 by professional actuaries – Messrs Actuarial & Management Consultants (Private) Limited, 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'.

(b) Other Subsidiaries

Employee benefit liabilities of other subsidiaries have been 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:

	2016	2015
Discount Rate (%)	11	10
Expected Annual Average Salary Increment Rate (%)	10 – 12	10 – 12
Staff Turnover Factor (%)	5 – 40	7 – 16
Retirement Age (Years)	55	55

31.4 Sensitivity of Assumptions Used

A quantitative sensitivity analysis for significant assumption as at 31st March 2016 is as shown below:

	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Effect on the Defined Benefit Obligation Liability				
Increase by One Percentage Point in Discount Rate	(55,757,997)	(50,648,595)	(12,604,616)	(12,760,930)
Decrease by One Percentage Point in Discount Rate	61,235,881	59,596,339	14,874,419	15,171,117
Increase by One Percentage Point in Salary Increment Rate	61,514,796	59,694,111	15,096,136	15,246,700
Decrease by One Percentage Point in Salary Increment Rate	(56,049,778)	(50,742,883)	(12,981,659)	(13,032,724)

The sensitivity analysis depicted 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. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

The following payments are expected contributions to the employee benefit obligation in future years:

	Company	
	2016 Rs.	2015 Rs.
Within the Next 12 Months (Next Annual Reporting Period)	9,384,736	8,022,990
Between 2 and 5 Years	25,158,184	20,425,824
Beyond 5 Years	100,738,859	78,018,306
Total Expected Payments	135,281,779	106,467,120



	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
32. DEFERRED TAXATION				
Balance at the beginning of the Year	250,705,784	230,151,886	242,831,592	226,536,003
Acquisition through Business Combination	-	(608,182)	-	-
Provision/(Reversal) During the Year (Note 12.3)	(15,799,970)	21,162,080	(38,303,932)	16,295,589
Balance at the end of the Year	234,905,814	250,705,784	204,527,660	242,831,592

Deferred tax provision as at the year end is made up as follows:

As at 31st March	2016		2015	
	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.	Temporary Difference Rs.	Tax Effect on Temporary Difference Rs.
Group				
Property, Plant and Equipment	2,166,649,537	283,171,812	2,222,301,777	279,812,221
Revaluation of Building to Fair Value	36,106,212	4,374,455	36,106,212	4,418,426
Staff Redundancy Provision	-	-	(55,865,190)	(6,836,391)
Provision for Doubtful Debtors	(42,296,638)	(5,124,457)	(28,747,759)	(3,517,950)
Provision for Debenture Interest Expense	(189,556,989)	(22,965,811)	-	-
Defined Benefit Obligation	(164,833,917)	(24,550,185)	(154,202,860)	(23,170,522)
	1,806,068,205	234,905,814	2,019,592,180	250,705,784
Company				
Property, Plant and Equipment	2,003,416,758	242,724,313	2,145,372,826	262,535,715
Revaluation of Building to Fair Value	36,106,212	4,374,455	36,106,212	4,418,426
Staff Redundancy Provision	-	-	(55,865,190)	(6,836,391)
Provision for Doubtful Debtors	(42,296,638)	(5,124,457)	(28,747,759)	(3,517,950)
Provision for Debenture Interest Expense	(189,556,989)	(22,965,811)	-	-
Defined Benefit Obligation	(119,523,079)	(14,480,840)	(112,510,177)	(13,768,208)
	1,688,146,264	204,527,660	1,984,355,912	242,831,592

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 12.12% (2014/15 – 12.23%).

Potential Impact of Income Tax Rate Change

As per the recent Policy Measures published on 29th April 2016 by the Ministry of Finance (www.treasury.gov.lk), the Company will be liable to pay current income tax at 17.5% instead of the prevailing concessionary rate of 12% on construction income whilst the tax rate on other sources of income will remain at 28% with effect from year of assessment starting 1st April 2016.

Since the new tax rate had not been enacted through a Gazette by the Parliament as at the Reporting date, being 31st March 2016, the new rate was not considered to be substantially enacted as at that date. Accordingly, the Company has provided for deferred taxation at the existing income tax rates of 12% and 28% applicable for construction income and other income respectively, for the year ended 31st March 2016.

Notes to the Financial Statements



The potential impact on the deferred tax had the Group/Company applied the proposed rate of 17.5% is shown below:

	Group	Company
	2016 Rs.	2016 Rs.
Balance at the beginning of the Year	244,686,180	242,831,592
Deferred Tax Charge/(Reversal) Recognized in Profit or Loss	52,419,248	51,885,004
Deferred Tax Charge/(Reversal) Recognized in Other Comprehensive Income	2,783,553	1,988,758
Balance at the end of the Year	299,888,981	296,705,354

32.2 Group

Access Realties (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 (7) years of income tax exemptions. The tax exemption ends at the end of 2010/11 year of assessment.

Access Realties 2 (Private) Limited

No provision has been made for deferred taxation, since the Company is exempt from tax for twelve (12) years, according to the Section 17 of Inland Revenue (Amendment) Act No. 08 of 2012.

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 13.45% (2015 – 13.5%).

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%.

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
33. TRADE AND OTHER PAYABLES				
Trade Creditors	2,477,353,532	1,926,269,955	1,522,907,476	1,177,315,181
VAT Payable	16,533,371	16,808,913	–	8,926,139
Accrued Expenses	470,458,194	346,364,120	218,267,340	216,645,964
Mobilization Advance	1,950,623,331	1,737,045,853	1,676,100,986	1,312,809,739
Advances Received	246,209,164	185,110,503	72,305,015	44,001,947
Retention Payable	161,742,048	184,212,772	120,466,451	106,813,060
Provision for Warranty	20,722,989	12,672,989	–	–
Security Deposit	24,110,583	21,773,326	–	–
	5,367,753,212	4,430,258,431	3,610,047,268	2,866,512,030



As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
34. AMOUNTS DUE TO RELATED PARTIES				
Access International (Private) Limited	23,905,988	8,765,310	22,927,836	6,813,872
Access Energy Solution (Private) Limited	7,941,009	6,648,401	–	2,666,888
Access Natural Water (Private) Limited	266,928	283,418	156,846	244,455
Access International Projects (Private) Limited	9,551,602	30,600,980	5,235,471	–
Access Agencies (Private) Limited	443,673	1,259,957	–	–
Reprographics (Private) Limited	206,457	237,760	206,457	220,000
Euro Metallic (Private) Limited	34,000	–	–	–
ECO Friendly Power Developers (Private) Limited	–	118,386	–	118,386
Access Projects (Private) Limited	–	–	255,519	79,939
Access Realities (Private) Limited	–	–	1,877,475	1,582,971
	42,349,657	47,914,212	30,659,604	11,726,511

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
35. CURRENT TAX LIABILITIES (ASSETS)				
Balance at the beginning of the Year	83,640,939	133,786,973	(14,640,295)	71,235,762
Super Gain Tax Expense (SGT)	554,228,650	–	438,391,385	–
Adjusted Balance at the beginning of the Year	637,869,589	133,786,973	423,751,090	71,235,762
Acquisition through Business Combination	–	18,053,912	–	–
Provision Made during the Year	460,183,602	300,119,186	308,407,587	157,762,618
Adjustment for the Prior Year	2,681,614	18,134,066	–	18,134,065
Payments Made during the Year	(827,149,551)	(371,959,603)	(544,312,956)	(250,776,595)
Notional Tax	(2,429,457)	(2,811,458)	(2,271,637)	(2,811,458)
WHT Recoverable	(22,156,513)	(11,682,137)	(21,074,264)	(8,184,687)
Balance at the end of the Year	248,999,284	83,640,939	164,499,820	(14,640,295)
Current Tax Liabilities	248,999,284	98,281,234	164,499,820	–
Current Tax Assets	–	(14,640,295)	–	(14,640,295)
Net Current Tax Liabilities/(Assets)	248,999,284	83,640,939	164,499,820	(14,640,295)

Super Gain Tax Expense

As per the provisions of Part III of the Finance Act No. 10 of 2015 which was certified on 30th October 2015, the Company and Group were liable for Super Gain Tax of Rs. 438,391,385/- and Rs. 554,228,650/- respectively. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the Financial Statements relating to the year of assessment which commenced on 1st April 2013. The Act supersedes the requirements of the Sri Lanka Accounting Standards; hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on accounting for Super Gain Tax issued by The Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

