The Construct of Resilience

ACCESS ENGINEERING PLC | ANNUAL REPORT 2022 / 2023

The helix or spiral is a symbol of resilience, pliancy and endurance; the ability to survive adversity—to thrive even in a difficult environment. The spiral shape can be seen throughout the natural world, in the magnificence of the galaxies, in weather patterns and in the DNA of every living organism.

It can also be found in the shells of nautilus and snails, in animal horns and human fingerprints and in the structure of countless flowers and ferns. In fact, when a plant encounters an obstacle, it often twists itself into a helix, using the flexibility and strength of its shape to surmount all barriers and keep progressing onward and upward.

The Construct of Resilience

Access Engineering has braved through tough challenges wrought by a turbulent and an unprecedented business environment, where we have strategically navigated the company during this challenging time to move forward positively and looking forward to sustaining our future business.

We swiftly embraced the volatilities to understand and adapt a multitude of strategies which proved the resilience of our team.

As we stride purposefully into the future, our success hinges on our strong fundamentals to build a sustainable business for our stakeholders.

At Access Engineering, we construct resilience.

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ABOUT ACCESS ENGINEERING

GRI 2-6

Since our inception, Access Engineering PLC (AEL) has extensively contributed to the construction landscape in Sri Lanka through numerous completed construction projects. We collaborate across disciplines and industries like energy and resources, environmental and water to bring highly diversified projects to life.

We have set ourselves apart from the competition by way of innovative, one-of-a-kind solutions combined with our end-to-end project and engineering know-how. Recently, we also diversified into the supply of warehousing logistics space with the logistics parks in Ekala and Kimbulapitiya.

Our strength, knowledge, and relationships, coupled with our world-class expertise, have allowed us to provide advanced, yet personalised engineering solutions to our stakeholders.

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.

GRI 2-6

Key Facts

- Established in 2001
- Premier civil engineering firm in Sri Lanka
- Backward and Forward integrated, EPC (Engineering, Procurement and Construction) Contractor
- An island wide network of quarries, crusher plants, asphalt plants, and concrete batching plants along with the latest machinery
- Has the highest CIDA grading across several disciplines of civil engineering
- Accreditations for quality, environmental, and health and safety management systems
  - ISO 9001:2015
  - ISO 14001: 2015
  - ISO 45001:2018
- A signatory to the UN Global Compact
- A TRACE member in good standing

Project Portfolio

Over the years, our portfolio includes and is not limited to:

- Building and Piling
- Bridges and flyovers
- Roads and highways
- Harbours and marine works
- Airports
- Water treatment plants and water supply projects
- Land drainage and irrigation schemes
- Power infrastructure
- Telecommunication infrastructure projects

"Access Engineering Promise"

To maintain the highest professional standards from planning and design to execution.

Recognition

Recognised as a "Major and Specialist contractor" by the National Construction Association of Sri Lanka.

Subsidiaries and Joint Ventures

Wholly owned subsidiaries:

- Access Realties (Private) Limited
- Access Realties 2 (Private) Limited
- WUS Logistics (Private) Limited
- Access Logistics Park Ekala (Private) Limited
- Access Logistics (Private) Limited
- AEL East Africa Limited
- ARL Elevate (Private) Limited

Joint ventures:

- AEL has a 60% joint venture in Blue Star Realties (Private) Limited
- Our associate Company, ZPMC Lanka Company (Private) Limited, in which AEL has a 30% stake is a joint venture with Shanghai Zhenhua Heavy Industries Company Limited (ZPMC) of China, the world's largest container handling equipment manufacturer

Other subsidiaries:

- Sathosa Motors PLC (84.42% owned)
- Access Projects (Private) Limited (80% owned)
- Harbour Village (Private) Limited (66.67% owned)
- Lanka AAC (Private) Limited (50% owned)
- Access Motors (Private) Limited (42.21% owned)

- The Company also has made an investment in Access – CHEC JV (Private) Limited

ABOUT THIS REPORT

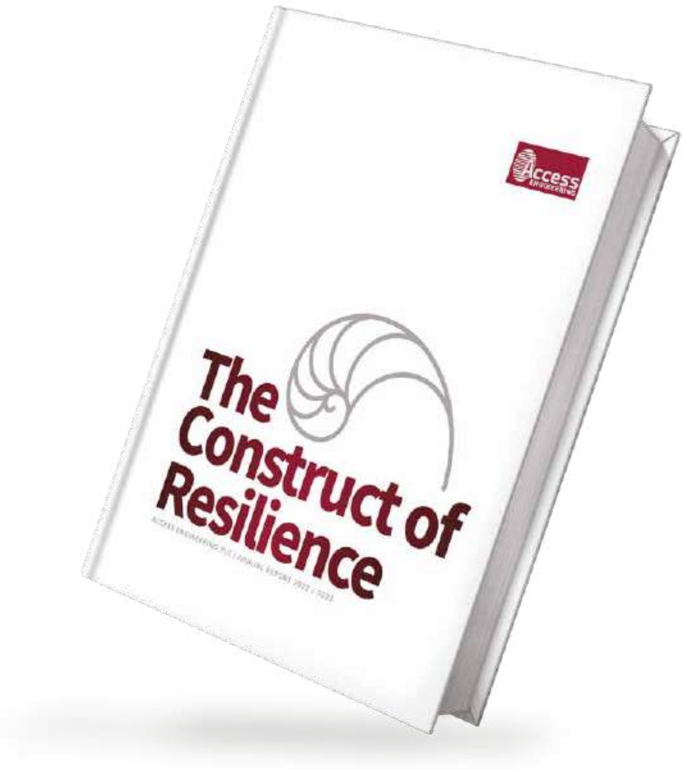
GRI 2-3,2-24

Access Engineering PLC (hereinafter referred to as "AEL" or "Company") prepares and publishes its Annual Report to inform stakeholders of the Company's performance and prospects for a given financial year.

For the past nine years, AEL published an Integrated Annual Report. The latest report, which marks the tenth edition of the Company's integrated reporting journey, covers the financial year 01 April 2022 to 31 March 2023 and coincides with the Company's financial reporting cycle.

This report and all other previous integrated reports including the most recent past report for FY 2021/22 are available for viewing and downloading on our corporate website - https://www.accessengsl.com

There are no restatements pertaining to any of these previous reports.



Scope and Boundary

The overall boundary of this report includes both Access Engineering PLC and its subsidiaries as listed out on page 5 (collectively referred to as the "Group"). The report covers the financial aspects of the entire Group while non-financial information contained herein relate to only Access Engineering PLC abbreviated as AEL.

In addition, the report also contains information pertaining to AEL's strategy, business model, risk, governance, and sustainability initiatives that may be of interest to stakeholders of the Company and the Group.

Materiality and the Precautionary Principle

The principle of Materiality has been used to determine the sustainability information included in this report. Materiality is a concept promoted by The GRI (Global Reporting Initiative) Standards for the purpose of presenting non-financial (sustainability) information that may be of interest to stakeholders.

The Materiality section on page 36 describes how Material matters are identified, assessed and integrated in the Company's strategy in order to generate value for the organisation and deliver positive outcomes for stakeholders.

It should be noted that, in the case of social and environmental topics, the Company also applies the precautionary principle. This is done with a view to addressing the impact on society and the environment caused by the Company's operations and to facilitate appropriate corrective action to mitigate any potential negative impacts.

GRI 2-3,2-5

17 PARTNERSHIPS FOR THE GOALS

Reporting Frameworks

Financial Reporting

- Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka
- Sri Lanka Accounting Standards - SLFRS and LKAS
- The Companies Act No. 7 of 2007
- Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka where applicable

Governance, Compliance and Risk Reporting

- Code of Best Practice on Corporate Governance jointly issued by the Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka
- Listing Rules of the Colombo Stock Exchange
- Securities and Exchange Commission Regulations

Sustainability Reporting

- International Integrated Reporting Framework (IIRC)
- "A Preparer's Guide to Integrated Reporting" issued by The Institute of Chartered Accountants of Sri Lanka
- Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines
- UNCG 10 Principles
- United Nations Sustainable Development Goals (SDG's)

Assurance

We have adopted the combined assurance approach where information obtained from both internal and external sources have been verified by the Company's Internal Audit team and further validated by the Board Audit Committee to confirm accuracy and completeness.

Messrs. KPMG, Chartered Accountants have provided external assurances regarding the Financial Statements and other statutory financial disclosures of the Company and the Group.

Messrs. KPMG, Chartered Accountants have also independently reviewed the sustainability performance of Access Engineering PLC and provided a reasonable assurance on the financial highlights on page 12 and limited assurance on the non-financial highlights and indicators on page 13 and pages 84 to 122 respectively. Their report is on page 126 of this Annual Report.

Forward-Looking Statements

This report contains certain forward-looking statements with regard to Access Engineering PLC's, financial position, strategic objectives and growth prospects. Such statements by their very nature, are often associated with risk and uncertainty as they relate to events that may or may not occur in the future. Therefore, readers are cautioned that actual results or outcomes may differ materially from what was expressed or implied by forward-looking statements.

Disclaimer - The Company considers all forward-looking statements contained herein to be applicable only as at the date of publication of this Annual Report and as such, does not accept any obligation to revise or in any way update information expressed in such forward-looking statements.

Board Responsibility Statement

The Board of Directors of Access Engineering PLC takes full responsibility for the authenticity and transparency of this Integrated Annual Report. The Board assures all stakeholders that the report is an accurate representation of the performance and prospects of the Company and Group for the FY 2022/23.

Feedback and Queries

The Company welcomes feedback and queries regarding this report and encourages readers to direct their responses to;

Rohana Fernando
Managing Director,
Access Engineering PLC,
12th Floor, Access Tower,
Union Place,
Colombo 02
Phone : +94 11 760 6606
Email : rohana@accessengsl.com

MILESTONES

The key milestones achieved during the reporting period exemplify Access Engineering PLC's ability to persevere against all odds to honour its commitments to clients and other stakeholders.

2022

May

Completion of design, construction & financing of housing project at 601 Watta, Cyril C. Perera Mawatha, Bluemendhal

September

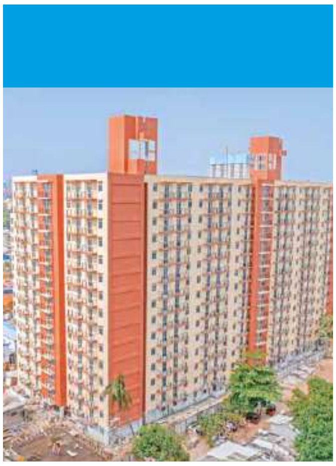
- Completion of piling works of the proposed 350 MW Combined Cycle Power Plant at Kerawalapitiya
- Obtaining of the Condominium Management Authority (CMA) certificate for the common amenities and elements of Capital Heights Rajagiriya

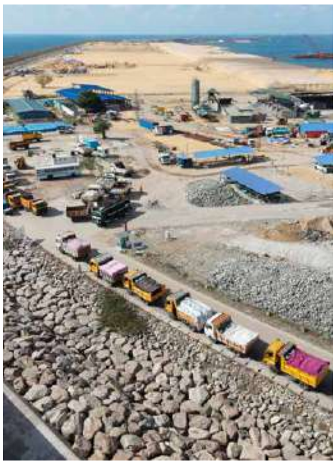
November

- Commencement of the supply of boulder and rubbles of the proposed facilities for container terminal at west container terminal in the port of Colombo
- Completion of phase I of the 'Introduction of Fibre Optic Monitoring Technology to Sri Lanka' in partnership with the University of Moratuwa which was supported by the University of Cambridge and the University of Oxford.

December

- Commencement of piling work for the Proposed Container Freight Station at Kerawalapitiya






2023

January

- Commencement of construction of Diaphragm Wall for Proposed Star Class Hotel at 594, Galle Road, Colombo 04
- Commencement of the supply of ready-mix concrete for the construction of West Container Terminal including marine and allied services at the port of Colombo
- Completion of design and construction of five-Foot Bridges in Nairobi, Kenya

February

- Ranked 8th among top 100 listed entities in Sri Lanka in the '2022 Transparency in Corporate Reporting' (TRAC) Assessment conducted by the Transparency International Sri Lanka (TISL)

March

- Completion of construction of Multi Storey Public Car Parks at Union Place

GROUP STRUCTURE

GRI 207-4

BUSINESS SEGMENT	OPERATING ENTITIES
 CONSTRUCTION AND CONSTRUCTION RELATED MATERIALS	Access Engineering PLC
	AEL East Africa Limited
	Access Projects (Private) Limited
	Lanka AAC (Private) Limited
	Access – CHEC JV (Private) Limited
PROPERTY 	Access Realties (Private) Limited
	Access Realties 2 (Private) Limited
	Harbour Village (Private) Limited
	Blue Star Realties (Private) Limited
	W U S Logistics (Private) Limited
	Access Logistics Park Ekala (Private) Limited
	Access Logistics (Private) Limited
	ARL Elevate (Private) Limited
 AUTOMOBILE	Sathosa Motors PLC
	Access Motors (Private) Limited
 MECHANICAL ENGINEERING	ZPMC Lanka Company (Private) Limited

EFFECTIVE OWNERSHIP	PRINCIPLE ACTIVITY	MARKETS SERVED	COUNTRY OF INCORPORATION
Parent	Construction and supply of construction-related services and materials	Sri Lanka	Sri Lanka
100%	Construction	Kenya	Kenya
80%	Construction and supply of construction-related services and materials	Sri Lanka	Sri Lanka
50%	Supply of construction-related materials	Sri Lanka	Sri Lanka
51%	Construction	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
66.67%	Residential and commercial property development (In partnership with China Harbour Engineering Company Limited)	Sri Lanka	Sri Lanka
60%	Residential property development	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental and provision of support facilities for Access Towers	Sri Lanka	Sri Lanka
84.42%	Authorized distributor for ISUZU in Sri Lanka and Maldives	Sri Lanka & Maldives	Sri Lanka
42.21%*	Authorized distributor for Jaguar and Land Rover in Sri Lanka	Sri Lanka	Sri Lanka
30%	Commission, repair, and maintenance of container handling equipment (in partnership with ZPMC of China)	Sri Lanka & Overseas	Sri Lanka

*Effective Holding

FINANCIAL HIGHLIGHTS

	2022/23		2021/22		Change %	
	Group	Company	Group	Company	Group	Company
Earnings highlights and ratios						
Revenue	20,565	17,556	39,630	33,337	(48%)	(47%)
Gross profit	5,859	4,186	5,312	3,663	10%	14%
EBITDA	10,014	6,505	8,315	4,850	20%	34%
EBIT	8,816	6,002	5,784	4,057	52%	48%
Earnings before tax	4,377	1,919	4,613	2,988	(5%)	(36%)
Profit attributable to equity holders	2,482	1,444	5,110	2,580	(51%)	(44%)
Dividend	750	750	750	750	-	-
Earnings per share	2.48	1.44	5.11	2.58	(51%)	(44%)
Dividend per share	0.75	0.75	0.75	0.75	-	-
Dividend payout	30	52	15	29	106%	79%
Statement of financial position Highlights and ratios						
Total assets	79,941	54,552	81,847	60,833	(2%)	(10%)
Stated capital	9,000	9,000	9,000	9,000	-	-
Retained earnings	19,741	15,162	18,610	15,072	6%	1%
Total equity/shareholders' funds	31,972	24,492	30,647	24,323	4%	1%
Total liabilities	47,969	30,061	51,200	36,510	(6%)	(18%)
Current assets	35,529	21,094	48,281	32,522	(26%)	(35%)
Current liabilities	31,736	16,688	29,780	17,440	7%	(4%)
Net asset per share	29.56	24.49	28.19	24.32	5%	1%
Investor highlights and ratios						
Price per share	-	14.2	-	15.0		(5%)
PE ratio	-	9.8	-	5.8		69%
Gross profit margin	28.49%	23.84%	13.40%	10.99%	113%	117%
Net profit margin	11.85%	8.23%	12.95%	7.74%	(8%)	6%
Return on equity	7.62%	5.90%	16.74%	10.61%	(54%)	(44%)
Debt/Total assets	20.31%	27.94%	28.16%	35.77%	(28%)	(22%)
Debt/Equity	50.79%	62.22%	75.20%	89.47%	(32%)	(30%)
Interest coverage ratio	2.01	1.49	5.07	3.96	(60%)	(62%)
Current asset ratio	1.12	1.26	1.62	1.86	(31%)	(32%)
Quick asset ratio	0.62	1.09	1.13	1.64	(45%)	(33%)

NON-FINANCIAL HIGHLIGHTS

Manufactured Capital

- Investment in heavy machinery and equipment fleet – LKR 58 Mn.
- Investment in production plants– LKR 211 Mn.
- Investment in IT infrastructure – LKR 23 Mn.