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 Transaction	Nature of Transaction	Amount (Paid)/Received	
		2016 Rs.	2015 Rs.
Access International (Private) Limited	Machinery Hiring Income	174,000	38,352
	Sale of Readymix Concrete	2,192,950	3,873,869
	Sale of Asphalt	644,407	334,665
	Land Rent Income	1,020,000	-
	Construction Income	5,895,405	-
	Reimbursement of Insurance Premium Paid	56,981	-
	Purchase of Gabion, Fibertex, Geo MX & Tie Wire	(12,253,384)	(20,505,365)
	Purchase of Construction Plant and Equipment	(191,500)	(30,697,053)
	Clearing and Handling Charges Paid	(22,804,496)	(6,334,143)
	Purchase of Roller Bits, Bullet BKH85	(26,396,724)	-
	Purchase of Steel Sheet Piles	(27,011,950)	-
	Purchase of Spare Parts	(43,850)	-
	Purchase of Safety Items	(169,460)	-
Purchase of Street Light Fittings	(738,000)	-	
Purchase Consideration – Access Project (Private) Limited	-	(625,000,000)	
Access Realties (Private) Limited	Dividend Received	13,486,056	3,034,014
	Reimbursement of Insurance Premium Paid	329,957	-
	Office Rentals	(48,354,294)	(45,540,404)
	Reimbursement of Telephone and Electricity Charges	(17,831,258)	(19,438,284)
	Reimbursement of Maintenance Charges	(292,000)	(10,204)
	Subcontract Work – (Office Renovation)	-	(1,388,950)
Investment in Shares	(300,000,000)	(300,000,000)	
Access Realties 2 (Private) Limited	Construction Income	770,888,741	463,461,873
Access Natural Water (Private) Limited	Purchase of Water Bottles	(2,327,074)	(4,359,676)
	Water Dispenser Service Charges	(12,413)	-
	Purchase of Electronic Dispenser	-	(153,844)
Access Agencies (Private) Limited	Sale of Readymix Concrete	21,432,145	440,181
	Hiring of Vehicle, Machinery and Equipment	1,019,625	439,010
Access Projects (Private) Limited	Sale of Readymix Concrete	22,081,495	55,625,747
	Hiring of Vehicle Machinery and Equipment	1,064,200	3,696,677
	Dividend Income	16,560,000	-
	Reimbursement of Staff and Other Cost	3,637,367	-
	Reimbursement of Electricity Bill	(964,040)	(751,516)
	Supply and Installation of Metal Ceiling	-	(187,568)
Access Energy Solutions (Private) Limited	Sub-Contractor Charges	(8,384,766)	(75,760,856)
Reprographics (Private) Limited	Purchase of Toner	(722,350)	(291,800)
	Photocopy Machine Spare Parts and Service	(486,775)	(236,364)
	Purchase of Photo Copy Machine	(1,793,000)	(1,024,000)
Access Industrial Systems (Private) Limited	Elevator Maintenance Fees and Spare Parts Supply	(1,666,352)	(10,300,000)
Access Solar (Private) Limited	Supply and Installation of Solar Power System	-	(2,113,378)
	Office Equipment Repair Service	-	(350,000)
Access International Project (Private) Limited	Sale of Readymix Concrete	1,918,575	-
	Hiring of Vehicle, Machinery and Equipment	156,348	-
	Subcontractor Charges	(66,750,000)	-
	Material Purchases	-	(74,850)



Related Party Transaction	Nature of Transaction	Amount (Paid)/Received	
		2016 Rs.	2015 Rs.
ZPMC Lanka Company (Private) Limited	Dividend Received	1,048,296	648,946
	Sale of Motor Vehicle	-	2,678,571
ATSL International (Private) Limited	Machinery Hiring Income	56,105	437,896
	Sales of Crusher Products	231,900	-
	Sale of Readymix Concrete	-	561,000
Sathosa Motors PLC	Dividend Received	55,061,855	22,921,853
	Vehicle Repair and Maintenance	(2,595)	(119,309)
	Purchase of Debentures Issued by AEL	(174,330,000)	-
	Interest Income on Debentures	6,560,062	-
	Purchase of New Machinery	-	(45,000,000)
	Vehicle and Machinery Service Provided by AEL	-	110,160
SML Frontier Automotive (Private) Limited	Vehicle Service Charges	(168,102)	(480,961)
	Rent Income	8,400,000	2,100,000
	Refundable Deposit Received	-	2,100,000
C R D S Development (Private) Limited	Lease Rent	(6,900,000)	(6,300,000)

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 Transaction	Nature of Transaction	Amount (Paid)/Received	
		2016 Rs.	2015 Rs.
Access Realities (Private) Limited			
Access International (Private) Limited	Rental and Services Income Made in the Ordinary Course of the Business	19,402,536	19,172,982
	Reimbursement Telephone and Electricity Charges	6,700,778	-
	Data Wiring Charges	330,475	-
	Purchases of Water Pump and Materials	(227,000)	-
Access Real Estate (Private) Limited	Rental and Services Income Made in the Ordinary Course of the Business	3,663,360	3,212,160
	Reimbursement Telephone and Electricity Charges	799,333	-
Access Natural Water (Private) Limited	Purchase of Mineral Water	(259,824)	(252,154)
Access Energy Solutions (Private) Limited	Rental and Service Income Made in the Ordinary Course of Business	1,728,000	4,824,000
	Reimbursement Telephone and Electricity Charges	230,306	-
	Purchase of Electrical Equipment	-	(651,500)
Access Industrial Systems (Private) Limited	Elevator Maintenance Fees and Spare Parts Supply	(9,494,531)	(1,162,928)
Access Solar (Private) Limited	Rental and Service Income Made in the Ordinary Course of Business	661,500	2,646,000
Access Agencies (Private) Limited	Rental and Service Income Made in the Ordinary Course of Business	2,440,000	-
	Reimbursement Telephone and Electricity Charges	108,916	-
Access International Projects (Private) Limited	Rental and Service Income Made in the Ordinary Course of Business	683,100	683,100
	Reimbursement Telephone and Electricity Charges	6,666	-
Access Realities 2 (Private) Limited	Loan Granted/(Repayment)	23,300,000	(16,050,000)
	Investment in Shares	(530,000,000)	(300,000,000)
	Rental Income on Land Lease	1,200,000	-

Notes to the Financial Statements



Related Party Transaction	Nature of Transaction	Amount (Paid)/Received	
		2016 Rs.	2015 Rs.
Sathosa Motors PLC			
Access Natural Water (Private) Limited	Purchase of Mineral Water	195,891	(144,022)
	Purchase of Electronic Dispenser	12,000	-
Access International (Private) Limited	Supply of Workshop Repair Services and Sale of New Vehicles	829,235	4,491,781
ATSL International (Private) Limited	Construction of the Workshop at No. 25, Vauxhall Street	-	(23,965,000)
Reprographics (Private) Limited	Purchase of Photocopy Machine and Toners for the Printers	(21,914)	(120,855)
Access International Projects (Private) Limited	Vehicle Repair and Maintenance	15,919	-
ZPMC Lanka Company (Private) Limited	Vehicle Repair and Maintenance	146,583	-
SML Frontier Automotive (Private) Limited	Vehicle Service Charge	39,605	32,403
	Dividend Received	650,000	-

Related Party Transaction	Nature of Transaction	Amount (Paid)/Received	
		2016 Rs.	2015 Rs.
Access Projects (Private) Limited			
Access International (Private) Limited	Email Charges	(47,571)	(47,299)
	Generator Repair Charges	(14,000)	(151,368)
	Purchase of Construction Plant and Equipment	(28,638)	-
	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	Plumbing Contractor Charges	-	(25,760,000)
	Bathroom Fittings and Accessories	(735,975)	(2,269,281)
	Retention Charges of Aluminium Works	-	785,747
Access Solar (Private) Limited	Supply and Installation of Solar Power System	-	(1,083,600)
Access International Projects (Private) Limited	Supply and Installation Charges	-	(37,166,242)
	Supply and Installation of Metal Ceiling	(42,002,377)	538,640
ATSL International (Private) Limited	Provision of Ceiling Work	-	2,385,467
Euro Metallic (Private) Limited	Fund Transfers	-	17,180,000
Access Energy Solutions (Private) Limited	Supply and Installation of Electricity	(32,241,286)	(85,458,563)
Access Natural Water (Private) Limited	Purchase of Mineral Water	(1,517,382)	(1,198,389)
Reprographics (Private) Limited	Photocopy Machine Spare Parts and Service	(88,134)	-
SML Frontier Automotive (Private) Limited	Refurbishment of Buildings	(44,910,444)	-