Intellectual Capital

- Highest CIDA Accreditations for the most number of engineering disciplines
- Research on the use of Fibre optic monitoring technology in Sri Lanka

Human Capital

- 'Great Place to Work' certified for March 2022 – March 2023
- Total number of training hours – 708.25 hours
- Staff and labourers – 1,094

Social & Relationship Capital

- Registered suppliers – 1,444
- Research Agreement with the University or Moratuwa supported by the Cambridge and Oxford Universities of UK
- 9,966 Shareholders

Natural Capital

- Total water line consumed – 70,968 Units
- Bottled water consumed – 3,797,475 Units
- Energy consumed – 114,118,521.20 Joules

Awards & Recognition

- Ranked 8th among the top 100 listed entities for Transparency in Corporate Reporting by Transparency International Sri Lanka (TISL)
- Gold Award in the Construction Sector at the 57th Annual Report Awards organised by the Institute of Chartered Accountants of Sri Lanka
- Winner of the Best Presented Annual Report Awards in the Infrastructure sector at the South Asian Federation of Accountants (SAFA) Awards
- Received a total 5 performance awards from the Construction Industry Development Authority (CIDA) in retrospect for the years 2020 and 2021

PROJECT HIGHLIGHTS

Substantial Completion of the Construction Work of Export Green Field Facility at Ekala (EGF2)

Completion of 86% of The Stadiumgama Housing Project

CHAIRMAN'S MESSAGE

I expect our cashflows to receive a further boost in the coming months, especially with the scheduled conclusion and commencement of commercial operations of Access Logistics Park Ekala in the FY 23/24 and the completion of Marina Square Mix Development in the FY 25/26. Meanwhile in seeking to restore our low gearing position at least by the end of the financial year 2024, we will explore new investment opportunities through PPP's and BOT's to further augment our liquidity position in the short to medium term

Dear Stakeholders,

As an entrepreneur for the past three decades, of which 22+ years have been as the Chairman of Access Engineering, I have witnessed the Sri Lankan economy at a crossroads on numerous occasions. I do believe however this past year will forever be etched in my memory as the most catastrophic period in all my years as a businessman. In 2022, Sri Lanka slipped into its deepest-ever recession in over seventy five years post independence. A confluence of factors, including the buildup of systemic issues due to weak policy fundamentals along with implications from post-pandemic challenges, globally, weighed down on the already fragile economy. Sri Lanka by its own admission declaring inability to honour sovereign debt in May 2022 only served to further exacerbate the situation, leaving all sectors facing grim prospects in the near term.

Being in the construction industry, challenges are the norm and we at Access Engineering PLC have become quite adept at proving our resilience in the face of such adversity. The fact that we have been able to retain our status quo as the leading construction company in Sri Lanka for the past two decades, is indeed a testament to the resilience of our business model and the robustness of our core strategies.

The FY 2022/23 provided another excellent opportunity for Access Engineering to showcase its resilience. Amidst extreme pressure experienced during the year, we put every aspect of our business under the microscope as we sought to revisit our priorities vis-a-vis stakeholder deliverables as well as long term corporate aspirations. Having made some tough calls to consolidate our core strengths, while pursuing scalable opportunities where possible, I am pleased to say that my Board and the Corporate Management have done remarkably well to strengthen our defenses and enable the Group to fight the relentless headwinds that continue even to this day. In fact, I believe the hard, yet necessary decisions we made over the past twelve months have been the key catalysts that helped us to navigate the ongoing hurricane.

As I am sure you are aware, since going public 11 years ago our company has been known to have one of the strongest balance sheets among listed entities in Sri Lanka underscored by below average gearing. While our cash flows took a hit in the current financial year owing to the temporary disruption in several large projects, I am happy to announce that we have succeeded in recovering most of the government debt as at the post balance sheet date, thereby generating the required cash flow to support our project pipeline. I expect our cashflows to receive a further boost in the coming months, especially with the scheduled conclusion and commencement of commercial operations of Access Logistics Park Ekala in the FY 23/24 and the completion of Marina Square Mix Development in the FY 25/26. Meanwhile in seeking to restore our low gearing position at least by the end of the financial year 2024, we will explore new investment opportunities through PPP's and BOT's to further augment our liquidity position in the short to medium term.

As the Founder Chairman, I foresee a new era of expansion and diversification for the Access Engineering Group in the years ahead. That said, it is imperative that we remain agile in order to respond to whatever policy changes the government makes in terms of incentives and tax structures that will no doubt influence the future prospects of our business.

Me together with my Board is committed to ensure a corruption free environment in all our dealings and we adopt a zero tolerance policy in this regard. As a first generation Sri Lankan Entrepreneur, I am very confident that in time, the Country too will overcome the present challenges and work towards restoring its credibility in the eyes of the world, thereby regaining its rightful place as a strategic business hub not just in the Indian Sub continent, but across the wider Asian region as well.

Sumal Perera
Chairman

29 August 2023

Sumal Perera
Chairman

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

With most of our resources, including people, machinery and equipment being left idle, we looked to streamline our operations in order to reduce our fixed cost as much as possible. At the same time exploring opportunities to mobilise our resources productively, we proceeded to deploy many of our engineering and technical teams across our ongoing development projects including the Export Greenfield Facility (EGF) integrated logistics park and the public car park development project adjacent to our head office

Macroeconomic Update

The year 2022 was unlike any other in recent memory. In fact it will no doubt stand out as a watershed moment in Sri Lanka's modern history. The Sri Lankan economy started 2022 seemingly on the rebound after the pandemic led downturn, raising hopes of a gradual economic recovery over time.

Regrettably however these expectations were short lived as the Country plunged into its worst economic crisis in 75 years. The crisis, a culmination of weak economic fundamentals and poor debt management policies that led to massive debt distress which cascaded into the unprecedented erosion of foreign reserves that left the Country with insufficient resources to meet basic needs. Amidst this backdrop, Sri Lanka declared the suspension of all overseas debt service commitments with effect from April 2022. A decision was also taken to temporarily halt all payments to both international and domestic bond holders. Adding insult to injury, global rating agencies proceeded to substantially downgrade Sri Lanka's sovereign rating. As reported by Fitch Ratings, the long-term issuer default rating has remained at 'Restricted Default' from May 2022 to date. S&P Global Ratings too has affirmed its long-term and short-term foreign currency sovereign credit ratings on Sri Lanka at 'Selective Default' (SD). Sri Lanka's woes progressively further worsened amidst widespread social unrest and the public outcry for a regime change.

The sharp economic contraction was only to be expected with GDP for 2022 recording a negative growth of 7.8% in real terms. Primary economic indicators such as the exchange rate, inflation and interest rates, all showed a never-before-seen level of instability. Starting from late March 2022, the Sri Lankan Rupee experienced its steepest-ever depreciation against all major global currencies including the USD, GBP, CAD, AUD, etc… As a result, the cost of all imports increased by at least 2-3 fold in turn fuelling domestic inflationary conditions. Sri Lanka experienced month on month inflation reaching double digits. Meanwhile, in a bid to prevent hyper – inflation, the Central Bank of Sri Lanka raised policy rates on several occasions throughout 2022, a trend that saw both the lending and deposit rates of commercial Banks spiraling sharply upward to reach record highs.

The appointment of a new government in mid-2022 saw an end to the social unrest and the start of talks with the International Monetary Fund (IMF) to negotiate a bail-out package under an Extended Fund Facility worth 2.9 Bn USD. In the meantime, the government made some tough calls to rein in expenditure, especially to curtail public expenditure including the spending on economic and social infrastructure, while import restrictions that were in place at the beginning of the year were further tightened, leaving businesses unable to meet their import requirements of basic input material.

At the same time taking a multi-pronged approach to boost its revenue, the government began exploring the possibility of revising its tax thresholds in an effort to expand the tax base while simultaneously working to increase both direct and indirect taxes.

Operational Focus

The construction industry was among the worst hit by the turbulence, mainly as a consequence of the government decision to curtail public spending on infrastructure projects as well as the suspension of the international debt repayments which influenced bi lateral and multilateral funding agencies to reconsider disbursements towards ongoing projects. Stemming from these issues, many of our ongoing projects got disrupted by mid-2022. Our production plants, primarily asphalt plants, also experienced a drastic reduction in demand.

With most of our resources, including people, machinery and equipment being left idle, we looked to streamline our operations in order to reduce our fixed cost as much as possible. At the same time exploring opportunities to mobilise our resources productively, we proceeded to deploy many of our engineering and technical teams across our ongoing development projects including the Export Greenfield Facility (EGF) integrated logistics park and the public car park development project adjacent to our head office. Similarly, our concrete batching plants were kept operational in order to support the construction of our Marina Square mixed development project, which continued throughout the year, albeit at a slower pace than originally planned. Interestingly, we were also able to make good progress in certain development projects, particularly in the port sector where continuation of work was possible.

We are pleased to note that our quarry operations resumed in early 2023 after Access Engineering PLC was awarded work at the Colombo West International Terminals (CWIT) at the Port of Colombo. The use of most of our primary raw materials including reinforcement, cement, bitumen, were further optimised through our ongoing work and prudent management. Maintaining our heavy equipment and machinery fleet at optimum levels, despite not having much work, was another key priority for us. To that end, we continued with all routine servicing and periodic maintenance to safeguard their operational status.

Rohana Fernando
Managing Director

J C Joshua
Executive Vice Chairman

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

Towards the latter part of the financial year we also benefitted from the government's decision to settle the outstanding to the construction industry by way of issuing treasury bonds. Most of our receivables from the Road Development Authority (RDA) and the Urban Development Authority (UDA) was cleared through the issuance of bonds

Funding Implications

From a project perspective, a majority of our infrastructure development projects are funded through bi–lateral / multi – lateral consortiums or by local banks, which meant we had to face the harsh reality stemming from the economic crisis. These projects included the Kohuwela flyover and the Getambe flyover. Similarly construction work undertaken by us in the Gampaha District under the 'Integrated Roads' network project was disrupted in the latter part of 2022.

Thankfully however the Asian Infrastructure Investment Bank (AIIB) funded Stadiumgama Housing Project continued without much hindrance. Work on the East Container Terminal project also continued without interruption, thanks to the steady inflow of funds from the Sri Lanka Ports Authority (SLPA), while our latest project for associated construction work at the West Container Terminal at the Port of Colombo funded by the Adani Group of India commenced in the early part of 2023.

Meanwhile excessive lending rates in 2022 forced a rethink of our internal funding strategy. Working proactively to manage our cash flows while balancing the gearing position, we began working with our partner banks/financial institutions to restructure our loan portfolio in order to manage our cash flow and minimise the stress on the balance sheet.

Towards the latter part of the financial year we also benefitted from the government's decision to settle the outstanding to the construction industry by way of issuing treasury bonds. Most of our receivables from the Road Development Authority (RDA) and the Urban Development Authority (UDA) were cleared through the issuance of bonds.

Supply Chain Impacts

The economic crisis in the Country raised significant challenges across our supply chain, often causing unprecedented disruptions that adversely affected the continuity of operations. In light of the severe depletion of the Country's foreign reserves, all major Banks rushed to restrict the opening of Letters of Credit (LCs) which made importing raw material an arduous task. To add to this, the cost of major imported raw materials such as steel and cement increased significantly as the value of the Rupee tumbled against all major global currencies.

The day to day ecosystem was also further disrupted owing to fuel shortages and extended power outages, often leading to a breakdown in logistics networks that had a bearing on our ability to access key raw materials such as sand and cement as needed.

People Management Strategy

The sudden disruption to work on many of our projects and production plants had a catastrophic impact on our people. Mindful of the pressure on our staff owing to the deepening crisis, we endeavoured to retain as many employees as possible by redeploying them through job rotations and other special assignments. Despite these best efforts however some of our people were left idling, and we had no option but to reevaluate our stance as an employer. As a measure to curtail our expenditure and overheads we also had to cut down on most of the planned training and development work.

Innovation Drive

In what is perhaps the only silver lining to emerge as a result of the crisis, was our unyielding determination to innovate. Rather than dampening our enthusiasm, the challenges we encountered this past year only served to stimulate our innovation drive. We continued to justify our position as the leading innovator for our sector through the use of unconventional methods of construction methodologies, among them the use post tensioning in the construction of viaducts of the Central Expressway Project (Section 3), the application of Building Information Modelling (BIM) in the construction work of high rise buildings and the use of pre – cast structures in the road and drainage works of our very own Export Greenfield Warehousing project are notable.

This year saw the unveiling of Thin Asphalt Surfacing (TAS) which was trailed at 3 separate sites. We are also in the initial stages of testing the use of plastic based asphalt which will significantly reduce the use of bitumen.

We achieved another important milestone in our innovation roadmap with the 'Introduction of Fibre Optic Monitoring Technology to Sri Lanka' - a joint project by Access Engineering PLC and the University of Moratuwa supported by the University of Cambridge and the University of Oxford. As the sponsor of the project, we were able to see fast track Phase 1 of the project which involved the compilation of a research paper by the students of the University of Moratuwa, under the topic "A Review on the Advances in Distributed Fibre Optic Sensing Technology for Structural Health Monitoring". We are indeed proud to note that the paper went on to be published at the 12th International Conference on Structural Engineering and Construction Management – Lecture Notes in Civil Engineering. Further to this, the research paper was declared the runner-up at the Civil Engineering Research Symposium 2022. Such recognition at an early stage of the project is indeed very exciting and we are eager to see how this technology will transform the field of structural health monitoring in the future.

Progress on the Project Pipeline

As mentioned previously, a number of ongoing projects were disrupted due to the economic crisis including some of the work undertaken for the Road Development Authority (RDA) and the Urban Development Authority (UDA).

However work on several projects did continue throughout the year, though for obvious reasons, progress was slower than the expected pace. Our mechanical workshop undertook and completed the fabrication and erection of several supporting structures on the 700,000 Sq. Ft. Export Greenfield (EGF) logistics facility in Ekala for CAMSO/Michelin. Installation, testing and commissioning of the unique Fire Detection and Protection System was also successfully concluded within the course of the year.

Steady progress was made on the Stadiumgama Housing Project, an AIIB funded initiative to construct 1,000 housing units for the low-income earners. With approximately 86% of the project completed by the end of the financial year, we are confident of meeting the handing-over deadline scheduled during the next financial year.

Construction work of the public car park facility at Union Place made good progress during the year where the multi-level car parking facility was completed. The contract was awarded to Access Engineering PLC on a DBFOT (Design-Build-Finance-Operate-Transfer) basis and is due to begin operations in 23/24.

Other notable projects that continued despite challenges encountered in the current financial year include, piling work on the proposed container freight station at Kerawalapitiya, construction of the diaphragm wall for proposed star class hotel at Galle Road, Colombo 04 and piling work of the proposed 350 MW combined cycle power plant at Kerawalapitiya.

Construction of Central Expressway (Section 3) from Pothuhera to Galagedara slowed down considerably due to the scarcity of material, fuel and explosives as a direct result of the 2022 economic crisis. We are pleased to note that the work is now continuing at a reasonable rate.

It is gratifying to see our overseas project - construction of the T – Mall flyover and foot bridges in Kenya reaching a successful completion ahead of schedule, which, together with our partner, Centunion Espanola De Coordinacion Tecnica Y Financiera, S.A. of Spain. The completed project was handed over to the Kenya National Highways Authority (KNHA) by the end of the current financial year.

Despite all the chaos unfolding around us, we were awarded some of the major construction works in the port sector, no doubt thanks to our longstanding brand reputation and industry leadership. During the latter part of the financial year we were awarded the contract for the construction of backup yard and building works at the Colombo West International Terminal (CWIT) of the Port of Colombo, which once commissioned would be the largest and deepest container terminal in Sri Lanka. We were also awarded a contract for the construction of a preschool and cultural centre in Colombo 05 for Shinnyo-en Lanka.

Performance of Other Business Segments

Construction Related Material

While a significant demand contraction for construction related material was observed right from the start of the economic crisis, we took a proactive approach to ensure our production plants and quarries were kept operational in order to supply required construction material for several ongoing projects.

Our Meerigama and Thebuwa Quarries were engaged in supplying core rock and aggregates to the Colombo West International Container Terminal at the Port of Colombo and the East Container Terminal of Port of Colombo Phase II. We mobilised our concrete batching plants within the Port premises to supply ready – mix concrete for the construction of Colombo West International Container Terminal at the Port of Colombo. Our ready-mix plant in Peliyagoda continued to supply the requirements for the Marina Square Uptown Colombo mix development.

Property

Our property segment made good progress in the current financial year. Both our flagship commercial buildings, Access Tower I & II experienced very high levels of occupancy throughout the year. This offering was further strengthened with the completion of the 285 car parks located adjacent to Access Towers 1 & 2.

Our 425,000 Sq. Ft. integrated logistics and warehousing facility at Kimbulapitiya was also occupied during the year. Following the substantial completion of the integrated logistics and warehousing facility in Ekala, we entered into a lease agreement with CAMSO/ Michelin which allows us to start commercial operations in 23/24.

Our Condominium development project - Capital Heights Rajagiriya, received the green light from the Condominium Management Authority (CMA) to commence the deed transfer process to the new homeowners.