36.3 Directorship Held by Directors in Other Group of Companies

Company Name	Relationship	Company (AEL)						
		S J S Perera	J C Joshua	R J S Gomez	S D Perera	D A R Fernando	S H S Mendis	S D Munasinghe
Access Realties (Private) Limited	Subsidiary	✓	✓	✓	✓	✓	✓	✓
Access Realties 2 (Private) Limited	Subsidiary	✓	✓	✓		✓	✓	✓
Sathosa Motors PLC	Subsidiary	✓	✓	✓		✓	✓	✓
SML Frontier Automotive (Private) limited	Subsidiary	✓					✓	✓
Access Projects (Private) Limited	Subsidiary	✓			✓			
ZPMC Lanka Company (Private) limited	Associate		✓					✓
Access International (Private) Limited	Affiliate	✓	✓	✓	✓	✓	✓	✓
Access Natural Water (Private) Limited	Affiliate	✓	✓	✓	✓			
Access Agencies (Private) Limited	Affiliate	✓			✓			
Access Energy Solutions (Private) Limited	Affiliate	✓	✓	✓				
Access Industrial Systems (Private) Limited	Affiliate	✓			✓			
Access Solar (Private) Limited	Affiliate	✓			✓			
Access International Project (Private) Limited	Affiliate	✓			✓			
Access Real Estate (Private) Limited	Affiliate	✓			✓			
ATSL International (Private) Limited	Affiliate	✓	✓	✓				
C.R.D.S. Development (Private) Limited	Affiliate		✓					
Reprographics (Private) Limited	Affiliate	✓			✓			
Euro Metallic (Private) Limited	Affiliate	✓						

36.4 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.

Notes to the Financial Statements

**36.5 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	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Compensation Paid to Key Management Personnel				
Short Term Employee Benefits (Note 11)	51,745,060	55,822,800	25,666,500	35,805,000
Total Compensation Paid to Key Management Personnel	51,745,060	55,822,800	25,666,500	35,805,000

37. COMMITMENTS AND CONTINGENCIES**37.1 Company**

There were no material commitments and contingent liabilities as at the Reporting date except for the following:

A. 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 10th October 2016.

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. Settlement was arrived at 17th June 2016. A sum of Rs. 800,000/- was paid on 17th June 2016 in open court by Access Engineering PLC to the plaintiffs as an *ex gratia* payment without accepting any liability.

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. Settlement was arrived at 17th June 2016. A sum of Rs. 800,000/- was paid on 17th June 2016 in open court by Access Engineering PLC to the plaintiffs as an *ex gratia* payment without accepting any liability.

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 five 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 five Defendants in the District Court of Malaklam claiming compensation for Sinnarasa Sivadasa who died in an 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 22nd September 2016.

**Case No. 2361/15/M**

The case of money recovery by B G Ajith Prasanna against Defendant namely, Access Engineering PLC. The claim is made amounting Rs. 5,000,000/- to recover damages for the Plaintiff by an accident which took place in Katubedda. The Defendant is contesting the case since there is no negligence and/or any fault whatever on the part of the Defendant. Further trial is on 19th September 2016.

B. Legal Cases Filed by the Company**Case No. 456/13/MR**

The case of money recovery by Access Engineering PLC against five 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 five Defendants jointly and/or severally for the non-payment of money for the works undertaken by the Plaintiff under the subcontract to complete 0.00 to 6.77 Kilometres 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 subcontract 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. This matter was fixed for 19th September 2016 for settlement finally or trial.

Case No. B506/14

The accused has been charged for fraudulently encashing a cheque for Rs. 3,600,000/- of Access Engineering PLC and Company has filed a case against the Bank of Ceylon, Union Place Branch. This matter was fixed to be called on 22nd July 2016.

Case No. DMR/02437/15

The case of money recovery by Access Engineering PLC against Defendant namely the Bank of Ceylon. The claim is made to recover damages for honouring the cheque which had not been duly signed and authorized by the Plaintiff. This matter is fixed for trial or settlement on 22nd July 2016.

Case No. HC228/14

The case of money recovery by Access Engineering PLC against Defendant namely Allianz Insurance Lanka Limited. The claim of Rs. 48,000,000/- is made against Defendant for the rejection of claims made under contractors 'All Risk Insurance Policy' bearing Policy No. CAR/12658. Further trial is on 2nd August 2016.

C. Bank Guarantees Issued by the Banks on Behalf of the Company are as Follows:

	Amount Rs.
Bank	
Nations Trust Bank PLC	957,988,019
Hatton National Bank PLC	1,078,911,706
Sampath Bank PLC	664,418,183
Bank of Ceylon	1,386,145,525
People's Bank	1,636,588,061
Union Bank PLC	4,000,000
	5,728,051,494

Corporate Guarantees issued by the Company on behalf of Access Projects (Private) Limited for banking facilities is Rs. 250 Mn.

D. Tax Assessments**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 shareholders 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.



Income Tax Assessment Received for Year of Assessment 2012/13

The Department of Inland Revenue has raised an assessment on Income Tax for the year of assessment 2012/13, assessing the tax exemption claimed under Section 17A (2) (c) and qualifying payment claimed under Section 34 (2) (s) of Inland Revenue Act No. 10 of 2006 for same investment, to pay income tax Rs. 152,394,432/- plus penalty of Rs. 76,197,216/-. The Company has filed valid appeal against this assessment.

Income Tax Assessment Received for Year of Assessment 2013/14

The Department of Inland Revenue has raised an assessment on Income Tax for the year of assessment 2013/14, assessing the tax exemption claimed under Section 17A (2) (c) and qualifying payment claimed under Section 34 (2) (s) of Inland Revenue Act No. 10 of 2006 for same investment, to pay income tax Rs. 218,211,187/- plus penalty of Rs. 109,105,593/-. The Company has filed valid appeal against this assessment.

37.2 Group

Sathosa Motors PLC

Labour Tribunal Cases against the Sathosa Motors PLC

W A Siriwardane Vs. Sathosa Motors PLC (Ref – Ct.78 (25))

The above application was filed in the Labour Tribunal by an ex-employee W A Siriwardane 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. After the trial and upon filing written submissions the Order was delivered on 25th August 2013 and the application of W A Siriwardane was dismissed. We have not been notified of any appeal. As regards any gratuity dues, these would be payable accordingly to law. The applicant has now appeal to the High Court of Colombo against the said Order and the matter was called before the High Court on 29th September 2014. Parties were directed to file written submissions on 27th November 2014. On 27th November 2014 the matter re-fixed again for written submissions on 13th February 2015. On 13th February 2015 parties filed written submissions and the matter was fixed for argument on 6th May 2015. On 6th May 2015 the matter was re-fixed for argument on 27th July 2015 and again for 16th November 2015. On 16th November 2015 the matter was taken up for argument and Counsel of both parties submitted the salient points of the matter before Hon. Manilal Waidyathilleke High Court Judge. Thereafter the matter was fixed for judgment.

Tax Assessments

NBT Assessments 2009/10 and 2010/11

Revenue authorities are of the view two-third disallowance is applicable for NBT paid on imports. However, the Company is claiming the position that two-third disallowance is applicable for NBT paid quarterly only. Liability assessed by the revenue for the year of assessment 2009/10 is Rs. 7,350,762/- and the penalty calculated Rs. 3,675,381/-. Liability assessed by the revenue for the year of assessment 2010/11 is Rs. 7,790,377/- and the penalty calculated Rs. 3,895,189/-.

Having sought professional advise, the management is confident that the said two-third disallowance is applicable for NBT paid quarterly only and as such no liabilities would arise. Accordingly, no provision has been made in the Financial Statements.

Corporate Guarantee

Corporate guarantees issued by Sathosa Motors PLC on behalf of SML Frontier Automotive (Private) Limited is Rs. 400 Mn.

Access Projects (Private) Limited

Legal Cases Filed Against the Company

Case No. LT/M/26/30/2014

The above case was filled in the Labour Tribunal by D S Premasinghe who was Independent Contractor in the Company's two construction sites, alleging that his employment wrongfully and unjustly terminated by the Company. The above inquiry held by the Company in the Matara Labour Tribunal and that inquiry is now concluded. In the event, the aforesaid case is decided against the Company, it is likely that the Tribunal will award compensation to the said D S Premasinghe for wrongful dismissal. The amount of compensation to be paid by the Company will be decided by the Tribunal depending the period of service of the said D S Premasinghe, his salary and the relevant matters.