Our 425,000 Sq. Ft. integrated logistics and warehousing facility at Kimbulapitiya was also occupied during the year. Following the substantial completion of the integrated logistics and warehousing facility in Ekala, we entered into a lease agreement with CAMSO/Michelin which allows us to start commercial operations in 23/24

It is noteworthy that work on the Marina Square Uptown Colombo progressed at a slower pace in FY 2022/23 owing to the challenges posed by the 2022 economic crisis. Nonetheless, we were able to see completion of 5 standard construction milestones by the end of the financial year.

Automobile

With the vehicle import restrictions imposed at the onset of the pandemic in 2020 in effect throughout 2022, the core business of both Sathosa Motors PLC and Access Motors remained under pressure. Meanwhile, workshop operations too, were adversely affected by the economic crisis due to fuel and energy shortages, while the demand for spare parts declined visibly as costs skyrocketed in tandem with the LKR depreciation against the USD and other major currencies. It is noteworthy that despite these challenges both Sathosa Motors PLC and Access Motors recorded a satisfactory performance for FY 2022/23.

Key Financial Highlights

In light of the staggering challenges we faced, turnover recorded by the Group and Company for FY 2022/23 declined to LKR 20.56 Bn and LKR 17.56 Bn respectively. The drop in Company turnover was largely attributed to the lower turnover in the Construction business as well as the Construction-related Material segment. Topline figures of the Construction business declined by 50.81% year on year, as all verticals, including Roads and Highways, Water and Drainage, Building and Bridge construction reported lower turnover figures compared to the previous year.

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

A similar trend was seen in the Construction-related Material segment where the topline for FY 2022/23 was 52.93% lower compared to the previous financial year.

Revenue tabled by the automobile sector showed a decline of 38.45% YOY on the back of the continuity of ongoing restriction on vehicle imports. However, on a positive note, the property development segment reported a solid 81.13% revenue growth year on year.

Even amidst the substantially lower topline recorded by all segments, except the property arm, gross profit for the Group and the Company stood at LKR 5,859 Mn and LKR 4,186 Mn respectively for FY 2022/23, denoting an improvement of 10.30% and 14.27% respectively over the previous financial year.

With the healthy Gross Profit creating the space for additional cost absorption, the resultant improvement in EBIT helped to boost Operating Profit margins at both Group and Company level. EBIT at Group and Company level showed a significant YoY growth of 52.41% and 47.95% respectively.

Finance costs increased significantly at Group and Company level on the back of rising interest rates. Interest expenses as a percentage of revenue increased 7-fold to 21.38% (2021/22 – 2.88%) and 23.01% (2020/21 – 3.07%) respectively at Group and Company level.

The effective tax rate for the Group and Company increased substantially in the current financial year in direct correlation with the new corporate tax regime introduced with effect from 1st October 2022. Consequently, the effective tax rate at Group and Company level rose to 44.34% and 24.73% respectively from 11.21% and 13.66% respectively in FY 2021/22.

A culmination of higher finance costs and increased taxes saw the Group and Company register post- tax profits of LKR. 2,436 Mn and LKR. 1,444 Mn respectively for FY 2022/23.

Earnings per ordinary share also decreased from LKR 5.11 to LKR 2.48 at the Group level and from LKR 2.58 to LKR 1.44 at the Company level.

The Board approved a second interim dividend of LKR. 0.75 per share for the financial year ended 31st March 2022, to the shareholders, which amounted to a total dividend payout totaling LKR. 750 Mn.

Awards and Accolades

We are very pleased to have received a total of 5 performance awards from the Construction Industry Development Authority (CIDA) in retrospect for the years 2020 and 2021 when the ceremonies could not be held due to the COVID 19 pandemic. The 5 Projects nominated for the awards were;

- Reconstruction of Kochchikade Bridge on Peliyagoda – Puttalam Road
- Rehabilitation and Improvements to Colombo - Kandy Road from Kadawatha to Nittambuwa
- Construction of new road along west bank of west Beira Lake adjoining Former Army Headquarters at Colombo
- Rehabilitation of Downstream & Upstream Dam Embankments of Iranamadu Reservoir at Kilinochchi
- Rehabilitation of Spillway, Supplying & Installation of New Radial Gates and Automation of spill & Sluice gates of Iranamadu Reservoir at Kilinochchi

Future Plans

Having weathered what was easily the most challenging year in our 22 year history, we now look forward to sustaining our business during the period ahead. As we move forward, we will strive to maintain continuity of operations to ensure ongoing projects such as the Marina Square mix development meet their respective construction milestones.

As the Country tackles the debt restructuring process, we anticipate the government would begin negotiations that will ensure the recommencement of multilateral and bi – lateral funded projects in due course.

We do feel it is unlikely that any new State funded Infrastructure development will commence in the near term. That said, we see some real opportunities to grow our project pipeline via private sector investments. The Multinational Businesses have continued to invest in key projects and with the exchange rate and interest rates predicted to reach more stable ground towards end-2023, we foresee increased investment by the private sector, especially in the form of FDI's. Hence our priority in the short to medium term would be to deepen our engagement with the private sector, where we will focus on securing large scale projects in the ports, logistics and renewable energy sectors.

Acknowledgments

In conclusion, we wish to express our sincere thanks to our Chairman and all Board Members for their able stewardship during these unprecedented times. Our sincere gratitude to the Corporate Management Team, Management Team, and all team members for their loyalty, and hard work, throughout this crisis period. Your dedication and commitment have been an invaluable strength.

Finally, to our shareholders, valued customers, business partners and all other stakeholders - thank you for your continued support, trust and confidence over the years. We assure you of our best attention towards a sustainable future with Access Engineering PLC.

Rohana Fernando
Managing Director

Christopher Joshua
Executive Vice Chairman

29 August 2023

EVOLVING

STRATEGY

OPERATING ENVIRONMENT

Global Economy

Overview

Contrary to heightened expectations of a post-COVID surge in economic activity, the global economy recorded moderate growth of just above 3% in 2022 - the weakest growth profile since 2001. Global output contracted noticeably in the second quarter of the year, owing to the slowdown observed in China and Russia, while US consumer spending also undershot expectations. The global economy, already weakened by the pandemic, experienced higher-than-expected inflation worldwide. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation, particularly in the United States and several European economies as well as across many emerging markets and developing economies. Supply chain and trade disruptions as a consequence of the Russia/Ukraine war was another key impediment to global growth in 2022.

Outlook and Prospects

Global growth is expected to hover in the range of 3.8% - 4% in 2023. This marginal improvement is based on the assumption of a cyclical pickup as current drags on growth gradually dissipate. Nevertheless, high levels of inflation are expected to persist for longer than envisioned with ongoing supply chain disruptions and high energy prices likely to remain elevated in 2023 as well. Economic damage from the Russia/ Ukraine conflict is also expected to cause a significant slowdown in global growth in 2023 and add to inflation. Beyond 2023, global growth is forecasted to decline to about 3.3% over the medium term.

Global Construction Industry

Overview

In 2022, the global construction industry showed signs of an uptick driven by improved activity in the US, Europe, and the Asia-Pacific region. Despite improved prospects, the construction sector world-wide continues to be plagued by massive labour and skills shortages which for decades has manifested into low productivity, poor project management, insufficient skills, and inadequate design processes. The pandemic has further exacerbated the problem.

While technology is paving the way to attract young people with tech skills for new roles mainly in design, graphics and data science, the construction industry remains inherently labour intensive which draws attention to the importance of retaining skilled workers.

Outlook and Prospects

The global construction industry's growth is forecast to remain sluggish in 2023. The deceleration reflects the challenging conditions in most markets around the world leading to persistently high inflation and a tightening of monetary policy controls which together will dampen investment. Construction industry prospects will likely be further hampered by industry-specific challenges such as high construction material costs and acute labour shortages.

Sri Lankan Economy

Overview

In 2022, the Sri Lankan economy experienced its worst-ever economic regression in 75 years. As deeply entrenched macroeconomic weaknesses along with recent ill-timed and ill-equipped reforms in taxation and agricultural policies boiled over, the Sri Lankan economy descended into a fully blown economic crisis.

Acute fuel shortages due to the dearth of foreign exchange caused a significant drag on activities. The situation was further aggravated by crippling fuel shortages, prolonged power outages, surging cost of production along with an acute scarcity of raw materials owing to import restrictions. Further, significant upward revisions in major utility prices amidst soaring global energy prices and the depreciation of the exchange rate exacerbated supply side pressures, while severe inflationary pressure and unprecedented tax hikes affected the disposable income of households, ultimately triggering widespread social unrest across the Country.

Responding to the crisis, the government enforced significant monetary policy tightening measures, along with the other strategies to contain the balance of payments (BOP) pressures. A series of fiscal reforms were also introduced to mitigate excessive price pressures, improve foreign exchange liquidity conditions, minimise external and fiscal sector stresses, support economic activity, and steer the economy towards stability,

However available data indicates that Sri Lanka's real GDP contracted by 7.8% in 2022, a marked contrast to the growth of 3.5% reported in 2021.

Outlook and Prospects

Sri Lanka's ability to achieve sustainable recovery of growth hinges on expediting much needed reforms in key areas of the economy, while benefiting from the ongoing debt restructuring efforts. In this regard the Government has declared its commitment to expedite both fiscal consolidation and economic reforms in order to achieve medium term fiscal targets set out under the IMF-EFF supported programme.

This would involve implementation of long overdue structural reforms to streamline SOEs in order to ensure these institutions do not compromise the Country's financial stability. In addition, reforms to taxation policies and tax administration and the strengthening of the legal compliance framework will be critical to achieving the revenue targets of the Government, thereby restoring the macroeconomic balance in the period ahead.

Local Construction Industry:

Overview

Construction related activities showed a marked decline in 2022 amidst the shortage of building materials and high input costs along with lower demand attributed to high interest rates. The budgetary space for the Government to accommodate investment expenditure on infrastructure facilities was also severely curtailed as a result of the economic crisis.

Consequently, many government-funded infrastructure projects were temporarily disrupted, while others continued to progress at a slower pace owing to financial constraints associated with the deepened economic crisis. The Government's road infrastructure development initiatives made only modest progress in 2022, reflecting the tight fiscal conditions amidst cash flow pressures. The Road Development Authority (RDA) incurred around Rs. 195.4 billion on various activities, aimed at improving the road network via maintenance, widening and enhancement of expressways, highways and roads, construction of bridges and flyovers, and restoring roads damaged by natural disasters. Accordingly, expenditure incurred in developing expressways and highways, amounted to Rs. 34.4 billion and Rs. 145.0 billion, respectively, during the year, while Rs. 6.6 billion was spent on the construction of bridges and flyovers. Although the annual budgetary allocation for RDA was revised on many occasions under the Government's efforts on expenditure curtailment, the expenditure incurred remained below the finalised annual allocation of Rs. 247.8 billion for 2022. Meanwhile the Urban Development Authority (UDA) continued to engage in around 180 projects under the Urban Infrastructure and Township Development Programme (Siyak Nagara), including city beautification and urban development endeavours, to enhance the infrastructure base of the country.

Outlook and Prospects

The construction sector recovery will depend largely on the resumption of Government funded infrastructure projects in the coming months. Similarly recommencement of multi – lateral and bi – lateral funded construction projects that were temporarily disrupted in the immediate aftermath of the economic crisis, will speed up the return to normalcy for the local industry. At the same time, attracting new investments in the form of multi – lateral / bi – lateral funded projects as well as from private multinational investors will create the much needed momentum to enable the local construction industry to grow sustainably in the years ahead.

OPERATING ENVIRONMENT

Local Construction Industry:

Amidst this backdrop, the local construction sector decelerated notably, growing by only 3.1% in 2022 compared to 13.1% expansion in 2021.

On a positive note, major development projects related to the Port of Colombo and regional ports continued to expand in 2022. Construction work of the second phase of ECT continued through the year with 30% of work relating to dredging and reclamation completed by end 2022. Construction work of the West Container Terminal (WCT) of the Colombo Port also commenced in November 2022, following the finalisation of the Build-Operate-Transfer (BOT) agreement that spans over 35 years between a foreign investor, a local investor and the SLPA for the development of the project. The ECT and WCT terminals are expected to be completed by 2025 and 2027, respectively. Upon the completion of both terminals, the estimated annual capacity of the Port of Colombo is expected to enhance by around 6 million TEUs, which will largely support to cater to future demand in the port industry, enabling the Port of Colombo to derive benefits from its strategic geographical location.

Encouragingly, development activities relating to the Colombo Port City made steady progress in 2022. Notable milestones for the year included the gazetting of the Development Control Regulations (DCR) for the entire project in April 2022, and finalisation of the regulatory frameworks in relation to businesses of strategic importance, offshore companies, authorised persons, and duty-free retail operations.

SWOT ANALYSIS

STRENGTHS

- Visionary leadership and skilled and capable top management support
- Diversified company, operating across four sectors; construction and construction related materials, property, automobile & mechanical engineering
- Know-how gained through past experience having completed numerous infrastructure development projects across the country across many disciplines
- Goodwill created by impressive track record and high reputation
- Being a public quoted company on the Colombo Stock Exchange
- Growing net asset base
- Long-term relationship with financial institutes
- Commitment to value engineering resulting in high quality construction, low cost and speedy completion
- In-house service portfolio that complements construction projects including the designs office, piling division, production plants, workshops, etc.
- The decentralized operating structure for project execution that results in high productivity and efficiency
- Having the highest CIDA grading across the most number of engineering disciplines
- Long term networking and relationship with clients, suppliers and the government
- Receiving best in class knowledge through executing a large number of projects jointly with reputed international partners
- Use of latest ERP systems and communication platforms for decision making
- Strong governance structure in place

WEAKNESSES

- Large portion of Company revenue being dependent upon local economy
- Limited experience in overseas project execution

OPPORTUNITIES

- Restoration of the country image in global trade following the IMF bail out
- Reinstatement of commitment of multi – lateral funding agencies for local infrastructure development following the IMF bailout
- Ability to diversify the product portfolio
- Overseas expansion with international partners
- Opportunity to execute projects on BOT & PPP basis
- Significant contributor to the GDP
- Rising demand for urbanized and vertical living
- Development of Sri Lanka as a logistics hub for transshipment
- Promotion of Non – Conventional Renewable Energy (NCRE)

THREATS

- Rising level of unemployment in the construction industry following the disruption to infrastructure development activities
- Migration of Sri Lankan professionals and skilled staff creating a scarcity of potential employees
- Possible delays in client payments resulting in cash flow difficulties and higher finance costs
- Temporary disruption and delays in fund disbursement by bi – lateral funding partners and overseas creditors
- Depletion of foreign exchange reserves
- Difficulties in transacting overseas due to the foreign exchange crisis in Sri Lanka
- Limitations in the supply of fuel negatively affecting smooth continuity of construction projects
- Intense competition among existing competitors especially in bidding for government projects
- Barriers to penetrate overseas markets
- Changes to fiscal and monetary policy negatively affecting infrastructure development
- Rising cost and scarcity of construction material (E.g. Sand)
- Continuous rupee devaluation resulting in increased cost of imported raw materials
- Removal of tax concessions

PEST ANALYSIS

POLITICAL FACTORS		Impact to AEL FY 2022/23	Impact to AEL FY 2021/22
Ecological/ Environmental Issues	↘ Concern on preventing environmental pollution (Air, water and land pollution) ↘ Continuation and renewal of operating licences based on the stated rules and regulations of Central Environmental Authority (CEA) and Local Authorities	LOW	LOW
Current Legislations	↘ Laws stated by the Labor Authority relating to working hours, minimum wage rates, leave, Employee Provident Fund, Employee Trust Fund and health and safety of employees ↘ Laws and regulations relating to obtaining construction licences, approval of plans etc. ↘ General civil and commercial law and governing Acts (Contract law, Companies' Act, laws pertaining to insurance etc.)	LOW	LOW
International Legislations (Global Influence)	↘ The open economy policy adopted by Sri Lanka to improve Foreign Direct Investments has attracted the participation of international firms especially in the construction sector ↘ Local Companies including construction companies are bound by the International Treaties that Sri Lanka has pledged to uphold ↘ Most of the construction projects executed in Sri Lanka are governed by the conditions set out by the International Federation of Consulting Engineers (FIDIC) ↘ Foreign funded construction projects are governed by the bilateral and multilateral funding agreements between Sri Lanka and the respective countries or funding agencies ↘ Restrictions imposed on Sri Lanka in engaging in global trade following the economic crisis	HIGH	MODERATE
Compliance requirements of Regulatory bodies	↘ All industry participants are required to conform to the specifications stated by the Construction Industry Development Authority (CIDA) ↘ The CIDA has specified grading for construction companies and the renewal of grading will occur by observing compliance with the established rules and regulations. ↘ Specifications set out by the implementing agencies such as the Urban Development Authority (UDA), Road Development Authority (RDA), Sri Lanka Ports Authority (SLPA) and the National Water Supply and Drainage Board (NWS&DB) ↘ All public quoted companies are bound by the rules and regulations prescribed by the Colombo Stock Exchange (CSE) and the Securities and Exchange Commission of Sri Lanka (SEC)	MODERATE	MODERATE
Policy Inconsistency	↘ Infrastructure development is heavily dependent on the policy directions set out by the GoSL ↘ The decision taken by the Government to curtail expenditure on infrastructure development following the economic crisis of 2022	HIGH	HIGH
Funding, grants and initiatives	↘ The tendency to increasingly engage in multilateral and bi-lateral funded projects will improve the flow of foreign funds and grants to the country ↘ The economic crisis of 2022 resulting in the temporary disruption to disbursement of funds by the bi lateral and multilateral funding agencies ↘ Payment terms negotiated by the GoSL including the criteria for local engagement (grace period, interest rate, etc..) will have a direct impact on construction contracts ↘ Government budget allocations for infrastructure development	HIGH	LOW
Market lobbying groups	↘ The influence of market lobbying groups in determining; • The sustainable utilisation of natural resources • Protection of human rights • Prevention of environmental damages through air, water or land pollution	LOW	LOW
Wars, terrorism and conflicts	↘ Post war (2009) infrastructure development drive ↘ Terrorist activities would hamper the economic development and business sentiment in general ↘ Civil protests of 2022 disrupting economic activity	HIGH	LOW