Case No. DMR 3022/15

The above case has been instituted by Green Aircon (Private) Limited, claiming a sum of Rs. 3,643,983/- on the premise that the Access Projects (Private) Limited has failed to settle an invoice pertaining to an installation of an air conditioning system at the Galle Face Hotel, Colombo. However, Company is in a position that Green Aircon (Private) Limited had failed to perform its obligation and due to that



Company took the steps to file the answer rejecting the claim of plaintiff and claiming damages for breach of contract. As the case is in very initial stage and it is due to be taken up for a trial once the said Green Aircon (Private) Limited files its replication before the District Court in response to the answer filed by the Access Projects (Private) Limited.

Bank Guarantees

On behalf of Access Projects (Private) Limited, bank has given Bank Guarantees to the Company's customers amounting to Rs. 1,321,507,968/-.

Bank Guarantees issued by the Commercial Bank of Ceylon PLC on behalf of the Letter of Credit/Import Documents against Acceptance Facility and performance bid and retention bonds are Rs. 80,000,000/- and Rs. 665,697,828/- respectively.

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 the resolution adopted on 25th May 2016, the Board of Directors of the Company approved the payment of a final dividend of fifty cents (0.50 cents) per share amounting to Rs. 500,000,000/- for the year ended 31st March 2016.

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 recognized as a liability in the Financial Statements as at 31st March 2016.

Investment in Joint Venture

The Company acquired 50% of the share capital of Blue Star Construction (Private) Limited, for a cash consideration of Rs. 800 Mn on 30th May 2016.

Investment in Subsidiary

The Company invested of the share capital of Access Realities (Private) Limited a fully-owned subsidiary, for a cash consideration of Rs. 300 Mn on 15th May 2016.

38.2 Group

Sathosa Motors PLC

Pursuant to a resolution adopted on 15th June 2016, the Board of Directors of the Company approved the payment of first and final dividend of Fifteen Rupees (Rs. 15/-) per share amounting to Rs. 90,504,330/- for the year ended 31st March 2016.

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 first and final dividend.

In accordance with the LKAS 10 – 'Events after the Reporting Period', the first and final dividends has not been recognized as a liability in the Financial Statements as at 31st March 2016.

39. BUSINESS COMBINATION – INVESTMENTS IN SUBSIDIARIES

On 30th June 2015, Access Engineering PLC invested 100% of equity stake of Horizon Holdings Ventures (Private) Limited amounting to Rs. 290 Mn is primarily involved in the business of property development.

On 17th November 2015, Access Engineering PLC invested 92% of equity stake of Horizon Knowledge City Limited amounting to Rs. 575 Mn, is primarily for the business of higher education and providing infrastructure facilities for internationally recognized private universities.

Notes to the Financial Statements



40. NON-CONTROLLING INTEREST

Ownership Interest Held by Non-Controlling Interest (NCI)

	Principal Place of Business	Operating Segment	2016 %	2015 %
Access Projects (Private) Limited	Sri Lanka	Construction	20	20
Sathosa Motors PLC	Sri Lanka	Trading	15.58	15.58
Horizon Knowledge City Limited	Sri Lanka	Education	8	-

The following table summaries the information relating to each of the Group's subsidiaries that has non-controlling interest, before any inter-company elimination:

	Horizon Knowledge City Limited	Access Projects (Private) Limited		Sathosa Motors PLC	
	2016 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
<i>For the Period/Year Ended 31st March</i>					
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	-	2,647,806,459	2,180,102,234	4,048,462,953	3,520,513,624
Profit for the Year	(238,018)	149,445,712	145,408,870	327,111,196	269,804,804
Profit Attributable to NCI	(19,041)	29,889,142	29,081,774	55,699,129	48,916,699
Other Comprehensive Income	-	3,929,090	(1,615,859)	(897,233)	(456,065)
Total Comprehensive Income	(238,018)	153,374,803	143,793,011	326,213,963	269,348,739
Total Comprehensive Income Attributable to NCI	(19,041)	30,674,960	28,758,602	55,627,530	48,774,857

	2016 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
<i>As at 31st March</i>					
Statement of Financial Position					
Current Assets	53,665,499	2,029,550,356	1,604,235,652	1,879,023,035	2,032,034,392
Non-Current Assets	571,651,802	188,198,054	191,787,961	1,318,267,427	450,728,829
Current Liability	555,299	1,473,589,519	1,182,167,625	1,466,806,221	1,037,291,349
Non-Current Liability	-	40,761,236	40,833,144	224,894,081	112,927,476
Net Asset	624,762,002	703,397,655	573,022,844	1,505,590,160	1,332,544,396
Net Asset Attributable to NCI	49,980,960	140,679,531	114,604,569	341,531,329	310,413,135

	2016 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
<i>For the Period/Year Ended 31st March</i>					
Statement of Cash Flows					
Cash Flow from/(used in) Operating Activities	(820,658)	(251,128,846)	(228,042,987)	460,393,368	141,542,395
Cash Flow from/(used in) Investing Activities	(621,651,802)	(14,601,360)	(60,122,964)	(787,846,025)	(208,165,606)
Cash Flow from/(used in) Financing Activities	625,000,020	319,408,019	74,574,342	53,045,641	105,458,241
Net Increase/(Decrease) in Cash and Cash Equivalents	2,527,560	53,677,814	(213,591,609)	(274,407,016)	38,835,030
Dividend Paid to NCI during the Year	-	4,600,000	-	12,029,704	4,699,368



41. FINANCIAL INSTRUMENTS

Financial Assets and Liabilities – Accounting Classifications and Fair Value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Accounting Classification and Fair Valuation – Group

As at 31st March 2016	Carrying Amount						Fair Value Hierarchy			
	Loans and Receivables (L&R)	Fair Value through Profit or Loss (FVTPL)	Available- for-Sale Financial Assets (AFS)	Held-to- Maturity	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value										
Equity Securities	-	40,387,475	-	-	-	40,387,475	40,387,475	-	-	40,387,475
Unit Trusts	-	100,976,031	-	-	-	100,976,031	100,976,031	-	-	100,976,031
Financial Assets not Measured at Fair Value										
Trade and Other Receivables	6,503,767,501	-	-	-	-	6,503,767,501	-	-	6,503,767,501	6,503,767,501
Amounts due from Related Parties	25,929,496	-	-	-	-	25,929,496	-	-	25,929,496	25,929,496
Other Current Financial Assets	1,671,305,926	-	-	-	-	1,671,305,926	-	-	1,671,305,926	1,671,305,926
Short Term Deposits	6,691,265,553	-	-	-	-	6,691,265,553	-	6,691,265,553	-	6,691,265,553
Cash and Cash Equivalents	303,724,926	-	200,065,286	-	-	503,790,212	-	503,790,212	-	503,790,212
Corporate Debt Securities	-	-	-	1,358,785,866	-	1,358,785,866	1,358,785,866	-	-	1,358,785,866
Total	15,195,993,402	141,363,506	200,065,286	1,358,785,866	-	16,896,208,060				
Financial Liabilities Measured at Fair Value										
Corporate Debt Securities	-	-	-	-	5,008,666,927	5,008,666,927	5,008,666,927	-	-	5,008,666,927
Financial Liabilities not Measured at Fair Value										
Bank Over Draft	-	-	-	-	412,594,547	412,594,547	-	412,594,547	-	412,594,547
Interest-Bearing Borrowings	-	-	-	-	837,095,173	837,095,173	-	837,095,173	-	837,095,173
Trade Payable	-	-	-	-	3,417,129,881	3,417,129,881	-	-	3,417,129,881	3,417,129,881
Amounts Due to Related Parties	-	-	-	-	42,349,657	42,349,657	-	-	42,349,657	42,349,657
Total	-	-	-	-	9,717,836,185	9,717,836,185				

Notes to the Financial Statements



As at 31st March 2015	Loans and Receivables (L&R)	Fair Value through Profit or Loss (FVTPL)	Available- for-Sale Financial Assets (AFS)	Held-to- Maturity	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value										
Equity Securities	-	63,908,621	-	-	-	63,908,621	63,908,621	-	-	63,908,621
Unit Trusts	-	100,866,731	-	-	-	100,866,731	100,866,731	-	-	100,866,731
Financial Assets not Measured at Fair Value										
Trade and Other Receivables	6,487,834,710	-	-	-	-	6,487,834,710	-	-	6,487,834,710	6,487,834,710
Amounts due from Related Parties	146,058,280	-	-	-	-	146,058,280	-	-	146,058,280	146,058,280
Other Current Financial Assets	1,275,404,887	-	-	-	-	1,275,404,887	-	-	1,275,404,887	1,275,404,887
Short Term Deposits	947,061,547	-	-	-	-	947,061,547	-	947,061,547	-	947,061,547
Cash and Cash Equivalents	1,525,798,172	-	392,682,634	-	-	1,918,480,806	-	1,918,480,806	-	1,918,480,806
Corporate Debt Securities	-	-	-	84,113,503	-	84,113,503	84,113,503	-	-	84,113,503
Total	10,382,157,596	164,775,352	392,682,634	84,113,503	-	11,023,729,085				
Financial Liabilities not Measured at Fair Value										
Bank Overdraft	-	-	-	-	276,320,248	276,320,248	-	276,320,248	-	276,320,248
Interest-Bearing Borrowings	-	-	-	-	349,596,186	349,596,186	-	349,596,186	-	349,596,186
Trade Payable	-	-	-	-	2,693,212,578	2,693,212,578	-	-	2,668,212,578	2,668,212,578
Amount Due to Related Parties	-	-	-	-	47,914,212	47,914,212	-	-	47,914,212	47,914,212
Total	-	-	-	-	3,367,043,224	3,367,043,224				

Accounting Classification and Fair Valuation – Company

As at 31st March 2016	Loans and Receivables (L&R)	Fair Value through Profit or Loss (FVTPL)	Available- for-Sale Financial Assets (AFS)	Held-to- Maturity	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value										
Equity Securities	-	40,387,475	-	-	-	40,387,475	40,387,475	-	-	40,387,475
Unit Trusts	-	100,976,031	-	-	-	100,976,031	100,976,031	-	-	100,976,031
Financial Assets not Measured at Fair Value										
Trade and Other Receivables	4,528,227,334	-	-	-	-	4,528,227,334	-	-	4,528,227,334	4,528,227,334
Amounts due from Related Parties	468,398,485	-	-	-	-	468,398,485	-	-	468,398,485	468,398,485
Other Current Financial Assets	1,353,134,714	-	-	-	-	1,353,134,714	-	-	1,353,134,714	1,353,134,714
Short Term Deposits	6,553,907,509	-	-	-	-	6,553,907,509	-	6,553,907,509	-	6,553,907,509
Cash and Cash Equivalents	276,383,407	-	200,000,000	-	-	476,383,407	-	476,383,407	-	476,383,407
Corporate Debt Securities	-	-	-	863,166,986	-	863,166,986	863,166,986	-	-	863,166,986
Total	13,180,051,449	141,363,506	200,000,000	863,166,986	-	14,384,581,941				



As at 31st March 2016	Loans and Receivables (L&R)	Fair Value through Profit or Loss (FVTPL)	Available- for-Sale Financial Assets (AFS)	Held-to- Maturity	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Liabilities Measured at Fair Value										
Corporate Debt Securities	-	-	-	-	5,008,666,927	5,008,666,927	5,008,666,927	-	-	5,008,666,927
Financial Liabilities not Measured at Fair Value										
Trade Payables	-	-	-	-	1,933,946,283	1,933,946,283	-	-	1,933,946,283	1,933,946,283
Amounts Due to Related Parties	-	-	-	-	30,659,604	30,659,604	-	-	30,659,604	30,659,604
Total	-	-	-	-	6,973,272,814	6,973,272,814				

As at 31st March 2015	Loans and Receivables (L&R)	Fair Value through Profit or Loss (FVTPL)	Available- for-Sale Financial Assets (AFS)	Held-to- Maturity	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Financial Assets Measured at Fair Value										
Equity Securities	-	63,908,621	-	-	-	63,908,621	63,908,621	-	-	63,908,621
Unit Trusts	-	100,866,731	-	-	-	100,866,731	100,866,731	-	-	100,866,731
Financial Assets not Measured at Fair Value										
Trade and Other Receivables	4,521,000,936	-	-	-	-	4,521,000,936	-	-	4,521,000,936	4,521,000,936
Amounts due from Related Parties	554,648,785	-	-	-	-	554,648,785	-	-	554,648,785	554,648,785
Other Current Financial Assets	1,041,609,527	-	-	-	-	1,041,609,527	-	-	1,041,609,527	1,041,609,527
Short Term Deposits	746,945,915	-	-	-	-	746,945,915	-	746,945,915	-	746,945,915
Cash and Cash Equivalents	1,182,175,410	-	335,000,000	-	-	1,517,175,410	-	1,517,175,410	-	1,517,175,410
Total	8,046,380,573	164,775,352	335,000,000	-	-	8,546,155,925				
Financial Liabilities not Measured at Fair Value										
Trade Payables	-	-	-	-	1,553,702,290	1,553,702,290	-	-	1,553,702,290	1,553,702,290
Amounts Due to Related Parties	-	-	-	-	11,726,511	11,726,511	-	-	11,726,511	11,726,511
Total	-	-	-	-	1,565,428,801	1,565,428,801				

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management is the practice of economic value in a firm by using financial instruments, manage exposure to risk faced by the Group. The major financial instruments used by a group including equity securities, corporate debt securities, short term investment, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables. The main purpose of these financial investments is to finance the Group's operations and to provide guarantees to support its operations. The Board of Directors has established Group risk management policies to identify analyze the risk faced by the Group and set appropriate risk limits and controls. Risk management policies and systems are reviewed regularly, and aim to develop a disciplinary constructive control environment, in which all employees understand their roles and obligations through training, management standards and procedures.



The Group Audit Committee oversees how the management monitors compliance with the Group's risk management policies and procedures, and reviews the risk management framework in relation to the risk faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee. The Committee reports regularly to the Board of Directors on its activities.

The Group is exposed to key financial risks include credit risk, liquidity risk and market risk.

The Board of Directors reviews, verifies, agree the policies for managing each type of risk which are summarized below.

42.1 Credit Risk

Credit risk is the risk that 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 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 units subject to the Group's established polices, procedures and controls.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Each business unit monitor the customers' financial standing (financial insolvency) analyze requirement for an improvement 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 minimum exposure to credit risk at the Reporting date is the carrying value of each class of financial assets disclosed in Note 41.

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several industries and operate in largely independent markets and material payments being backed by guarantees and enters contractual agreements with client before starting the operations.

Further, ongoing monitoring of the status of receivables the Group's exposure to risk of uncollectible receivables is minor.

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 management in accordance with the Group's policy.

Treasury Department established 'Investment Policies' in place, funds invest with high liquidity and high level of safety. The funds may invest in investments grade assets with a rating award by rating agencies or awarded internally by the fund management company. The Group held short term deposits and cash and cash equivalent as at 31st March 2016 which represents its maximum credit exposure on these assets.

As at 31st March 2016, 99% (2015 – 97%) of the favorable balances of banks and financial institutions were rated 'AA-' or better for the Group.

	2016		2015	
	In Rs.	%	In Rs.	%
Fitch Rating – Group				
AAA	–	0	422,108	0
AA+	1,563,728,555	22	1,830,205,177	75
A+	20,369,405	0	–	0
AA	939,115	0	3,805,471	0
AA-	5,307,781,965	76	534,659,175	22
A	71,401,974	1	74,512,158	3
BB+	418,697	0	–	0
BB	–	0	131,774	0
Total	6,964,639,711	99	2,443,735,863	100



As at 31 March 2016, 99% (2015 – 96%) of the favorable balances of banks and financial institutions were rated 'AA-' or better for the Company.

	2016		2015	
	In Rs.	%	In Rs.	%
Fitch Rating – Company				
AAA	–	0	422,108	0
AA+	1,409,219,714	21	1,320,947,614	69
A+	18,746,264	0	–	0
AA	507,002	0	3,163,920	0
AA-	5,305,537,699	78	513,399,412	27
A	71,401,973	1	70,729,830	4
BB+	418,697	0	–	0
Total	6,805,831,349	100	1,908,662,884	100

42.2 Liquidity Risk

The Group monitors its risk of a shortage of funds using a liquidity planning tools. The Group's approach of managing liquidity risk is to ensure as far as possible that it will always have sufficient liquidity meets its liability when due, and maintaining the balance between financial assets and liabilities and forecasting cash flows from operating activities, without incurring unacceptable losses or risking damages to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt instruments at an amount in excess of expected cash flows on financial liabilities. To measure and mitigate liquidity risk, the Company closely monitors its net operating cash flow, forecasting and maintaining a level of cash and cash equivalents and secured committed funding facilities from financial institutions.

The table below summarize, the maturity profile of Group's/Company's financial liabilities based on contractual undiscounted payments.