ECONOMIC FACTORS		Impact to AEL FY 2022/23	Impact to AEL FY 2021/22
Local economic conditions	↘ Construction industry contributed 7.7% to the national GDP of 2022. The construction industry experienced a YoY contraction of 21% in 2022. ↘ Funding constraints due to treasury not having sufficient funds also influenced the progress of infrastructure development activities	HIGH	LOW
General taxation issues	↘ Construction activities are taxed at 30% which was a 2% increase as opposed to the previous year ↘ The new Social Security Contribution which came into effect from October 2022 ↘ Imposition of VAT on the sale of condominium apartments from January 2023 will have a negative impact on the sale of new apartments	HIGH	LOW
Seasonality or other weather issues	↘ Extreme weather conditions affecting the progress of construction related activities	MODERATE	MODERATE
Special Sector factors	↘ High degree of attention towards condominium developments in the country will favour the building construction sector	LOW	LOW
Interest and exchange rates	↘ Interest rate specifies the borrowing capacity and influences the investment process especially if the projects are debt financed. High interest rates that were prevalent throughout 2022 made the cost of borrowing substantial ↘ Depreciation of the Sri Lankan Rupee has led to foreign exchange losses and high cost of imports for raw materials such as cement and steel	HIGH	LOW
International trade and monetary issues	↘ Tendency to import construction related materials and machinery from low cost destinations, while lowering the cost of construction, may compromise on quality ↘ Significant depletion of the country's foreign exchange reserves in 2022 resulting in difficulties to import raw material ↘ Import restrictions imposed on selected goods limiting import dependent businesses ↘ Difficulty in importing construction machinery, material and plants due to foreign exchange restrictions ↘ Free Trade Agreements, bilateral and multilateral agreements enhancing the potentials for engaging in international trade including the possibility of carrying construction projects overseas	HIGH	MODERATE

PEST ANALYSIS

SOCIAL FACTORS			Impact to AEL FY 2022/23	Impact to AEL FY 2021/22
Lifestyle trends	↘	Increase in urbanisation and the preference of people for vertical living have created opportunities for construction companies specially for construction of condominium apartments	MODERATE	MODERATE
	↘	The shortage of fuel in the country following the economic crisis resulted in employees working from home		
Demographics	↘	A significant portion of the workforce leaving for overseas job opportunities following the economic crisis	HIGH	MODERATE
	↘	Ageing population creating limitations for the potential workforce especially engaging in construction related works		
Job Perceptions	↘	Majority preference for white collar jobs as against blue collar work	MODERATE	MODERATE
Superstitious beliefs	↘	Beliefs on auspicious and non-auspicious times of the day and the year in the building construction sector and especially in the individual house building sector	LOW	LOW
Consumer attitudes and opinions	↘	People are becoming more environmentally concerned, creating a tendency to demand for more sustainable construction technologies and methodologies. This results in further emphasis on Green construction methods.	MODERATE	MODERATE
Media views	↘	Influence of the public media by bringing to limelight pressing issues of the general public like housing, water, electricity, etc… is creating more opportunities for construction activities and companies	HIGH	LOW
Image of the organisation	↘	High degree of concern towards organisational reputation, brand image, adaption of good corporate governance practices	MODERATE	MODERATE
Consumer buying patterns	↘	Increasing demand for more urbanised office spaces and vertical living spaces	MODERATE	MODERATE
Major events and influences	↘	Civil unrest following the economic crisis resulting in damage to property and civilians	HIGH	LOW
	↘	Promotion of Sri Lanka as a MICE destination is creating the need for new infrastructure developments and renovations		

TECHNOLOGY FACTORS			Impact to AEL FY 2022/23	Impact to AEL FY 2021/22
Competing technology development	↘	Development of modern techniques that; • Reduce the use of natural resources and raw materials • Reduce pollution such as use of fly ash from power plants to create concrete blocks • Reduces cost and speeds up construction such as prefabricated construction, self-healing concrete and advance finishing materials	MODERATE	MODERATE
Associated/ dependent technologies	↘	Development of sophisticated software, especially for the purposes of designing which in turn result in accuracy and speed.	MODERATE	MODERATE
	↘	Use of Building Information Modelling (BIM)		
	↘	Augmented reality/virtualization designs		
	↘	Use of fibre optic monitoring technology		
	↘	Remote monitoring of construction progress using drones		
	↘	3D scanning and photogrammetry		
Maturity of technology	↘	The construction industry is moving from being a strictly labour incentive one to a more knowledge incentive one	MODERATE	MODERATE
	↘	Emerging technological advances used throughout the world to foster efficient construction are now introduced and used in Sri Lanka		
Innovation potential	↘	Heavy emphasis on research and development to further initiate technological advancements and construction materials	MODERATE	MODERATE
Maturity of organization's products /services	↘	Technological obsolescence of machinery and methods used in the construction processes will formulate threats in conducting operations	LOW	LOW

STAKEHOLDER ENGAGEMENT

GRI 2-16

We understand that staying connected to our stakeholders is vital to our business success. Accordingly, we aim to forge deep connections with our stakeholders in order to learn their expectations and changing needs.

Our approach to engaging with stakeholders is a continuous process as shown below;

STAKEHOLDER ENGAGEMENT

GRI 2-29

We understand that staying connected to our stakeholders is vital to our business success. Accordingly, we aim to forge deep connections with our stakeholders in order to learn their expectations and changing needs.

The first step to engaging with stakeholders is to identify all key players encompassing our entire value chain. Across the Group, functional heads at all levels have been tasked with proactively identifying both internal and external stakeholders relevant to their respective operations. Stakeholders identified in this way include; the Board of Directors, Corporate Management, Investors and Shareholders, Bankers and Prospective Lenders, Employees, Government and Regulatory Bodies, Clients and Customers, Suppliers and Subcontractors, Business Partners, Society, Industry Peers and Competitors.

Once stakeholders are identified, the next step involves stakeholder mapping, wherein identified stakeholders are plotted on the Power/Interest grid. The Power/Interest grid acts as a guideline for the formulation of tailor-made engagement strategies to suit the needs of various stakeholder groups. For instance, stakeholders deemed to wield a high degree of power and have a high level of interest are engaged more frequently and proactively. In this way, stakeholder engagement also serves as an important tool in updating our Material Issues.

POWER	Interest: LOW	Interest: HIGH
HIGH	**KEEP SATISFIED** ↘ Government and regulatory bodies	**ACTIVELY ENGAGE** ↘ Clients and customers ↘ Investors and shareholders ↘ Business partners ↘ Board of Directors ↘ Corporate Management ↘ Employees ↘ Suppliers and subcontractors
LOW	**MONITOR** ↘ Society ↘ Industry peers and competitors	**KEEP INFORMED** ↘ Banks and prospective lenders
	LOW	HIGH
	INTEREST	

BOARD OF DIRECTORS

Ties to the company	Power	Interest
The Board is the apex governing body within the company and provides strategic leadership by; ↘ Setting corporate objectives & formulating strategies & policies ↘ Reviewing the performance of corporate management ↘ Representing the views of the Company to outside world ↘ Protecting Company assets & shareholder interests ↘ Establishing a sound system of governance and enforcing same	HIGH	HIGH

Methods of Engagement	Frequency
↘ Board Meetings ↘ Board Committee Meetings	Quarterly
Independent evaluation of performance	Annual
Key Concerns Raised During the Year	**Company Response**
Diversification of business operations	↘ Expedited construction of the Export Greenfield (EGF) Logistics and Warehousing facility at Ekala ↘ Completion of construction of the public car parks in Union Place on a Design, Build, Finance, Operate and Transfer (DBFOT) model
Consolidation of core business	Continued with infrastructure development projects in a limited capacity under challenging economic conditions following the economic crisis of 2022. Our engagement in the Port sector was further strengthened during the year with the securing of substructure and civil work of the West International Container Terminal of the Port of Colombo.

CORPORATE MANAGEMENT

Ties to the company	Power	Interest
The Corporate Management operates under the delegated authority of the Board in managing the day to day activities of the business as per the Board-approved strategies, policies and objectives.	HIGH	HIGH

Methods of Engagement	Frequency
Corporate Management Meetings	Continuous with at least one in every two months
↘ Progress review meetings ↘ Performance review meetings	Monthly
Key Concerns Raised During the Year	**Company Response**
Improving efficiency & productivity	↘ Rationalized core business activities in line with the contraction in the industry ↘ Strengthened cost and project management functions
Securing of projects	↘ Vigilant & pro-active business development efforts ↘ Secured new construction projects in booming sectors of the economy such as port operations

INVESTORS AND SHAREHOLDERS

Ties to the company	Power	Interest
Investors play a key role in funding future projects. Investors of mega infrastructure projects expect a reasonable return on their investment in the long term and expect the Company to honour their contractual obligations. Shareholders provide equity capital and approve / reject company strategic decisions while expecting a reasonable return on their investment. They also expect us to provide periodic updates about the development of our Company, our key financial figures and our long term business strategy/direction. As the custodians of their wealth the shareholders expect us to build a growing and sustainable business while being a good corporate citizen. The long term strategy of AEL is to increase its market value to shareholders.	HIGH	HIGH

Methods of Engagement	Frequency
↘ Periodic meetings to ascertain / review project progress ↘ Business promotion meetings	As and when required
Annual Integrated Report and the Annual General Meeting (AGM)	Annual
Interim Financial Statements	Quarterly
Extraordinary General Meetings (EGM)	As & when required
↘ Company website and dedicated investor relations email ↘ Newspaper articles and other publications ↘ Road shows and Investor Forums ↘ CSE Disclosures and Announcements ↘ Research reports of the stock broking community ↘ Telephone communication ↘ E-mail and other written correspondence	Continuous
Key Concerns Raised During the Year	**Company Response**
Providing up-to-date information about the affairs of the company	↘ Published press releases featuring key projects ↘ Published the Annual Integrated Report ↘ Release of Interim Financial Statements on a quarterly basis ↘ Frequent release of research reports about the company via stock brokers ↘ Held one to one meetings with institutional investors, stock broker firms, research companies, etc..

STAKEHOLDER ENGAGEMENT

BANKS AND PROSPECTIVE LENDERS

Ties to the company	Power	Interest
Banks and prospective lenders provide support in the following areas; ↘ Financing infrastructure development projects of the country ↘ Processing day to day monetary transactions of the Company ↘ Providing funding arrangements to enable effective working capital management ↘ Providing investment opportunities through accepting deposits	LOW	HIGH

Methods of Engagement	Frequency
↘ Timely settlement of dues ↘ Providing periodic financial information	Continuous
Responding to lenders' queries	As & when required
Key Concerns Raised During the Year	**Company Response**
Mitigating the negative effects of high interest regime and the need for effective treasury management	Restructured the loan portfolio with banks and lending institutions

EMPLOYEES

Ties to the company	Power	Interest
The industry we operate-in is highly labour intensive. Thus to remain competitive in the market we need to have the best talent pool & human capital in the industry. In return for their commitment the employees expect us to provide them with a fair remuneration, safe working environment, equal opportunities, individual career growth, opportunities for training & development, reward their performance and to promote work-life balance.	HIGH	HIGH

Methods of Engagement	Frequency
↘ Management-employee meetings ↘ 'Open-door' policy ↘ Exit interviews	Continuous
↘ Newsletter blog ↘ 'News Within' quarterly newsletter	Quarterly
Key Concerns Raised During the Year	**Company Response**
Ensuring job security	↘ Facilitated transfers within group companies engaged in complementary businesses, where possible ↘ Retained all possible team members, having them engaged in all available work

GOVERNMENT AND REGULATORY BODIES

Ties to the company	Power	Interest
Maintaining cordial relationships with GoSL is very important to the company since most infrastructure projects are initiated by the government. The client and the project proponent of the majority of our projects is a government institution. Thus building confidence is paramount to business operations & our continuity. The Government expects us to create direct and indirect employment opportunities, engage in investment opportunities and drive economic growth while complying with all their laws and regulations. We act as a source of revenue to the government by paying direct taxes and channeling indirect taxes. The Government also expects us to actively participate in uplifting industry standards. Regulatory bodies and authorities play a vital role in approving & reviewing completed, on-going & future infrastructure development projects. They also expect us to fully comply with all their rules and regulations.	HIGH	LOW

Methods of Engagement	Frequency
↘ Public Private Partnership (PPP) projects ↘ Design, Build, Finance, Own, Operate & Transfer (DBFOOT) projects ↘ Timely feedback through submission of reports, tax returns, updates, etc ↘ Ensuring compliance ↘ Participation at various forums, meetings, discussions organised by the government and regulatory authorities ↘ Continuous membership in industry associations	Continuous

Key Concerns Raised During the Year	Company Response
Need to jointly execute projects as investment partners	Completed the Company's first DBFOOT project to build public car parks at Union Place
Need to comply with all government regulatory requirements and payment of dues such as taxes, rates, etc..	Complied with all applicable rules & regulations of the government with timely payment of all dues

INDUSTRY PEERS AND COMPETITORS

Ties to the company	Power	Interest
Fostering and engaging in fair competition while promoting ethical business practices is vital for the development of the industry. The peers expect us to actively promote and uplift the standard of the industry as a whole through our active participation in various industry initiatives. In situations where joint execution of projects with industry participants is necessary, they expect us to honour contractual obligations and joint venture agreements while displaying a satisfactory level of performance.	LOW	LOW

Methods of Engagement	Frequency
↘ Membership in industry associations ↘ Joint execution of infrastructure projects with peers ↘ Industry advancement workshops and discussion forums	Continuous

Key Concerns Raised During the Year	Company Response
Need to jointly execute mega-scale infrastructure development projects	Carried out flyover steel fabrication work for the first time in Sri Lanka in joint partnership with a local contractor

STAKEHOLDER ENGAGEMENT

CLIENTS AND CUSTOMERS

Ties to the company	Power	Interest
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. Hence client interaction is one of the most important factors of our success. We also carry out a substantial amount of engineering projects and services at the client's premises and need customers to continually subscribe to our engineering products & services in order to generate business.	HIGH	HIGH

Methods of Engagement	Frequency
Publication of the Annual Integrated Report	Annual
↘ Proactive business development ↘ Progress review meetings ↘ Updated website ↘ Relationship Managers for each major customer ↘ Regular correspondence during defect liability/notification period (DLP)	Continuous

Key Concerns Raised During the Year	Company Response
Delivery of projects at a lesser cost	Provided solutions that are less costly & speedy such as the diaphragm wall, prefabricated structures, post –tensioning, HDD, micro trenching, etc.. depending on the availability of work
Need for high quality construction	Executed projects with the least number of defects

SUPPLIERS AND SUBCONTRACTORS

Ties to the company	Power	Interest
The construction industry is heavily dependent on raw material and, therefore, suppliers play a key role in the achievement of business objectives and timely completion of projects. While enabling us to deliver innovative value engineering solutions to various clients they also help us to make our processes more efficient. We also need subcontractors who are capable of carrying out work in an uninterrupted manner, 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. In carrying out our projects and services they expect us to build progressive long-term relationships while honoring all contractual obligations.	HIGH	HIGH

Methods of Engagement	Frequency
↘ Subcontractor / supplier evaluation ↘ Regular progress review meetings ↘ Company website ↘ Contract negotiation and communication ↘ Procurement Committee meetings ↘ Sub – contractor meetings ↘ "Green Tape" e-procurement platform	Continuous

Key Concerns Raised During the Year	Company Response
Timely settlement of dues	Settled all dues on time with zero fines or penalties for delayed payments
Need to further improve transparency and efficiency in procurement	Carried out all procurement activities through the Central Procurement Department (CPD)

BUSINESS PARTNERS

Ties to the company	Power	Interest
For us to be a leader in knowledge-based value engineering, we need to liaise with companies specialising in particular areas enabling a valuable knowledge transfer process. They also collectively expect us to safeguard their interests, honoring their obligations on time while building progressive sustainable relationships. As a Sri Lankan business enterprise having executed a vast number of infrastructure development projects in joint partnerships, business partners are a key stakeholder for AEL.	HIGH	HIGH

Methods of Engagement	Frequency
↘ Regular visits to / from business partners ↘ Company website ↘ Regular written communication and periodic meetings for ongoing projects ↘ Relationship Managers for each major customer	Continuous
Key Concerns Raised During the Year	**Company Response**
Need to maintain sound business relationships	Carried out projects in partnership with foreign principles
Need to further enhance business partnerships beyond Sri Lanka	Completed the T – mall flyover in Kenya with one of our long-standing business partners; Centunion SA of Spain

SOCIETY

Ties to the company	Power	Interest
The end user of almost all our products, i.e. construction projects, is the general public. Hence they expect us to build infrastructure and provide services that are of high quality and safe to use while being sustainable economically, socially and environmentally. Being a responsible corporate citizen adhering to social norms and culture and maintaining a positive public image is very important to succeed in this industry. The general public also expects us to create direct and indirect employment generation.	LOW	LOW

Methods of Engagement	Frequency
↘ Company website ↘ Regular media and other communications with public ↘ Participating in and sponsoring trade exhibitions ↘ Consultation of local communities in project planning and execution	Continuous
Publication of the Annual Integrated Report	Annual
Key Concerns Raised During the Year	**Company Response**
Enhancing the knowledge base of the industry	↘ Offered internships for university students ↘ Continued the Innovation Hub named "Idea Nest" to provide the younger generation with an opportunity to innovate ↘ Completed phase I of 'introducing fiber optic monitoring technology to Sri Lanka' in partnership with the University of Moratuwa supported by the University of Cambridge and Oxford ↘ Introduced innovative solutions to the industry during the year

MATERIALITY

GRI 3-1

Material Issues are the 'areas of concern' that could potentially affect our commercial viability and/ or impact our social relevance, and as such calls for a proactive response on our part to manage these specific issues. We follow a 4-step process to understand what issues are deemed Material in the context of our business and stakeholders.