	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	5,367,753,212	–	3,417,129,881	1,950,623,331	–
Amounts due to Related Parties	42,349,657	–	42,349,657	–	–
Interest-Bearing Borrowings	5,845,762,100	–	631,253,654	21,237,425	5,193,271,021
Income Tax Payables	248,999,284	248,999,284	–	–	–
Unclaimed Dividends	20,704,935	20,704,935	–	–	–
Non-Derivative Financial Liabilities – Company					
Trade and Other Payables	3,610,047,268	–	1,933,946,283	1,676,100,986	–
Amounts due to Related Parties	30,659,604	–	30,659,604	–	–
Interest-Bearing Borrowings	5,189,556,989	–	–	–	5,189,556,989
Income Tax Payables	164,499,820	164,499,820	–	–	–
Unclaimed Dividends	3,535,322	3,535,322	–	–	–

42.3 Market Risk

Market risk is the risk that fair value of future cash flows of financial instruments will fluctuate because of changes in market price. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. All such transactions are carried out within the guidelines set by the Risk Management Committee.

Market risk comprise the following types of risks:

- I. Interest rate risk
- II. Currency risk
- III. Commodity price risk
- IV. Equity price risk

Notes to the Financial Statements

**Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The exposure to the risk of changes in market interest rate relates primarily to the Group long term debt obligation with floating rate.

The Group has its investment portfolio, range of financial instruments both fixed rate and variable rate. The Group treasury designed capital structure guidelines for each project at the planning stage and thereby maintains optimized level of gearing in the Group. The Group manage its interest rate risk by monitoring and managing cash flows, negotiating favorable rates on borrowings and deposits, including and maintaining on appropriate combination of fixed on floating rate risk.

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Capital Structure				
Interest-Bearing Borrowings (Note 30)	5,845,762,100	349,596,186	5,189,556,989	–
Bank Overdraft (Note 27)	412,594,547	276,320,248	–	–
Total Borrowings	6,258,356,647	625,916,434	5,189,556,989	–
Equity	17,994,691,308	16,694,506,470	15,936,055,794	15,021,330,943
Debt/Equity	34.78%	3.75%	32.56%	N/A

At the Reporting date the interest rate profile of the Group's/Company's interest-bearing financial instruments were:

As at 31st March	Group		Company	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Fixed Rate Instruments				
Financial Assets	8,250,116,706	1,423,857,684	7,617,074,495	1,081,945,915
Financial Liabilities	5,845,762,100	349,596,186	5,008,666,927	–
Variable Rate Instruments				
Financial Liabilities	412,594,547	276,320,248	–	–

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group exposes to the foreign currency risk on purchases, foreign operations that are denominated in foreign currencies. These currencies primarily are the Euro, US Dollars (USD), Pound (GBP) and Djiboutian Franc.

The Group hedges its exposure to fluctuations on the translation of its foreign operations by forward contracts and matching sales and purchases to same currency. Group Treasury management closely monitors the exchange rate fluctuations and advises the management regular basis.

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market prices arising from uncertainties about future values of the investment securities. The Treasury management monitors the mix of debt and equity securities in investment portfolio based on market indicators and manage risk through diversification of portfolios.



42.4 Capital Management

Capital management is financial strategy aimed at ensuring maximum efficiency in a company's cash flow. The Group's objective of capital management is to maintain a strong financial position and healthy capital ratios in order to safeguard the Company's ability to continue as a going concern in order to maximize shareholder value. Capital consists of share capital, reserves, retained earnings and non-controlling interests of the Group. The Group's management and Board of Directors monitor the return on capital and dividends to ordinary shareholders.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions.

43. 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. The following table summarizes such classification changes.

	As Previously Reported/Restated Rs.	Change Rs.	Reclassified Rs.
Group			
Current Liabilities			
Interest-Bearing Borrowings	151,727,673	100,000,000	251,727,673
Trade and Other Payables	4,405,258,431	25,000,000	4,430,258,431
Bank Overdraft	401,320,248	(125,000,000)	276,320,248

Post dated cheque of Access Projects (Private) Limited, which was previously recognized under bank overdraft was reclassified to interest-bearing borrowings and trade and other payables.

Notes to the Financial Statements



For the Year/Period Ended 31st March	Access Engineering PLC					
	Construction		Production of Construction Related Material		Access Realities (Private) Limited	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
44. SEGMENT INFORMATION						
Segment Revenue	9,999,709,838	10,046,416,575	2,837,848,716	2,538,954,365	211,406,193	200,445,574
Inter-segment Revenue	(771,952,941)	(467,158,550)	(1,255,243,618)	(1,396,123,892)	(48,354,294)	(45,540,404)
Revenue	9,227,756,897	9,579,258,025	1,582,605,098	1,142,830,473	163,051,899	154,905,170
Segment Results	1,817,648,537	1,390,918,479	384,533,318	442,016,000	152,421,185	312,313,746
Intercompany Dividend	–	–	–	–	–	–
Consolidation Adjustment	–	–	–	–	–	–
Net Finance Income	152,403,713	111,013,798	–	–	7,768,624	9,008,260
Share of Profit from Associate and Joint Ventures, Net of Tax	–	–	–	–	–	–
Profit Before Tax	1,970,052,250	1,501,932,277	384,533,318	442,016,000	160,189,809	321,322,006
Income Tax Expense	(267,802,039)	(191,224,052)	–	–	(7,398,515)	(7,435,847)
Consolidation Adjustment	–	–	–	–	–	–
Profit for the Period	1,702,250,211	1,310,708,225	384,533,318	442,016,000	152,791,294	313,886,159
Capital Expenditure	413,489,491	704,418,720	199,641,968	28,331,758	730,612,652	478,797,648
Depreciation and Amortisation	635,161,419	523,965,617	96,484,434	81,825,513	1,146,390	1,270,824
Consolidation Adjustment	–	–	–	–	–	–
	635,161,419	523,965,617	96,484,434	81,825,513	1,146,390	1,270,824

As at 31st March	Access Engineering PLC					
	Construction		Production of Construction Related Material		Access Realities (Private) Limited	
	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.
Segment Assets	24,123,036,486	17,535,228,697	1,135,369,051	721,726,979	4,703,967,999	4,325,683,349
Investment in Subsidiary	–	–	–	–	–	–
Consolidation Adjustment	–	–	–	–	–	–
Revaluation of Leasehold Right	–	–	–	–	–	–
Goodwill	–	–	–	–	–	–
Share of Profit from Associate and Joint Ventures, Net of Tax	–	–	–	–	–	–
Intersegment – Elimination	–	–	–	–	–	–
	24,123,036,486	17,535,228,697	1,135,369,051	721,726,979	4,703,967,999	4,325,683,349
Segment Liabilities	9,018,553,429	2,962,793,198	303,796,314	272,831,536	498,986,988	523,600,335
Intersegment – Elimination	–	–	–	–	–	–
	9,018,553,429	2,962,793,198	303,796,314	272,831,536	498,986,988	523,600,335



Sathosa Motors PLC		Access Projects (Private) Limited		Horizon Holdings Venture (Private) Limited	Horizon Knowledge City Limited	Group Total	
2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2016 Rs.	2016 Rs.	2015 Rs.
4,048,462,954	3,502,513,624	2,647,806,458	2,180,102,234	-	-	19,745,234,159	18,468,432,372
(168,102)	(45,504,613)	(44,910,444)	-	-	-	(2,120,629,399)	(1,954,327,459)
4,048,294,852	3,457,009,011	2,602,896,014	2,180,102,234	-	-	17,624,604,760	16,514,104,913
460,529,000	383,031,067	240,924,044	179,805,481	(142,075)	(770,621)	3,055,143,388	2,708,084,773
-	-	-	-	-	-	(86,106,449)	(26,604,727)
-	-	-	-	-	-	(80,673,235)	(39,474,746)
1,835,992	(859,087)	(67,029,946)	(9,539,377)	-	739,726	95,718,109	109,623,595
-	-	-	-	-	-	11,282,378	11,112,685
462,364,992	382,171,980	173,894,098	170,266,104	(142,075)	(30,895)	2,995,364,191	2,762,741,580
(134,463,913)	(112,367,176)	(25,060,983)	(24,857,234)	-	(207,123)	(434,932,573)	(335,884,309)
-	-	-	-	-	-	(9,567,385)	(2,956,081)
327,901,079	269,804,804	148,833,115	145,408,870	(142,075)	(238,018)	2,550,864,233	2,423,901,190
320,283,441	190,404,634	15,072,554	34,183,550	285,193,000	571,651,802	2,535,944,908	1,436,136,310
65,763,266	32,421,008	32,271,307	14,902,165	-	-	830,826,816	654,385,127
-	-	-	-	-	-	17,067,538	14,091,834
65,763,266	32,421,008	32,271,307	14,902,165	-	-	847,894,354	668,476,961