Materiality Determination Process

Investigate

Identify all matters that have the potential to impact the Groups' ability to create value for stakeholders. The process of identifying potential Material Issues involves an in-depth analysis of both internal (Board meetings, Board Committee meetings, Corporate Management meetings, Annual Key Staff Forum, Results of engagement with employees, Results of internal audits and management system audits carried out, Key focus areas of Company policies, values, ethics, Group Code of Conduct, and the risk management process) and external factors (Political, Economic, Social, Technological developments in the local and global space along with external best practices such as that outlined under the Global Reporting Initiative Standards for Sustainability Reporting).

Rank

Identified issues are ranked based on their impact on the business as against their importance to stakeholders. For this purpose, topics are mapped on the Materiality Matrix and ranked in order of priority as "High", "Moderate" or "Low". The ultimate responsibility of prioritising material matters lies with the management team and the Board of Directors.

Integrate

Material Issues that have been identified and prioritised are then integrated into corporate strategy and business plans to enable the Group to generate sustainable value over the short, medium and long term

Assess

Material Issues are assessed on an ongoing basis to ensure that strategic focus areas remain relevant, both from a business perspective as well as from the stakeholders point of view

SIGNIFICANCE TO STAKEHOLDER	LOW	MODERATE	HIGH
HIGH			201, 203, 204, 302, 303, 304, 305, 401, 403, 404, 405, 406, 413, 419
MODERATE		206, 301, 307, 414	205
LOW	306, 308, 407, 408, 409, 410, 411, 412, 415, 417, 418	402	
	SIGNIFICANCE TO AEL		

In this way we consider the Materiality determination process to be a business tool that facilitates integrated thinking and is therefore critical to achieving the Group's strategic objectives and meeting stakeholders' expectations.

GRI 3-2, 3-3

Material Economic Issues

Economic Performance	
Context and reason for Materiality	Economic viability is the foundation of long term sustainability and a fundamental driver of stakeholder value creation
Stakeholders Impacted	Shareholders, Investors
Management Approach	We strive for organic growth by diversifying into new complementary business verticals to achieve backward and forward integration in order to strengthen overall value proposition and differentiate our offerings from that of peers. We also pursue inorganic growth through acquisitions and mergers, and entering into new ventures. While pursuing growth, we ensure adequate resources are available to maintain dividend disbursement at a satisfactory level, thus ensuring our shareholders receive a consistent return on their investment. As a part of our commitment, we follow transparent reporting of our financials in accordance with local statutory disclosure requirements, accounting principles and auditing standards. As a publicly quoted Company, we are also governed by the rules and regulations of the Colombo Stock Exchange and need to adhere to the best practices of corporate governance. Beyond this, we have voluntarily adopted global reporting best practices such as the Global Reporting Initiative (GRI), the Integrated Reporting (IR) Principles of the International Integrated Reporting Council and the Sustainable Development Goals (SDG's). The Annual Audited Financial Statements and the Interim Unaudited Financial Statements serve as the main source for communicating our financial performance to the public. We have a comprehensive framework of policies and procedures that serve as a guide to communicate internal control procedures and standard operating procedures that govern all financial matters. The annual financial audit and the annual assurance engagement are our primary methods of formally validating our financial and non-financial performance while the routine audits are carried out by the Internal Audit Department assessing the efficacy of our internal controls and financial reporting systems. **Further Reading: Financial Capital**
Relevance to GRI	↘ Economic Performance (201)

Procurement practices and customer health and safety	
Context and reason for Materiality	Reliable and dependable suppliers and subcontractors support the continuity of business and contribute towards the achievement of corporate aspirations
Stakeholders Impacted	Suppliers, Customers
Management Approach	To ensure we tie up with the right partners, all suppliers are evaluated through a stringent screening process. As part of our overall approach, we strive to utilise as many local suppliers as possible. Routine supplier audits are conducted to verify supplier alignment with the Company's frameworks. We also consider the health and safety of the general public to be of paramount importance. We conduct all our operations and build our infrastructure in accordance with all mandatory health and safety guidelines applicable to our various businesses. A programme of safety audits provide assurance regarding the efficacy of existing safety systems, while the quarterly risk assessment and hazard identification process helps to determine potential safety gaps that warrant corrective action. **Further Reading: Social and Relationship Capital**
Relevance to GRI	↘ Procurement Practices (204) ↘ Supplier Social Assessment (414) ↘ Supplier Environmental Assessment (308) ↘ Customer Health and Safety (416) ↘ Marketing and Labelling (417) ↘ Customer Privacy (418)

MATERIALITY

GRI 3-2, 3-3, 206-1

Anti-corruption and anti-competitive behaviour	
Context and reason for Materiality	Good business conduct is critical to maintaining our reputation as the leading construction company in Sri Lanka
Stakeholders Impacted	All Stakeholders
Management Approach	Ethics and integrity are two of the core values that represent the Access Engineering brand. This is why we take every possible measure to prevent corruption from occurring. The anti – corruption programs in place are properly reviewed to ensure its adequacy and appropriate changes where necessary are made. We educate our employees and evaluate our Company through annual financial reports, audits, and other control measures. Moreover, we remain cognisant of how anti-competitive behaviour can impact the industry as a whole and have always maintained cordial relationships with our competitors, reflective of our wish to maintain professionalism in our dealing with the external world. During 2022/23 there were no legal actions for anti-competitive behaviour, antitrust and monopoly practices. **Further Reading: Intellectual Capital**
Relevance to GRI	↘ Anti-Corruption (205) ↘ Anti-Competitive Behaviour (206) ↘ Security Practices (410) ↘ Public Policy (415)

Material Social Issues

Labour management relations, occupational health and safety, market presence, and non-discrimination	
Context and reason for Materiality	Construction is essentially a labour intensive business that requires a committed and passionate workforce
Stakeholders Impacted	Employees
Management Approach	We offer a solid employee value proposition that promises opportunities for both personal and professional growth. We incentivize our employees by offering monetary and non-monetary rewards, including performance-based incentives, welfare activities and other benefits. We offer internal and external training programmes to all our employees, regardless of their grade. All employees also have a clear career progression path that is performance driven and based on merit. We have invested in creating a healthy, safe working environment to our employees and conduct an OHSAS audit as well as set specific objectives each year. AEL is reputed in the industry as an equal opportunity employer. We do not discriminate on the grounds of race, religion, gender, class, or disability. Due to the nature of the industry, our workforce is primarily made up of male workers although we make every possible effort to recruit females. As a responsible corporate, we adhere to all local labour laws and regulations. We have prepared an employee handbook which communicates the benefits, rules and regulations, administrative matters and Company policies that are applicable to all employees and by which they are bound. In our recruitments, we give priority to hiring locally since they possess local knowledge. All our Senior Management is hired locally, and we comply with all necessary regulations in remuneration and other benefits. We also conduct annual performance appraisals to monitor and evaluate employees' performance. **Further Reading: Human Capital**
Relevance to GRI	↘ Market Presence (202) ↘ Employment (401) ↘ Labour / Management and Relations (402) ↘ Occupational Health and Safety (403) ↘ Freedom of Association and Collective Bargaining (40) ↘ Child Labour (408) ↘ Forced / Compulsory Labour (409)

GRI 3-2, 3-3

Training and Education	
Context and reason for Materiality	A highly trained, skilled workforce provides a strong competitive advantage within the industry and enhances our ability to meet customer expectations
Stakeholders Impacted	Employees, Customers
Management Approach	In an industry with a dearth of highly skilled labour, Access Engineering PLC recognises the importance of training and development programmes. We offer internal and external programmes to employees, including those in worker categories. We conduct training needs analysis through performance evaluations and recommendations of managers. We formulate a training calendar every year, after which a formal evaluation is conducted by the HR Department to help with gap analysis and provide feedback, which leads to further improvements. **Further Reading: Human Capital**
Relevance to GRI	↘ Training and Education (404)

Diversity and Equal Opportunities	
Context and reason for Materiality	Be the "most preferred employer" in the local construction sector
Stakeholders Impacted	Employees
Management Approach	Access Engineering PLC is an equal opportunity, non-discriminatory employer, and welcomes people from different backgrounds. We do not discriminate on the grounds of race, religion, gender, class, or disability. Though most of our staff is made up of males, we are making a conscious effort to improve the gender parity in the Company by employing females at all levels of operations. Our rewards scheme, promotions, and recruitments are conducted in a highly transparent and non-discriminatory manner. The employee handbook is used to formally communicate information regarding equal opportunities at AEL. **Further Reading: Human Capital**
Relevance to GRI	↘ Diversity and Equal Opportunity (405) ↘ Non-discrimination (406)

Socio-economic compliance and indirect economic impacts	
Context	Build a reputation as a responsible construction company that goes above and beyond to drive socioeconomic development and ensure the wellbeing of communities
Stakeholders Impacted	Community
Management Approach	We recognize that our projects may have a significant impact on the communities that we operate in. We comply with all applicable laws and regulations across all our operations and support local communities by creating direct and indirect economic benefits, including generation of employment, sourcing materials locally, and engaging in community building initiatives. Our sustainability policy and strategy are our primary means of communicating our commitment to the community, while our Annual Report also forms an important part of communicating our work to a wider audience. **Further Reading: Social and Relationship Capital**
Relevance to GRI	↘ Indirect Economic Impacts (203) ↘ Rights of Indigenous People (412) ↘ Local Communities (413)

MATERIALITY

GRI 3-2, 3-3

Material Environmental Issues

Energy	
Context and reason for Materiality	Electricity and fuel consumed for operating our machinery and equipment contribute towards increasing our carbon footprint
Stakeholders Impacted	Nature and the environment
Management Approach	We adopt energy saving practices to minimise our consumption wherever possible, including: ↘ Using renewable energy such as solar power wherever possible ↘ Using and investing in energy efficient construction methodologies, equipment, and the latest technologies ↘ Educating employees on the importance of being energy efficient All energy data is recorded and monitored to determine the effectiveness of our energy management efforts. Further, each business unit is given a target on energy consumption which is monitored by our Management Systems Team. **Further Reading: Natural Capital**
Relevance to GRI	↘ Energy (302)

Water	
Context and reason for Materiality	Our operations have the potential to pollute water and water resources
Stakeholders Impacted	Environment and Ecosystems
Management Approach	We have implemented various strategies to minimise and save water usage where possible. These practices include but are not limited to: ↘ Use of innovative construction techniques that consume less water ↘ Budgeting water consumption for each activity/project ↘ Reusing and recycling water wherever possible such as in our workshop ↘ Educating employees on the importance of saving water All water data is recorded and monitored to determine the effectiveness of our water management efforts. Further, each business unit is given a target on water consumption which is monitored by our Management Systems Team. **Further Reading: Natural Capital**
Relevance to GRI	↘ Water (303) ↘ Effluents and Waste (306) ↘ Environmental Compliance (307)

GRI 3-2, 3-3

Emissions, Environment, and Biodiversity	
Context and reason for Materiality	Our operations have the potential to cause environmental damage
Stakeholders Impacted	Environment and Ecosystems
Management Approach	Our sustainable construction practices over the years have led to a minimal negative impact on the environment. The first step of any project is to carry out an Environmental Impact Assessment (EIA) by relevant authorities. Our environmental performance is also monitored through the Environmental Management System (EMS), which is also externally verified. Annual emission targets are set at the beginning of each financial year and we strictly monitor environmental performance through regular EMS audits. We also conduct employee awareness programmes and have implemented tree planting programmes to offset the impact of our emissions. The importance of preserving biodiversity is communicated across the Company through the environment policy, environmental laws and regulations and the requirements of the EMS. EMS audits and site visits by our Management Systems Team help to identify impacts on biodiversity. These are periodically reported to the client at project progress review meetings. **Further Reading: Natural Capital**
Relevance to GRI	↘ Materials (301) ↘ Emissions (305)

STRATEGIC DIRECTION

GRI 2-22

For the past two decades, our strategy has played an anchoring role in fuelling business growth while strengthening operational resilience over time. Given the highly fluid macroeconomic environment that we have witnessed in the recent past, we are committed to ensure our strategy continues to evolve.

Over the years we have progressively widened our principle approach to strategy formulation, wherein we consider not just our primary risks, but cast wider net to understand emerging and frontier risks that could potentially impact our performance and prospects. Findings from our SWOT and PEST analysis have also proven to be vital for identifying potential growth opportunities and supporting our efforts to reshape and realign our business verticals to help them preserve their competitive edge and grow sustainably over the medium to long term.

Construction and Construction Related Material

The Construction and Construction Related Material vertical represents the core business of the Access Engineering Group. The segment remains the main contributor to Group performance, contributing 83.86% towards consolidated Group Turnover.

In the year under review, the Construction and Construction Material segment came under extreme pressure. The economic crisis erupted in 2022 thrust the local construction sector into a tailspin that led to its worst-ever contraction, which affected all industry stakeholders, including Access Engineering PLC. However, with the conclusion of the EFF by the IMF in the early part of 2023, confidence of the lending agencies will likely be restored to some extent in due course, thus paving the way for the recommencement of multi – lateral and bi – lateral funded construction projects that were temporarily disrupted in the immediate aftermath of the economic crisis.

In the meantime it is not likely that international funding agencies will be inclined to invest in any new construction projects until greater macroeconomic stability is reached and all key indicators such as the interest rates, exchange rates and inflation, are brought under control. On the other hand, it is encouraging to see the interest shown by private multinational organisations such as the Adani Group based in India and China Merchants Group to invest in Sri Lanka's developing port, warehousing, logistics and renewable energy infrastructure. These investments present solid opportunities to grow AEL's construction project pipeline.

AEL's construction material segment too will have opportunities for growth amidst the broad based resumption of construction activities in the coming months. Going forward, the Construction and Construction Material vertical will look to consolidate its core strengths in the production and supply of concrete and asphalt, while pursuing business expansion and diversification strategies on a prudent basis.

Strategic Priorities - Construction and Construction Related Material	
Short Term	↘ Recommence all temporarily disrupted projects after negotiation with the implementing agencies ↘ Rationalise business units for better management of resources and to reduce overheads ↘ Retain our core staff including the technical personnel who will be the backbone of our operations
Medium Term	↘ Selective expansion of the project pipeline ↘ Optimise resource allocation within the Group in order to reduce overall cost burden
Long Term	↘ Engage in business sectors which yet have growth potential, in partnership with multinational businesses and our international partners and engage our local resources where possible ↘ Invest in improving scalability only in areas where there are opportunities for growth and sustainability

Real Estate and Property Development

Real Estate and Property Development comprises a portfolio of rentable spaces, including A-grade commercial office buildings as well as state-of-the-art logistics and warehousing footprint. Also included in the Real Estate and Property Development is the Group's flagship residential condominium projects.

Bolstered by high occupancy at all commercial and warehousing properties, including at the integrated logistics facility at Kimbulapitiya, the segment delivered a strong performance in the current financial year to increase its share of the consolidated Group Turnover. In the year under review, Real Estate and Property Development accounted for 6.79% in the year under review, a sizable improvement from 1.95% in the previous year.

The main objective for the Real Estate and Property Development segment would be to capitalise on opportunities to build on the success achieved in the current financial year.

Strategic Priorities - Real Estate and Property Development	
Short Term	↘ Implement solutions to upgrade the facilities offered at Access Tower I & II on par with global standards for premium A-grade office spaces ↘ Expedite construction work on Marina Square- Uptown Colombo targeting to complete the super – structure in 23/24
Medium Term	↘ Leverage the state-of-the-art logistics facilities to drive customer acquisition across the wider Asian region
Long Term	↘ Invest in lucrative logistics and warehousing projects on PPP and BOT basis

Automobile

The Automobile vertical remained under stress owing to the longstanding vehicle import restrictions that have been in force since the onset of the pandemic in 2020. Since then, the segment has relied entirely on the sale of spare parts and the workshop operation. This too came under threat in the current financial year amidst tighter import restrictions enforced by the government on the back of the economic crisis. Fuel shortages and frequent power outages in the first six months of the financial year also affected the continuity of operations at the workshops during this period.

With no clear indication regarding the government's stance on revoking / extending vehicle import restrictions, the long-term prospects of the Automobile sector remain uncertain. However, short to medium term prospects of the segment will continue to hinge on the sale of spare parts and the service workshop operation.

Strategic Priorities - Automobile	
Short Term	↘ Embedding lean management principles to drive optimal use of existing resources
Medium Term	↘ Expand after sales service including the spare part sales and workshop operations

OUR VALUE CREATION MODEL

KEY INPUTS

Financial Capital

- Base of 9,966 equity shareholders
- LKR 24.5 Bn. equity employed
- LKR 13.5 Bn. obtained from banks and financial institutions
- LKR 13.8 Bn. generated from operations

Manufactured Capital

- LKR 58 Mn. invested in heavy machinery and equipment by AEL
- LKR 211 Mn. invested in production plants by AEL

Intellectual Capital

- Ranked 8th among the top 100 listed companies for transparency in corporate reporting
- The AEL Brand

Human Capital

- 12 internal and external training programmes conducted
- Total staff and labourers 1,094
- AEL organisational culture

Social and Relationship Capital

- Network of 1,444 suppliers
- 'Green Tape' e-procurement system

Natural Capital

- Energy consumption 114,118,521.20 Joules
- Water consumed 3,868,443 Units

KEY INPUTS

Investors and Shareholders

- Financial growth and stability
- Shareholder wealth maximisation
- Improved creditworthiness and rating
- Better retention and attraction of shareholders

Suppliers and Business Partners

- Long-term relationships with suppliers and business partners
- Strategic alliances that strengthen AEL's position within the industry
- Suppliers and partners who follow AEL's values and code of conduct

Clients

- LKR 23 Mn. invested to upgrade integrated information and planning systems
- The AEL Brand

Employees

- Employee engagement and satisfaction
- Safe working environment
- A workforce committed to achieve sustainable growth
- A culture of learning and knowledge to provide value engineering

Society, Local Community and Government

- Infrastructure development driving local economic growth
- Development of the local community
- A corporate citizen committed to sustainable development
- An exemplary culture of compliance
- Public Private Partnerships leading to projects of National importance

Environment

- Mitigating the negative impact of our business on the environment
- Responsible and efficient, energy and natural resource management
- Responsible practices in waste management
- Sustainable and green development

OUTCOMES

OUR VALUE CREATION PROCESS

VISION AND MISSION

SUSTAINABLE STRATEGY

MECHANICAL ENGINEERING
- Commissioning
- Repair services
- Maintenance services

PROPERTY
- Office and commercial space leasing
- Real Estate services

AUTOMOBILE
- Sale of new vehicles
- Sale of spare parts
- Workshop services

Light commercial vehicles

Luxury passenger vehicles

CONSTRUCTION

Engineering Projects
- Roads and highways
- Building and piling
- Water and waste water
- Power infrastructure
- Bridges and flyovers

Other
- Telecommunication
- Engineering designs
- Fabrication
- Repair and maintenance of construction equipment & machinery

CONSTRUCTION RELATED MATERIALS
- Asphalt production
- Concrete production
- Quarry operations
- Crusher operations
- Autoclaved aerated concrete block production

CORPORATE GOVERNANCE

ENTERPRISE RISK MANAGEMENT

VALUE OUT

VALUE SHARED

Financial Capital
- Profit after tax of LKR 1.4 Bn.
- LKR 3.9 Bn. interest paid to financial institutions

Manufactured Capital
- Development of much-needed public infrastructure to fuel economic growth

Intellectual Capital
- One of Sri Lanka's highest CIDA accredited EPC contractors

Human Capital
- Zero fatalities
- LTIFR ratio of 2.80

Social and Relationship Capital
- LKR 1.6 Bn. spent on local suppliers

Natural Capital
- Energy and fuel saving initiatives

OUTPUT

OUR BUSINESS PORTFOLIO

Construction

Engineering Projects

Water and Wastewater

Buildings

Roads and Highways

Bridges and Flyovers

Piling

Engineering Services

Telecommunication

Fabrication

Engineering Designs

Repair and Maintenance of Construction Equipment & Machinery

Construction Related Material

Asphalt Production

Concrete Production

Quarry Operations

Crusher Operations

Autoclaved Aerated Concrete (AAC) Block Production

Manufactured Sand (M – Sand) Production

Pre-cast Production

Property

Office and Commercial Space Leasing	Condominium Mix Development	Warehousing & Logistics

Automobile

New Vehicle Sales	Sale of Spare Parts	Workshop Operations

Light Commercial Vehicles

Luxury Passenger Vehicles

Mechanical Engineering

Commission of Port Machinery	Repair of Port Machinery	Maintenance of Port Machinery

SPREAD OF OPERATIONS IN SRI LANKA DURING 2022/23

(Excluding Production Plants)

District	Project List
Anuradhapura	Anuradhapura North Water Supply Project – Phase I
Batticaloa	Dialog Optical Fibre Backbone Network Project
Colombo	↘ Corporate Office – Colombo 2 ↘ Design Unit – Colombo 2 ↘ Central Equipment Division – Kaduwela ↘ Scaffolding Unit – Ranala ↘ Fabrication Unit – Ranala ↘ Telecommunication Services Unit – Nugegoda ↘ Design and construction of Kohuwela flyover ↘ Design and construction of Baladaksha Mawatha flyover ↘ Design, construction and financing of Housing Project at 601 Watta, Cyril C Perera Mawatha, Bloemendhal ↘ Design and Construction of 1,000 Housing Units at Stadiumgama ↘ Design, Construction and Financing of Housing Project at Elliot Place – Borella ↘ Construction of Diaphragm Wall for Proposed Star Class Hotel at 594, Galle Road, Colombo 04 ↘ Construction of East Container Terminal ↘ Construction of Marina Square Uptown Colombo ↘ Design, Construction and Financing of 432 Affordable Housing Units at Orugodawatta – Phase 02 ↘ Piling Works of 300 Housing Units at Obeysekerapura ↘ Piling works of the National Transmission and Distribution Network Development and Efficiency Improvement Project at Ratmalana ↘ Dialog Optical Fibre Backbone Network Project ↘ SLT New Subscriber Connection Project
Galle	↘ Dialog Optical Fibre Backbone Network Project ↘ SLT New Subscriber Connection Project
Gampaha	↘ Widening and Improvement of the Colombo-Kandy Road Section from Nittambuwa to Pasyala ↘ Piling and Earth Works for the New Terminal Building and Viaduct at Bandaranaike International Airport ↘ I – Roads project ↘ Piling Work for Proposed Container Freight Station at Kerawalapitiya ↘ Construction of the Export Green Field Logistics and Warehousing Facility at Ekala (EGF2) ↘ Piling works of the proposed 350 MW LNG Combined Cycle Power Plant at Kerawalapitiya ↘ Dialog Optical Fibre Backbone Network Project

District	Project List
Hambanthota	↘ Dialog Optical Fibre Backbone Network Project ↘ SLT New Subscriber Connection Project
Jaffna	Dialog Optical Fibre Backbone Network Project
Kandy	↘ Design and construction of Getambe flyover ↘ Dialog Optical Fibre Backbone Network Project
Kalutara	Piling works of District Hospital at Beruwala
Kegalle	Dialog Optical Fibre Backbone Network Project
Kurunegala	Central Expressway Project Section 3 (from Pothuhera to Galagedara) - Construction of Package 1M
Mannar	Piling work for proposed 15MW wind power project at Nanatta
Matara	↘ Dialog Optical Fibre Backbone Network Project ↘ SLT New Subscriber Connection Project
Matale	Dialog Optical Fibre Backbone Network Project
Puttalam	Dialog Optical Fibre Backbone Network Project
Ratnapura	↘ Dialog Optical Fibre Backbone Network Project ↘ SLT New Subscriber Connection Project
Vavuniya	Dialog Optical Fibre Backbone Network Project

KEY PROJECTS

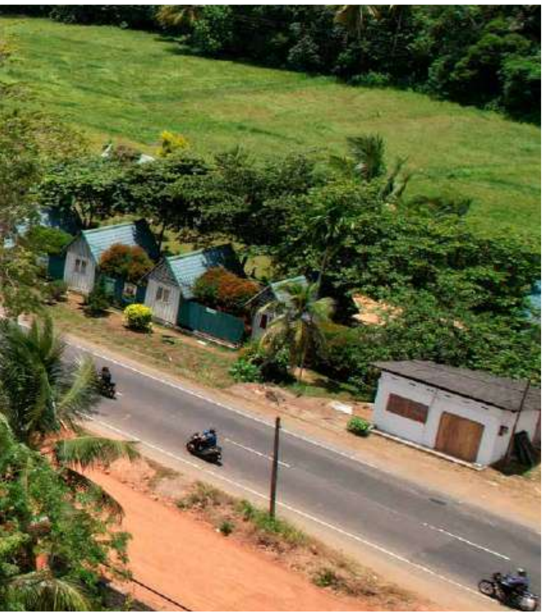
GRI 203-1, 203-2

Construction ▶ Roads and Highways

8.42%
Contribution to Company Turnover

1.48 Bn
Worth of Projects Executed

Significant Projects ▶



Nittambuwa – Pasyala Road Project

Overview

A project by the Road Development Authority (RDA), the Nittambuwa - Pasyala Road Project is a part of the National Road Rehabilitation Plan, aimed at rehabilitating and improving the stretch of road between Kadawatha to Nittambuwa on the existing Colombo-Kandy main Road.

Access Engineering was awarded the contract following the successful completion of the previous project under the same initiative. The scope of this new project involves the expansion of a section of the Nittambuwa – Pasyala main road to a four-lane standard carriageway. Given that the width of a single lane would be 3.5m, the work requires extensive land acquisition, reorganising utilities and widening of the road with hard and soft shoulders, along with improvements to existing cross drainage structures, construction of elevated foot-walks and appropriate centre median/islands. Improvements to the town centre at the Pasyala junction are also part of the overall project scope.

Project Status FY 2022/23

Construction work of the project was slowed down due to the availability of limited funds with work earmarked to resume in full scale in 2023/24.

Central Expressway Project Section 3

Overview

The proposed 4-lane link Expressway branching from the Central Expressway will start from Pothuhera and pass through Rambukkana and Naranwala before ending in Galagedara thereby providing easy access to the Kandy District from Colombo.

The section assigned to Access Engineering PLC involves clearing the trace of the road including rock blasting, followed by soil excavation, embankment filling and rock fillings for soft ground treatments before the construction of the expressway. The project scope also includes designing of structures including the Viaduct and the Overpass. The 120m long Viaduct will have four 30m spans with each span consisting of 10 beams, while the 20m Overpass will include two spans with 5 beams per span. The scope of work also includes the construction of basements, piling works for the structure and drainage work.

Project Status FY 2022/23

Work on the project commenced in the current financial year with the closure of adjacent roads to facilitate rock blasting to remove approximately 300,000 Cubic metres of rock. In parallel, an independent third party specialist registered with the GSMB and CEA was hired to monitor social and environmental impacts such as noise, vibration, dust and ground disturbance on a daily basis. In addition, a comprehensive pre-construction Crack Survey was carried out to analyse likely future damage to structures within a 500m radius from the blast sites.

KEY PROJECTS

Construction Bridges and Flyovers

7.6%
Contribution to Company Turnover

1.33 Bn
Worth of Projects Executed

Significant Projects

Flyover Connecting Baladaksha Mawatha and Chittampalam A Gardiner Mawatha

Overview

Slave Island located in the southern part of Colombo City Is one of the busiest commercial hubs in Sri Lanka. The road network in the area which offers connectivity to Fort / Pettah and Galle Face continues to be highly congested during peak hours. Also adding to the congestion in Slave Island is the recent surge of real-estate and mixed development projects in the area, all in close proximity to each other. Further, the Coastal Line, one of the major railway lines in Sri Lanka Railways, also runs through Slave Island with two level crossings - one on Justice Akbar Mawatha (nearby Slave Island Railway station) and the other on Uttarananda Mawatha. With both these being some of the most frequently plied railway crossings in the country, the average number of gate closures exceeds 100 per day, resulting in an estimated loss time of more than 3 hours per day .

The Slave Island Flyover Project was initiated by the Road Development Authority (RDA) as part of its ongoing efforts to reduce traffic bottlenecks in the greater Colombo area. The proposed Slave Island flyover which comprises a 343 m long steel flyover consisting of two 3.5 m wide lane carriageways for one-way traffic and two 2.0 m wide pedestrian walkways, will help alleviate many of the aforementioned problems. The flyover will be built on pile foundations with a six span steel superstructure.

Access Engineering PLC was awarded the tender for the construction of this flyover over the railway track and Beira Lake in Slave Island by connecting Baladaksha Mawatha and the Chittampalam A Gardiner Mawatha. To handle the superstructure design and for technical advice for the project, Access Engineering joined hands with the Spanish Engineering Company - Centunion S.A.

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Project Status FY 2022/23

As at the end of the current financial year approximately 73% of the overall project was completed. Within the substructure, 4 piers out of 5, one of 2 abutments, the Baladaksha Mawatha retaining wall and the flyover approach encompassing part of junction development were completed, to allow for vehicular movement.

For the first time in a local flyover project, the steel superstructure fabrication was done in partnership with a local contractor – Dockyard General Engineering Services (Pvt.) Ltd, a company with a proven record in the end-to-end fabrication of large-scale structures. The fabrication process saw a number of new innovative technologies being used including semi robotic welding, automatic beam retrofitting and Computer Numerical Control (CNC) drilling techniques. While the progress of the superstructure slowed down owing to delays in land acquisition, fabrication was 100% completed by end 2022 enabling erection up to pier 4 to be completed by end March 2023.

KEY PROJECTS

Construction ▶ Bridges and Flyovers

Kohuwala Flyover

Overview

The Kohuwala junction is a major intersection that offers connectivity between Colombo City and Colombo North and South subdivisions, making it one of the busiest and most congested intersections in the greater Colombo area with high volumes of vehicular traffic passing through on a daily basis.

The Kohuwala Flyover Project was initiated by the Road Development Authority (RDA) under the direction of the Ministry of Highways, as part of its ongoing efforts to reduce traffic bottlenecks in the greater Colombo area. The proposed 297 metre long flyover will consist of a two lane carriageway built parallel to the existing Colombo – Horana (B84) Road with a minimum 5.2m vertical clearance to facilitate, traffic flow underneath the flyover. The structure will be facilitated with a service lane on either side of the flyover.

The Kohuwala Flyover is funded by the Government of Hungary with the design and supply of the superstructure entrusted to Betonútépítő Group of Hungary - the main contractor for the project.

Access Engineering PLC was awarded the sub-contract to construct the Kohuwala flyover including the assembling and installing of the prefabricated steel superstructure supplied by the main contractor in Hungary. In addition Access Engineering is responsible for the design and construction of substructures as well as the designing and construction of adjacent roads.

Project Status FY 2022/23

The economic crisis in Sri Lanka in 2022 affected the progress of the project and construction work was slowed down. However, we carried out substructure work and super structure erection work of the flyover during the financial year utilising material available with us. By the end of the financial year 55% of the total project was completed.

KEY PROJECTS

Construction ▶ Bridges and Flyovers

Gatambe Flyover

Overview

The Gatambe junction, located between Peradeniya and Kandy and Old Peradeniya Kandy Road (A1) and the New Peradeniya Kandy Road (AB42 - William Gopallawa Mawatha), is one of the busiest intersections in the Central Province. Insufficient road capacity and poor mobility management efforts over the years have led to increased traffic congestion around the Gatambe junction. Adding to the congestion is the railway crossing on William Gopallawa Mawatha located just after the Gatembe junction towards Kandy City. Inefficient control and safety systems at this level crossing have become a major issue that puts pedestrians and vehicle users at serious risk of accidents.