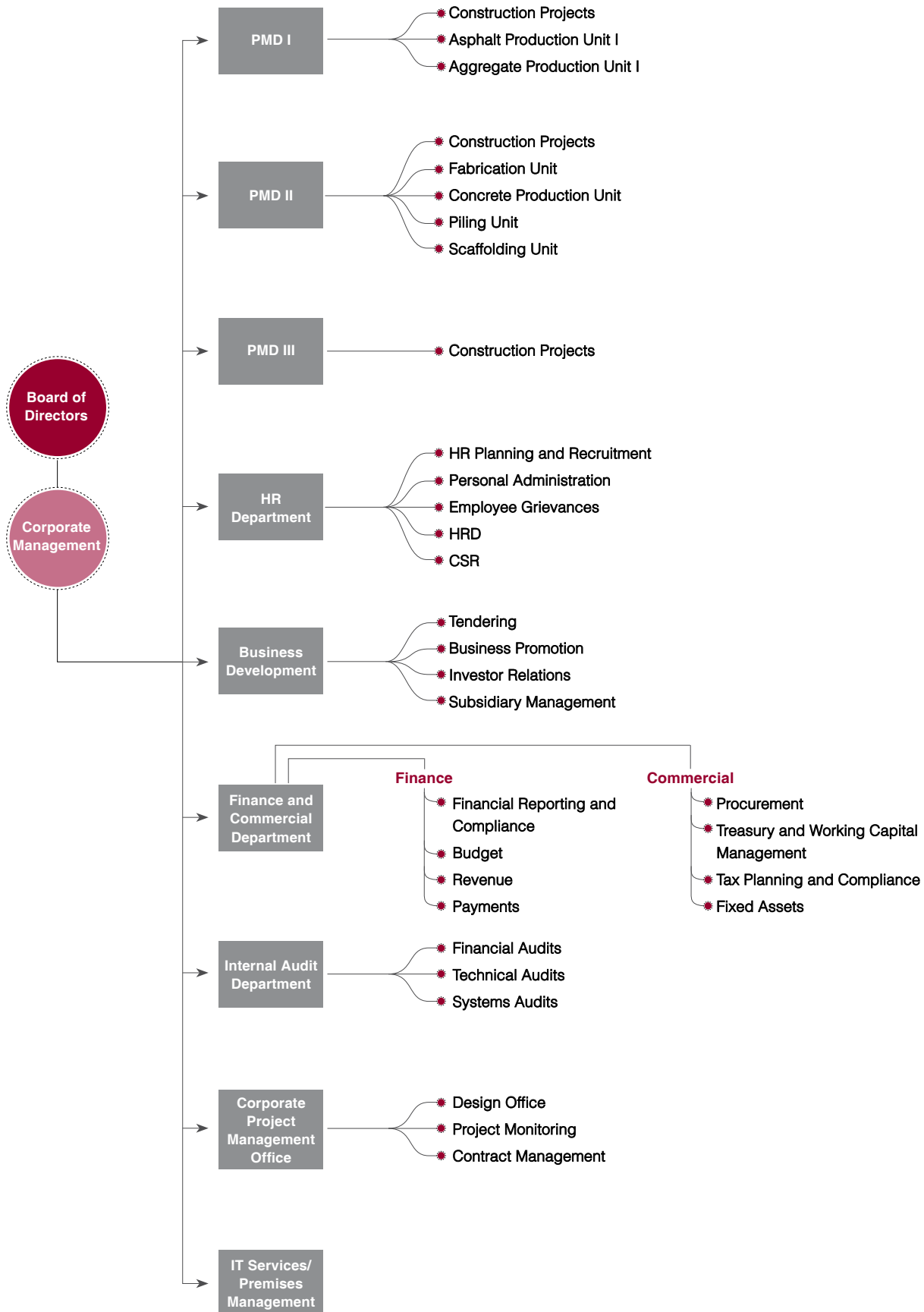
Sathosa Motors PLC		Access Projects (Private) Limited		Horizon Holdings Venture (Private) Limited	Horizon Knowledge City Limited	Group Total	
2016 Rs.	2015 Rs.	2016 Rs.	2015 Rs.	2016 Rs.	2016 Rs.	2016 Rs.	2015 Rs.
3,196,855,924	2,482,763,220	2,217,424,723	1,796,023,613	289,939,425	625,317,301	36,291,910,909	26,861,425,860
-	-	-	-	-	-	(6,358,474,047)	(5,193,474,046)
-	-	-	-	-	-	(126,375,304)	(55,649,981)
-	-	-	-	-	-	114,332,390	114,332,390
-	-	-	-	-	-	1,089,204,227	1,089,204,227
-	-	-	-	-	-	11,282,378	11,112,685
-	-	-	-	-	-	(679,027,992)	(499,127,399)
3,196,855,924	2,482,763,220	2,217,424,723	1,796,023,613	289,939,425	625,317,301	30,342,852,561	22,327,823,736
1,691,189,142	1,150,218,826	1,514,026,573	1,223,000,771	81,500	555,299	13,027,189,245	6,132,444,665
-	-	-	-	-	-	(679,027,992)	(499,127,399)
1,691,189,142	1,150,218,826	1,514,026,573	1,223,000,771	81,500	555,299	12,348,161,253	5,633,317,266

Six Year Summary



		2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Statement of Profit or Loss and Other Comprehensive Income Highlights							
Revenue	Rs. Mn	3,651	7,320	13,900	16,373	16,514	17,625
Gross Profit	Rs. Mn	1,296	2,121	3,061	4,186	3,815	3,977
EBITDA	Rs. Mn	1,498	2,159	2,883	3,771	3,322	3,748
EBIT	Rs. Mn	1,359	1,931	2,433	3,180	2,653	2,900
Net Finance Income	Rs. Mn	22	102	239	136	110	96
Profit After Tax	Rs. Mn	1,167	1,737	2,412	2,902	2,424	2,551
Profit Attributable to Owners	Rs. Mn	962	1,733	2,376	2,833	2,346	2,465
Statement of Financial Position Highlights							
Property, Plant and Equipment	Rs. Mn	1,229	2,672	3,741	3,787	4,222	4,791
Total Non-Current Assets	Rs. Mn	4,029	6,641	7,579	7,349	9,155	12,357
Cash and Cash Equivalent	Rs. Mn	225	1,641	703	1,521	1,918	504
Short Term Deposits	Rs. Mn	96	883	1,371	1,140	1,048	6,792
Total Assets	Rs. Mn	5,767	14,284	16,642	20,204	22,328	30,343
Stated Capital	Rs. Mn	3,000	9,000	9,000	9,000	9,000	9,000
Retained Earnings	Rs. Mn	1,144	1,670	3,486	5,815	7,169	8,362
Equity Attributable to Owners	Rs. Mn	4,344	10,670	12,486	14,916	16,269	17,462
Interest-Bearing Borrowings	Rs. Mn	625	13	8	65	350	5,846
Total Non-Current Liabilities	Rs. Mn	525	174	259	359	514	5,603
Statement of Cash Flow Highlights							
Cash Flows from Operating Activities	Rs. Mn	745	638	1,301	1,608	3,243	3,168
Cash Flows used in Investing Activities	Rs. Mn	(1,329)	(3,332)	(1,721)	(341)	(2,337)	(9,251)
Cash Flows from/(used in) Financing Activities	Rs. Mn	309	4,116	(513)	(459)	(762)	4,532
Key Financial Ratios							
EPS	Rs.	1.20	1.83	2.38	2.83	2.35	2.47
DPS	Rs.	2.00	0.27	0.50	0.50	1.00	0.75
Net Assets per Share	Rs.	7.24	10.67	12.49	14.92	16.27	17.46
Dividend Payout	%	167	15	21	18	43	30.36
ROE	%	22.1	16.2	19.0	19	14.4	14.1
ROCE	%	27.9	17.5	18.9	20.5	15.4	12.3
Gearing	%	14.4	0.1	0.1	0.58	3.7	34.8
Current Ratio	Times	1.9	2.3	2.4	2.8	2.6	2.7
Quick Ratio	Times	1.6	1.8	1.9	2.3	2.1	2.3
Price per Share	Rs.	N/A	26.7	19.7	22.5	19.2	20.8
Investor Highlights							
Total Number of Shareholders	No.	N/A	1,838	2,153	2,196	4,610	5,757
Percentage of Public Holdings	%	N/A	36.52	36.52	35.53	37.92	37.92
Value of Shares Traded	Rs. Mn	N/A	45	1,265	2,148	14,900	4,570
Number of Trades	No.	N/A	975	13,535	10,229	49,154	36,018

Operating Structure



Awards and Accolades

Awards and Accolades



Business Today Top Twenty Five 2014/15



CIMA LMD 100
Construction & Engineering Sector No. 01



Engineering Excellence Awards – 2015
Excellence in Engineering for Organizations' Construction – Large



Annual Report Awards – 2015
Construction Companies – Gold



Best Corporate Citizen Sustainability Award – 2015
Sector Winner – Construction



National Award for Construction Performance for the Year 2015
Design, Supply and Construction of the Veyangoda Flyover Project

Awards and Accolades**NATIONAL AWARDS****Engineering Excellence Awards – 2015**

Excellence in Engineering for Organizations'
Construction – Large

Awarded by IESL

National Award for Construction Performance for the Year 2015

Design, Supply and Construction of the Veyangoda Flyover Project

Awarded by ICTAD

Techno Sri Lanka Awards – 2015

As an expression of gratitude and appreciation for being the Silver Sponsor

Awarded by IESL

CIMA LMD 100**Financial Year 2014/15**

Construction & Engineering Sector No. 01

Business Today Top Twenty Five 2014/15

24 Access Engineering

Annual Report Awards – 2015

Construction Companies – Gold

Awarded by The Institute of Chartered Accountants of Sri Lanka

Best Corporate Citizen Sustainability Award – 2015

Less than Rs. 15 Bn turnover – 2nd Runner Up

Awarded by The Ceylon Chamber of Commerce

Best Corporate Citizen Sustainability Award – 2015

Sector Winner – Construction

Awarded by The Ceylon Chamber of Commerce

6th Asia Best Employer Brand Awards

12th August 2015, Pan Pacific, Singapore

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 (KMHP)]

Awarded by ICTAD

Chartered Accountants – Annual Report Awards 2014

Construction Companies – Gold

Awarded by The Institute of Chartered Accountants of Sri Lanka

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 Accountants of Sri Lanka

Milestones



April 2015

Commencement of work on the Towns East of Colombo District water supply project

October 2015

- Commencement of rehabilitation of spillway, supply and installation of new radial gates and automation of spill & sluice gates of Iranamadu Reservoir

December 2015

- Commencement of piling works of ITC Colombo One
- Received the 'Sector Award – Infrastructure' at the Best Corporate Citizen Sustainability Awards 2015
- Received the 'Gold award for Construction Companies' at CA Sri Lanka Annual Report Awards
- Recognized at Business Today Top 25 – 2014/15
- Received the 'Construction & Engineering Sector No. 01' Award at CIMA LMD 100 2014/15

June 2015

Acquisition of 50% & 100% of Horizon Holdings (Private) Limited & Horizon Holdings Ventures (Private) Limited

January 2016

Awarded three flyovers funded by the Spanish Government at Rajagiriya, Polgahawela and Ganemulla

July 2015

- Commencement of design and construction of Kapparathota Jetty
- Commissioning of cranes by ZPMC in Qatar

November 2015

- Acquisition of 92% of Horizon Knowledge City Limited
- Initial Public Offering of Rs. 5 Bn worth Debentures

February 2016

Commencement of construction on the first PPP project in public sector housing in Borella

August 2015

- Commencement of rehabilitation work of downstream and upstream dam embankments of Iranamadu Reservoir

GRI Content Index



This report contains 'Standard Disclosures from the GRI G4 Sustainability Reporting Guidelines'. This is the Organization's first attempt to comply with the guidelines and hence is not in accordance with core or comprehensive criteria.

GRI Indicator	Description	Page No./ Explanations
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STRATEGY AND ANALYSIS		
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ORGANIZATIONAL PROFILE		
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G4-4	Primary brands, products and services	4 – 5
G4-5	Location of the organization's headquarters	Inner Back Cover
G4-6	Countries where the organization operates	10
G4-7	Nature of ownership and legal form	Inner Back Cover
G4-8	Markets served	72 – 73
G4-9	Scale of the reporting organization	6 – 7
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G4-12	Organization's supply chain	80
G4-13	Changes during the reporting period regarding size, structure or ownership	21
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G4-20	Aspect boundary within the organization	10
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G4-22	Restatements of previous information	10
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STAKEHOLDER ENGAGEMENT		
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G4-28	Reporting period	8
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G4-34	Governance structure of the organization	96
ETHICS AND INTEGRITY		
G4-56	Organization's values, principles, standards and norms of behavior	98



GRI Indicator	Description	Page No./ Explanations
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G4-EN11	Operational sites owned, leased, managed in or adjacent to protected areas and areas of high biodiversity	85
Aspect: Overall		
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Sub-category: Labour Practices and Decent Work		
Aspect: Employment		
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Subcategory: Human Rights		
Aspect: Investment		
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Aspect: Child Labour		
G4-HR5	Incidents of child labour	None
Aspect: Forced or Compulsory Labour		
G4-HR6	Incidents of forced or compulsory labour	None
Category: Social		
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Aspect: Local Communities		
G4-SO3	Operations assessed for risks related to corruption	79
Aspect: Anti-competitive Behavior		
G4-SO7	Legal actions for anti-competitive behavior, antitrust and monopoly practices and other outcomes	None
Aspect: Compliance		
G4-SO8	Monetary value of fines and non-monetary sanctions for non-compliance with laws and regulations	None
Category: Social		
Subcategory: Product Responsibility		
Aspect: Customer Health and Safety		
G4-PR2	Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	None

GRI Content Index



GRI Indicator	Description	Page No./ Explanations
Aspect: Customer Privacy		
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	None
Aspect: Compliance		
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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	G4-56, G4-LA1, G4-LA2, G4-LA9, G4-LA12
	<i>Principle 2</i> Businesses should make sure that they are not complicit in human rights abuses	G4-HR3, G4-HR5, G4-HR6
Labour	<i>Principle 3</i> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	-
	<i>Principle 4</i> Businesses should uphold the elimination of all forms of forced and compulsory labour	G4-HR6
	<i>Principle 5</i> Businesses should uphold the effective abolition of child labour	G4-HR5
	<i>Principle 6</i> Businesses should uphold the elimination of discrimination in respect of employment and occupation	G4-HR3
Environment	<i>Principle 7</i> Businesses should support a precautionary approach to environmental challenges	G4-EN6, G4-EN10, G4-EN31
	<i>Principle 8</i> Businesses should undertake initiatives to promote greater environmental responsibility	G4-EN6, G4-EN10, G4-EN31
	<i>Principle 9</i> Businesses should encourage the development and diffusion of environmentally friendly technologies	G4-EN6, G4-EN10, G4-EN31
Anti-Corruption	<i>Principle 10</i> Businesses should work against corruption in all its forms, including extortion and bribery	G4-SO3

Notice of Meeting



NOTICE IS HEREBY GIVEN that the fifth Annual General Meeting of Access Engineering PLC will be held at the auditorium of The Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 7 on 10th August 2016 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 2016 and the Report of the Auditors' thereon.
2. To re-elect as a Director Prof. K A M K Ranasinghe who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.
3. To authorise the Directors to determine donations for the ensuing year.
4. To reappoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorise the Directors to determine their remuneration.

By Order of the Board,

Access Engineering PLC

A handwritten signature in black ink, appearing to be "M. S. D. S.", written over a faint circular stamp.

P W Corporate Secretarial (Private) Limited
Directors/Secretaries

10th July 2016
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..... or failing him/her

- | | |
|--|----------------------------|
| 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 her* |
| 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 10th August 2016 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 Annual Report of the Board of Directors on the Affairs of the Company and the Financial Statements for the year ended 31st March 2016 and the Report of the Auditors' thereon	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 To re-elect Prof. K A M K Ranasinghe 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 authorise the Directors to determine donations for the ensuing year	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 To reappoint Messrs KPMG, Chartered Accountants as Auditors of the Company and authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>

In witness my/our* hands this day of Two Thousand and Sixteen.

.....
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.

Rated Senior Unsecured Redeemable Debentures are listed on 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
D S Weerakkody
S D Perera

REMUNERATION COMMITTEE

D S Weerakkody – Chairman
Prof. K A M K Ranasinghe
N D Gunaratne
S D Perera

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

N D Gunaratne – Chairman
Prof. K A M K Ranasinghe
D S Weerakkody
J C Joshua
D A R Fernando

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 Bank PLC
National Development Bank PLC
Union Bank of Colombo PLC
CAC International Bank
International Commercial 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.



www.smart.lk



www.carbonfund.org

Access Engineering PLC

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