As a solution to ease off the traffic congestion at the Gatambe Junction, the Road Development Authority has proposed to erect a flyover. The proposed flyover will consist of two parts - the main flyover along the AB42 road and a branch flyover from AB42 road to A1 road towards Peradeniya. The 429 m long main flyover with a minimum vertical clearance of 6.5 m over the railway and 5.2 m over the road, will comprise a two lane carriageway. The branch flyover covering 245 m long stretch of road will comprise a single lane carriageway.

The project is funded by the Government of Hungary with the design and supply of the superstructure entrusted to Betonútépítő Group of Hungary - the main contractor for the project.

Access Engineering PLC was awarded the sub-contract to construct the main flyover as well as the branch flyover at Gatambe junction. As per the project scope, Access engineering PLC is required to assemble and install the prefabricated steel superstructure supplied by the main contractor in Hungary. In addition Access Engineering is responsible for the design and construction of substructures as well as the designing and construction of adjacent roads, including necessary improvements to the junction and service roads to facilitate turning movements and route traffic along A1 road direction. Also included within the project scope are improvements and landscaping underneath the flyover, the newly formed traffic islands and existing old bridge area.

Project Status FY 2022/23

By the end of the current financial year approximately 19% of the total project was completed with the remaining construction temporarily on hold.

KEY PROJECTS

Construction ▸ Bridges and Flyovers

T – Mall Flyover Project – Kenya

Overview

The T-Mall junction is among the busiest intersections in the whole of Kenya, with a heavy traffic load throughout the day, which worsens at peak times between 6.30 am to 10.00 am and 4.00 pm to 7.30 pm.

The project to construct a flyover at the T-Mall junction was initiated by the Kenya National Highways Authority (KNHA) of the Ministry of Transport Infrastructure, Housing and Urban Development of Kenya. The project involves the construction of a 405.8 meter long flyover and footbridges in 05 locations namely; T – Mall Junction, Uhuru Garden, Barracks, Nayayo and Galariya, all of which are located along the Mombasa and Langata Road, Nairobi. The footbridges are located where the recorded pedestrian fatalities are highest in the city. According to Kenyan media reports, close to 40 pedestrians have been killed in road crossing related accidents with a further 80 persons suffering injuries in January 2022 alone. Upon completion, the five footbridges are expected to largely enhance the safety of pedestrians crossing the road while reducing the travel time of motorists.

In 2020, AEL was awarded the contract to construct Kenya's first-ever steel flyover and 05 footbridges at the T-Mall junction in Nairobi.

The project is a sub-contract from Centunion Española De Coordinacion Tecnica Y Financiera, S.A of Spain with whom Access Engineering has successfully executed several projects in Sri Lanka in the past.

Project Status FY 2022/23

The entire project was successfully completed during the current financial year with all components (i.e. T-Mall Flyover, T-Mall Footbridge, Galleria Footbridge, Nyayo Footbridge, Barracks Footbridge & Uhuru Garden Footbridge) handed over ahead of schedule (by 14th December 2022) resulting in a significant cost saving.

KEY PROJECTS

Construction Building Construction and Piling

36%
Contribution to Company Turnover

6.3 Bn
Worth of Projects Executed

Significant Projects

- Export Green Field Warehouse Facility at Ekala
- Piling for the Proposed 350 MW Combined Cycle Power Plant at Kerawalapitiya II
- Elliot Place Housing Project
- Piling for Proposed Star Class Hotel
- Stadiumgama Housing Project
- Piling for the Proposed Container Freight Station at Kerawalapitiya
- West Container Terminal
- Public Car Park Facility at Union Place

Export Green Field Warehouse Facility at Ekala (EGF2)

Overview

EGF 2 is a 700,000 Sq. Ft. integrated logistics and warehousing facility developed by Access Logistics Park Ekala (Private) Limited, which is a 100% owned subsidiary of Access Engineering PLC. Developed on a Design, Build, Finance, Own, Operate and Transfer (DBFOOT) basis, total investment required for the project was funded by Access Engineering PLC.

Being a fully owned subsidiary, it was required for the construction management and supervision staff of AEL to be fully deployed in the management of construction work. Access Engineering PLC was also entrusted with civil, mechanical, electrical, plumbing work as well as landscaping and commissioning of utilities. A notable achievement was the installation, testing and commissioning of the automatic Fire Detection and Protection System. The fire system infrastructure included the fabrication & installation of two 1500 m^3 fire water tanks, a drain control system with 5 automated radial gates and 3 sluice gates which are connected to the fire alarm system. Given the high fire risk, the fire control system was equipped with 3 drain lines designed to automatically divert the flushed water to an isolated pond within 5 minutes, thus preventing harmful chemicals released from the fire extinguishers contaminating on-site natural water bodies. All mechanical, electrical and plumbing work including the design, installation, testing and commissioning of all electrical systems and power distribution systems, Generators, Medium and Low voltage systems, UPS, Lighting control and the Lightning protection systems, were fully completed during the year.

Project Status FY 2022/23

Having commenced work on the project during the latter part of 2021/22, majority of work was completed during the financial year under review despite innumerable challenges posed by the external environment. The project is currently in the final stages of completion, prior to the commencement of commercial operations during the 2nd quarter of 2023/24.

Piling Works for the Proposed 350 MW Combined Cycle Power Plant at Kerawalapitiya II

Overview

The Kerawalapitiya LNG Combined Cycle Power Plant is a 350MW dual-fuel fired power project. The primary fuel being used to power the plant will be liquefied natural gas. In case of shortage of liquefied natural gas, the plant will run on Fuel, Oil/Diesel. The new power plant will have the potential to generate 13% of the country's current electricity demand, approximately 2000 million electricity units annually.

As the Subcontractor for Piling, Access Engineering was given the task of constructing 250 Cast In-situ Piles of diameters of 600mm & 900mm including the Pile Integrity Tests (PIT), Pile Driving Analyser (PDA) tests and Pile hacking.

Project Status FY 2022/23

The project which commenced on 11th March 2022 was successfully completed on 30th September 2022.

KEY PROJECTS

Construction ◗ Building Construction and Piling

Elliot Place Housing Project

Overview

The Elliot Place Housing Project is an initiative by the Urban Development Authority, to provide affordable housing units in the greater Colombo area. The project comprises two 30 storey (B+G+28) towers, together consisting of 400 housing units. The complex will comprise of both 2-bedroom and 3-bedroom housing units. The 2-bedroom units are designed with a floor area of 850 Sq. Ft, along with two different types of the 3-bedroom units - a smaller floor area of 1,050 Sq. Ft and a larger unit with a floor area of 1,250 Sq. Ft. All units consist of features such as living, dining, kitchen, attached bathrooms, a common toilet, utility room and a balcony.

Both towers will also have dedicated parking structures, car charging points, car washing bays as well as a separate section allocated for drivers' and janitors' quarters.

The complex will also be equipped with common amenities such as a community hall, a gymnasium, a children's play area, a swimming pool, a supermarket, shops and a laundry. In keeping with the latest global trends, the entire complex will be powered by a 40 KVA solar power system and will also have a rainwater harvesting system.

Access Engineering PLC was awarded the tender to design and build the Elliot Place Housing Project as per the above specifications.

Project Status FY 2022/23

Work on the project which was ongoing at the start of the financial year, slowed down due to the economic crisis. However, work is earmarked to resume in full scale in 2023/24.

Piling for Proposed Star Class Hotel

Overview

The BOI approved hotel project, which will consist of 30 stories + 4 basements, is to be constructed and operated by Damro Leisure Private Limited - a subsidiary of the Damro Group.

As the contractor for the project, Access Engineering PLC was tasked with constructing a 276m long Diaphragm wall (D-wall) for the proposed building which is situated at 594, Galle Road, Colombo 04. The contract also involves Hacking up to cut-off level and casting of the Capping beam to increase the rigidity of the foundations and reduce movement.

Project Status FY 2022/23

Phase I of the project which commenced on 23rd January 2023 involved construction of the D-wall. While adhering to the recommended wall depth of approximately 26 m, the innovative Cross Hole Sonic Logging (CSL) technique was introduced to safeguard the structural integrity of the wall. The CSL technique has helped to identify any weak spots prior to excavation in order to facilitate necessary risk mitigating action to safeguard the structural integrity of the wall.

Moreover, fabrication and lifting of the heavy reinforcement cage (24 ~ 28 m) was a major challenge especially given that the site is located in a highly residential and commercial environment with limited space availability. Nonetheless the project made good progress to reach the 20% completion target by end March 2023.

KEY PROJECTS

Construction ▶ Building Construction and Piling

Stadiumgama Housing Project

Overview

The Stadiumgama Housing Project is an initiative spearheaded by the Ministry of Urban Development and Housing to construct 1,000 housing units in Colombo 14 for low income earners and is funded by Asia Infrastructure Investment Bank (AIIB) of China. The 1,000 units will be spread across four blocks, with each block 14-storeys high. Each housing unit will consist of 2 bedrooms, a living room, kitchen, bathroom, and balcony across a floor capacity of 500 Sq. Ft. The complex will also consist of a nursery care unit, a supermarket, 19 shops and 46 parking slots per building.

Access Engineering PLC as the main contractor for the project is required to design and build the entire complex. The project scope includes construction of a ground floor parking area, provision of electricity, water supply, fire protection, elevators and emergency stairs, wastewater and sewer system and stormwater drainage system as well as landscaping and construction of the road networks.

Project Status FY 2022/23

By the end of the financial year, approximately 86% of the overall project was completed.

Piling for the Proposed Container Freight Station at Kerawalapitiya

Overview

The proposed development envisages commissioning a state – of – the – art, 100,000 sq. ft. container freight station in Mabole, Wattala. The proposed warehouse is strategically located in close proximity to the Port of Colombo and the Bandaranaike International Airport and with easy access to the main highways / expressways in the Country.

Designed to cater to a wide range of export consolidation and supply chain management needs of diverse industry verticals, the facility consists of 27 loading docks and 11,000 pallet positions with a storage capacity of 15,000 Cubic Meter (CBM).

Access Engineering secured the contract to construct cast In-situ bored piles consisting of 600mm, 800mm & 1000 mm diameters piles. The contract also consisted of conducting Pile Integrity Tests (PIT), The Pile Driving Analyzer (PDA) tests and Pile hacking.

Project Status FY 2022/23

The project commenced in December 2022 and was successfully completed in March 2023.

KEY PROJECTS

Construction ◗ Building Construction and Piling

West Container Terminal

Overview

The Colombo West International Terminal Pvt. Ltd. is a consortium comprising the Sri Lankan conglomerate - John Keells Holdings PLC; the Sri Lanka Ports Authority and India's largest port operator, Adani Ports and SEZ Ltd. The consortium is set to develop Colombo West International Terminal (CWIT) on a Build, Operate and Transfer (BOT) basis for a period of 35 years.

The development of this terminal will reinforce Colombo Port's position as the primary hub in the region and is expected to elevate its ranking by two positions to 20th among the world's top container terminals. It will also transform the port's position in terms of global shipping connectivity, which is currently 12th globally. When commissioned, CWIT will be the largest and deepest container terminal in Sri Lanka. With a quay length of 1,400 meters and an alongside depth of 20 meters, CWIT will be equipped to handle Ultra Large Container Vessels with capacities of 24,000 TEUs. The new terminal's annual cargo handling capacity is likely to exceed 3.2 Mn TEUs.

Project Status FY 2022/23

Access Engineering PLC was awarded the Construction work of Backup Yard, Utilities and allied services (Package 01) and Construction of Buildings (Package 02).

Package-01 – Construction work would involve construction of the 350,000 m^2 (86 Acres) container terminal platform, including major works such as excavation, leveling and compaction of the reclaimed land, sand filling, sub-base filling, cement-based macadam filling, manufacturing, and laying of interlocking blocks, concrete structures, laying of utility service lines, road works, construction of rail for gantry cranes, construction of steel structures, MEP works, etc.

Package-02 – Comprising the construction work of buildings for West Container Terminal including major works such as Substructures, Superstructures and Finishes of 29 buildings, which covers a floor area of 13,366 m^2.

Construction work on Package 01 commenced in February 2023, while the construction work on Package 02 is set to commence in 2023/24.

Public Car Park Facility at Union Place

Overview

This is a project initiated by the Urban Development Authority (UDA) to commission public car parks to reduce traffic congestion in key cities around the Country.

The development will consist of 285 car parking bays and over 20,000 Sq. Ft. of retail and office space upon full completion.

Project Status FY 2022/23

The project made satisfactory progress in the current financial year amidst some notable challenges encountered as a result of the economic crisis in the country. Additional resources were mobilized towards completing the project during the daytime which ensured the completion of the project in a timely manner.

KEY PROJECTS

Construction ▶ Telecommunications

2%
Contribution to Company Turnover

341 Mn
Worth of Projects Executed

Significant Projects ▶

- Dialog Optical Fibre Network Development Project
- SLT New Connection Project

Dialog Optical Fibre Network Development Project

Overview

The project is an initiative by Dialog Broadband Networks (Private) Limited to enhance and develop island-wide internet penetration levels through the introduction of state-of-the-art wireless technology for broadband internet delivery.

Access Engineering was contracted to manage the end-to-end deployment of Dialog optical fibre network including pre-installation survey, supply of ducts, network deployment covering the installation of ducts, manholes and hand holes, road reinstatement, installation of cables, splicing and testing and commissioning the project.

Project Status FY 2022/23

In the current financial year, a total of over 100 Dialog Mobile sites were connected, a significantly higher number than the client's targeted contract performance criteria.

In keeping with the latest global standards, HDD (Horizontal Directional Drilling), a trench-less method for optical fibre laying was continued to be used in order to minimise the damage to the road surfaces in very congested and newly paved road sections where open cut trenching is prohibited. For low depth trenching on asphalt and concrete surfaced roads, the method of optical fibre laying by Micro trenching method was introduced in order to reduce the damages to the road surface due to micro cut and also minimise the damages to the underground utilities of third parties due to low depth trenching in city areas.

SLT New Connection Project

Overview

Sri Lanka Telecom PLC's FTTH (Fibre to the home) implementation project was launched with the aim of providing high speed internet and related facilities to households in several provinces around the country using optical fibre cables.

Access Engineering PLC as the main contractor for this project was assigned to carry out the installation of new telephone line connections, PEO TV connections, FTTH connections, fault rectification and maintenance. In addition, Access Engineering is also tasked with multi-service access node (MSAN) installation and development and expansion of the optical fibre networks in the said areas.

Project Status FY 2022/23

Work on the project continued across the Western, Southern, Sabaragamuwa, Central, North Western and Eastern Provinces, with over 22 Km's of fibre optic network development and over 1,215 new subscriber FTTH connections were completed during the year.

GROUP PERFORMANCE REVIEW

CONSTRUCTION

AEL East Africa Limited

A fully owned subsidiary of Access engineering PLC, AEL East Africa Limited was incorporated, in the Republic of Kenya for the purpose of undertaking the construction of Kenya's first-ever steel flyover at the T-Mall junction in Nairobi and 05 footbridges in Nyayo, T – Mall Junction, Uhuru Garden, Barracks and Galariya. The flyover and the footbridges are expected to reduce traffic congestion substantially, directly resulting in improved vehicular movement, lower environmental pollution and lower vehicle operating costs.

The project was successfully concluded in the current financial year with construction work on all footbridges and the flyover completed ahead of schedule and handed over to Kenya National Highway Agency.

Transactions carried out in Kenya are denominated in Euro. However as per the Company policy, these are converted to the reporting currency which is LKR and reported taking into consideration the spot rate prevailing on the date of the transaction. Such reported transactions are consolidated with the financials of AEL.

CONSTRUCTION

Access Projects (Pvt) Ltd.

Access Projects (Private) Limited was incorporated in 2007. The Company is a CIDA C1 graded contractor for building construction and a SP 1 graded contractor for aluminium works, floor, wall and ceiling finishes. The Company is a member of the National Construction Association of Sri Lanka (NCASL) and has obtained the ISO 9001:2015 Quality Management System (QMS) accreditation.

Since 2007 Access Projects has been the sole licensed fabricator in Sri Lanka for ALUK Group S.P.A (Italy) proprietary doors, windows and facades. More recently, the Company also secured proprietary licenses from R.A.M Metal Industries LLC (UAE) and Many Best Building and Material Co., Ltd (China) for metal ceiling systems.

The main activities of the Company include building construction, aluminium construction, supply and installation of ceilings, supply and installation of fire doors, supply and installation of glazed handrails and supply and installation of raised flooring.

The economic crisis, rising inflation and other challenges disrupted the progress of many ongoing projects in the current financial year. Nonetheless the Company undertook the following projects during the year;

- Supply, Coordination and Installation Supervision of Ceilings for Block 01, 02, 03, & 04 of the Defence Headquarters Complex at Akuregoda
- Supply and Installation of Proprietary Doors, Frames and Hardware for Block 01, 02, 03, & 04 of the Defence Headquarters Complex at Akuregoda
- Design & Build & Installation of Aluminum Doors, Windows & Glazing works of Capital Heights – Rajagiriya
- Finishing works & Installation of Doors & Door Frames of Capital Heights – Rajagiriya
- Supply & Installation of Aluminum Doors & Windows of Trizen Mix Development
- Supply and installation of glass handrails of Prime Grand – Ward Place
- Structural work with selected finishing work of Serenia Residences – Talpe, Galle
- Supply & Installation of Aluminum Doors & Windows for Serenia Residences – Talpe, Galle
- Supply and installation of Aluminum Windows, Doors & Hand Rails of 606 The Address Mix Development
- Super-structure work for a Six Unit Apartment Development at Pamankada
- Installation of Sky Bridge Façade & associated works, preparation & fabrication of Façade Glassing Material of podium for ITC Colombo 01
- Design & Supply of External and Internal Aluminum Doors & Windows for Crossroads Project Island 3, Maldives

GROUP PERFORMANCE REVIEW

CONSTRUCTION

ACCESS-CHEC JV (PVT) LTD

Access – CHEC JV (Pvt) Ltd.

Access – CHEC JV (Private) Limited was incorporated in 2021 with Access Engineering PLC having the controlling interest of 51% share ownership of the Company. The company has undertaken the construction of the East Container Terminal (ECT) at the Port of Colombo - the second deep-water terminal to be developed since the Colombo International Container Terminal (CICT).

Phase I of the project to increase the ECT's berthing capacity to 600m, commenced in early 2022 and remains in progress, while phase II involving the full terminal development up to 1,320m to facilitate 3M TEU throughput capacity, is scheduled to commence in 2024.

CONSTRUCTION RELATED MATERIAL

Lanka AAC - Pvt Ltd

Lanka AAC (Pvt) Ltd.

Lanka AAC (Pvt) Ltd, was established in 2017 and was acquired by Access Engineering PLC in late 2021. Since its inception, the Company has earned a reputation as the leading manufacturer of Autoclaved Aerated Concrete (AAC) blocks in Sri Lanka. The AAC block is mainly produced as cuboid in three standard sizes. Produced using mainly fly ash - a non-toxic industrial waste, the AAC block is deemed to have a lower environmental footprint and is thus positioned in green construction materials space.

The Company's operations in the current financial year were severely affected by the challenges arising from the 2022 economic crisis in the Country. The shortage of input materials owing to import restrictions, the decline in demand for AAC blocks due to the construction sector slowdown along with inflation induced cost increases and high finance costs were among the major issues that dampened the Company's performance in FY 2022/23. Nevertheless, adapting quickly to tackle these challenges, the Company pursued alternative opportunities to safeguard revenue targets. Prioritising export market orientation, the Company succeeded in growing its order book by securing several new overseas contracts to supply AAC blocks to projects in the Maldives.

Going forward, the main focus would be to explore opportunities for the better use of waste / by-products generated during the AAC block manufacturing process. Investing in backward integration to safeguard raw material sources is also seen as a medium term priority.

GROUP PERFORMANCE REVIEW

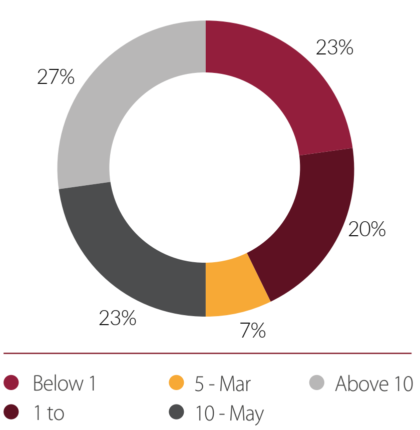
PROPERTY

Access Realties (Pvt) Ltd.

Access Realties (Pvt) Ltd. is a fully owned subsidiary of Access Engineering PLC. The Company has been in operation for the past 25 years and functions as the proprietor and managing agent of Access Tower I (North), a modern contemporary 12-storey office complex providing approximately 120,000 sq. ft. of office space on par with international standards. Access Tower I currently houses many leading corporates, including the head office of Access Engineering PLC.

In FY 2022/23 Access Tower I recorded a 100% occupancy rate with more than 25% of the tenants occupying the building for over 10 years.

Tenant Occupancy

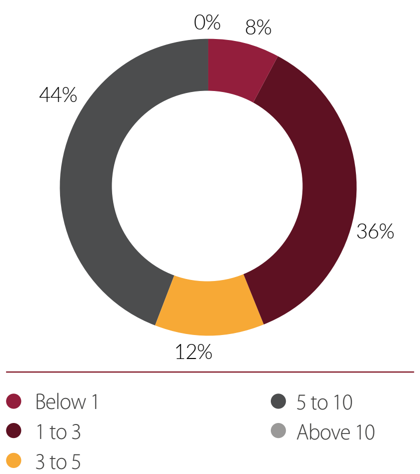


Access Realties II (Pvt) Ltd.

Access Realties II (Pvt) Ltd. is a fully owned subsidiary of Access Realties (Pvt) Ltd. Access Realties II (Pvt) Ltd owns and manages Access Tower II (South), an ultra modern high rise office complex comprising approximately 200,000 sq. ft of grade-A office space spread across 30 levels. In addition to its world class facilities and prime location in close proximity to Colombo's financial district, Access Tower II (South) also boasts breathtaking views of the Indian Ocean, Beira Lake, and the Colombo skyline. Ongoing improvements undertaken during the year saw new green spaces being created around the building exterior and surrounding the parking floors.

The Tower's diverse clientele from a wide range of sectors, include local conglomerates as well as multinational organisations. In the current financial year, the Company registered approximately 95% occupancy levels, with more than 40% of the tenants occupying the building for over 5 years.

Tenant Occupancy



GROUP PERFORMANCE REVIEW

PROPERTY

Harbour Village (Pvt) Ltd.

Harbour Village Private Limited represents a partnership between Access Engineering PLC with China Harbour Engineering Company Limited (CHEC), wherein Access Engineering PLC has a controlling 66.67% share ownership while CHEC - the developer of the Colombo Port City holds the balance 33.33%.

Harbour Village Private Limited has undertaken the development of 'Marina Square Uptown Colombo', Sri Lanka's largest single – phase oceanfront mix development project comprising 1,088 residential condominium units. The ocean front location of Marina Square offers magnificent and breathtakingly captivating views of the ocean, city and mountains from within most of the condos in the complex. Marina Square Uptown Colombo is undoubtedly the best location to watch the future of Colombo City unfolding with the Port City Development taking shape over the next few decades. The development is also a mere 400 metres away from the inner – city Elevated Expressway Network currently being built.

The entire complex is spread across a total floor area of over 2.1 Mn. Sq. Ft. , with approximately 1.1 Mn. Sq. Ft. dedicated to residential units, 150,000 Sq. Ft. of commercial space and the remainder allocated for common spaces and amenities.

Marina Square Uptown Colombo amplifies the concept of Urban Luxury throughout the residential units and the common facilities. The infinity pool, the club house, games room, large kids play areas as well as the indoor and outdoor gyms, are all designed with the discerning city dweller in mind, while the expansive 2 acres dedicated for walking/ jogging tracks and garden spaces are the epitome of urban luxury. The commercial space situated within the complex that houses the food court, retail outlets, wellness services and selected office spaces, has also been designed to complement the needs of the residents in Marina Square Uptown Colombo.

The complex, which has been conceptualised in line with global sustainability principles also includes energy efficient electrical equipment and lighting, rainwater harvesting infrastructure and a dedicated sewer line constructed with the coordination of Colombo Municipal Council.

PROPERTY

Blue Star Realties (Pvt) Ltd.

Blue Star Realties (Private) Limited is a property development company, wherein Access Engineering PLC holds the controlling interest of 60% ownership. The flagship project of Blue Star Realties (Private) Limited is 'Capital Heights' Rajagiriya, a BOI approved multi storey condominium mix development project comprising 242 luxury units representing a total square foot area of 640,000 Sq. Ft and a saleable area of 425,000 Sq. Ft.

The development includes a range of world class facilities including a large infinity swimming pool, disabled parking and access, a sewerage treatment plant and rainwater harvesting infrastructure among others. Capital Heights is also structurally designed to withstand earthquakes up to 6 on the Richter Scale even though Colombo has been classified as Seismic Zone '0' under the International Building Code. With its unique curvilinear design, fine finishes, prime location and superior construction techniques, Capital Heights is comparable to any high end condominium complex anywhere in the world.

Capital Heights, with its premium location to the finest quality products and world renowned brands offer potential owners both a perfect home and a solid investment.

With construction fully completed and having secured the approval from the Condominium Management Authority, handing over of units to buyers commenced from early 2023.

GROUP PERFORMANCE REVIEW

PROPERTY

WUS Logistics (Pvt) Ltd.

WUS Logistics Private Limited (WUS) is a fully owned subsidiary of Access Engineering PLC. The Company owns and manages the largest single-roof warehouse in Sri Lanka and the second largest in South Asia. The complex is designed as a state-of-the-art Logistics City spread over a 9 acre area encompassing warehouse space covering 430,000 Sq. Ft. The facility also includes 32,000 Sq. Ft of 'A' grade office space built to comply with the latest ASHRAE standards.

The facility has the capacity to handle 720 twenty-foot equivalent container units including the installation of a gantry crane and all support equipment. Equipped with 50 loading bays having self-levelling dock levellers and fast opening sectional doors, the facility is geared to handle as many as 50, 40-foot containers simultaneously. To add to loading and MHE movement efficiency without obstruction, the warehouse has only 2 internal columns per portal and a maximum span between the internal columns of 60m.

The warehouse has a 15.5 metre eave height and ridge height of 22.5 metre internally to enable high racking in both narrow aisle (NA) and very narrow aisle (VNA) configuration. The warehouse has the capacity to store 100,000+ euro pallets without tapered racking making it the highest density storage facility in the country. Armoured joints comprising 10,000 Sq. Ft blocks are designed to support racking with minimal material handling equipment (MHE) crossing, while the floor is designed to withstand a punching load of 150 Kilo Newtons (15 tons) and a uniform distributed load of 75 kilo newtons (7.5 tons) per square metre. The floor, which is Superflat FM2 graded with steel fibre reinforcement and large pours was designed by CoGri Singapore and constructed jointly by the team of CoGri Asia and Access Engineering PLC. The specialised flooring concrete was mixed at Access Engineering's own batching plant at Peliyagoda. This was the first time such large pours per bay and such a large floor in total was constructed in Sri Lanka. The entire 400,000+ Sq. Ft floor was completed within 45 working days.

GRI 201-4

PROPERTY

Access Logistics Park Ekala (Pvt) Ltd.

Access Logistics Park Ekala (Private) Limited is a fully owned subsidiary of Access Engineering PLC. The Company was incorporated in 2021 and immediately commenced construction of an Export Greenfield (EGF) Warehouse and Logistics Facility. The complex is being constructed on a plot of land obtained from the Urban Development Authority (UDA) on a DBFOOT (Design, Build, Finance, Own, Operate and Transfer) basis for a lease term of 50 years.

Once completed, the facility will comprise approximately 700,000 Sq. Ft. of dedicated logistics space along with another 32,000 Sq. Ft. of premium Grade 'A' office space and a world-class distribution centre equipped to offer state-of-the-art mechanical and electrical services encompassing;

- Logistics/warehouse facilities for cargo supply, value addition and storage
- Final products assembling, parts assembling, customising or related value addition facilities etc.
- Storage, packing, packaging and repackaging, labelling the products, temperature-controlled facilities for consolidation of products and redistribution or related valuation, bar code identification, distributions, related value addition etc.
- Sea – Air Services or export, re – exports based products with value addition to strengthening the Colombo Airport & Port cargo supply
- Providing front end services to global operations, hub and regional headquarters, operations for management of finances, supply chain and billing operations, logistics services such as bonded warehouse facilities, etc.

The complex will also include staff accommodation, medical and recreational facilities such as basketball courts, gymnasium, etc.

Work on the facility remains in progress and is scheduled to be completed during FY 2023/24.

Access Logistics (Pvt) Ltd.

Access Logistics Private Limited is a fully owned subsidiary of Access Engineering PLC. The Company engages in the design, development and management of logistics and industrial facilities and buildings.

ARL Elevate (Pvt) Ltd.

ARL Elevate (Private) Limited is a fully owned subsidiary of Access Engineering PLC. The Company operates and manages the Gymnasium of Access Tower (South) building. Subsequent to the restructuring exercise undertaken the restaurant, rooftop bar and the members lounge located at the Access Tower (South) building, were handed over to Jetwing Hotels for management under the "Vertical" brand.

GROUP PERFORMANCE REVIEW

AUTOMOBILE

Sathosa Motors PLC

Sathosa Motors PLC (SML) is the authorized distributor for Isuzu motor vehicles in Sri Lanka. The Company engages in new vehicle sales, sale of spare parts, sale of Isuzu marine engines and workshop operations. Given that Isuzu is one of the most sought after vehicle brands in Sri Lanka, SML enjoys a substantial market share in the Country's mainstream Japanese, light commercial vehicle market.

SML operates through a network of 10 branches located in Vauxhall street, Peliyagoda, Panchikawatha, Kurunegala, Matara, Ratnapura, Negombo, Dambulla, Kandy and Badulla. Additionally, an island-wide dealer network of more than 120 dealers play a key role in driving the sale of Isuzu spare parts.

Being a predominantly vehicle sales oriented Company, the ongoing restriction on the importation of vehicles remains the single largest challenge that affected SML's performance in the current financial year. Apart from this, import restrictions imposed by the government in the wake of the shortage of foreign exchange liquidity meant the Company was unable to import vehicle spares and marine engines as well. Even after the import restrictions on these items were lifted, SML had to contend with sizable price escalations resulting from the unprecedented depreciation of the LKR against the USD. High prices were also responsible for the drop in the demand for spare parts and marine engines.

Moreover with the continuity of operations at the workshop affected by the fuel shortage and additional pressure on the bottom line owing to high finance costs, cost containment remained the main focus for the current financial year.

During the year under review the Company did not carry out any transactions in the Republic of Maldives.

AUTOMOBILE

Access Motors (Pvt) Ltd.

Access Motors (Pvt) Ltd is the sole agent and authorised distributor in Sri Lanka for the world renowned high end vehicle brands - Jaguar and Land Rover (JLR). With its fully fledged 3S (Sales, Service & Spare Parts) facility in Boralesgamuwa and state of the art body shops in Raththanapitiya and Boralesgamuwa, Access Motors is equipped to offer a world-class experience to JLR customers around Sri Lanka.

From a business perspective, the dependence on government policy places a heavy burden on the core business activities of the Company. For instance, the restriction on vehicle imports introduced by the government at the onset of the COVID-19 pandemic in 2020 and remains in force to date, has proven to be a major setback for all automobile companies in Sri Lanka, including Access Motors (Pvt) Ltd. Moreover, in the current financial year the Automobile industry as a whole was adversely affected by the foreign exchange crisis that emerged in 2022. Given the severity of the challenges faced by the industry over the past few years, the Ceylon Motor Traders' Association has requested the government to provide a clear direction regarding the duration of the vehicle import suspension. The Association also continues to reiterate the need for an appropriate regulatory framework to govern automotive imports and ensure that only legitimate importers vetted by the Government are granted the authority to import.

Additionally, the fuel scarcity in the first half of the financial year impacted the continuity of operations at the Company's workshops, while the rapid depreciation of the LKR against the USD forced the company to raise the prices of oil, parts and other components, which in turn had a negative impact on the demand for such products.

In light of the current challenges, going forward the Company expects to pivot more towards electric vehicles and has begun working towards launching the new All-Electric Range Rover by end of 2023. Plans are also underway to improve value added services offered to existing customers, in particular by offering regional warranty and general registration and also targeting the grey market customers for the extended/renewal warranty. At the same time it is hoped that promoting the multi-brand offering at the Company's Body Shop at Rattanapitiya will help to further grow the customer base.

GROUP PERFORMANCE REVIEW

MECHANICAL ENGINEERING

ZPMC Lanka Company (Pvt) Ltd.

ZPMC Lanka Company Private Limited is a Joint Venture between Access Engineering PLC & Shanghai Zhenhua Heavy Industries Co. Ltd. (ZPMC China). This is the first ever Joint Venture formed by ZPMC China, outside their home Country.

The core business activities of ZPMC Company Lanka involve the supply of port services including commissioning, repair and maintenance of port machinery. In the year under review, the Company continued to serve all leading port operators in Sri Lanka namely the Colombo International Container Terminals (CICT), South Asia Gateway Terminals (SAGT) and the Hambantota International Port Group (HIPG). The Company's services were also sought by several international ports such as the Qasim International Container Terminals (QICT) in Pakistan, the South Carolina Ports Authority (SC Ports) – USA, the Oman International Container Terminal (OICT) and the Port of Salalah in Oman, Mombasa Port – Kenya, Lekki Port in Nigeria, Port of Pointe Noire – Congo, as well as the Asia World Port Terminal in Myanmar.

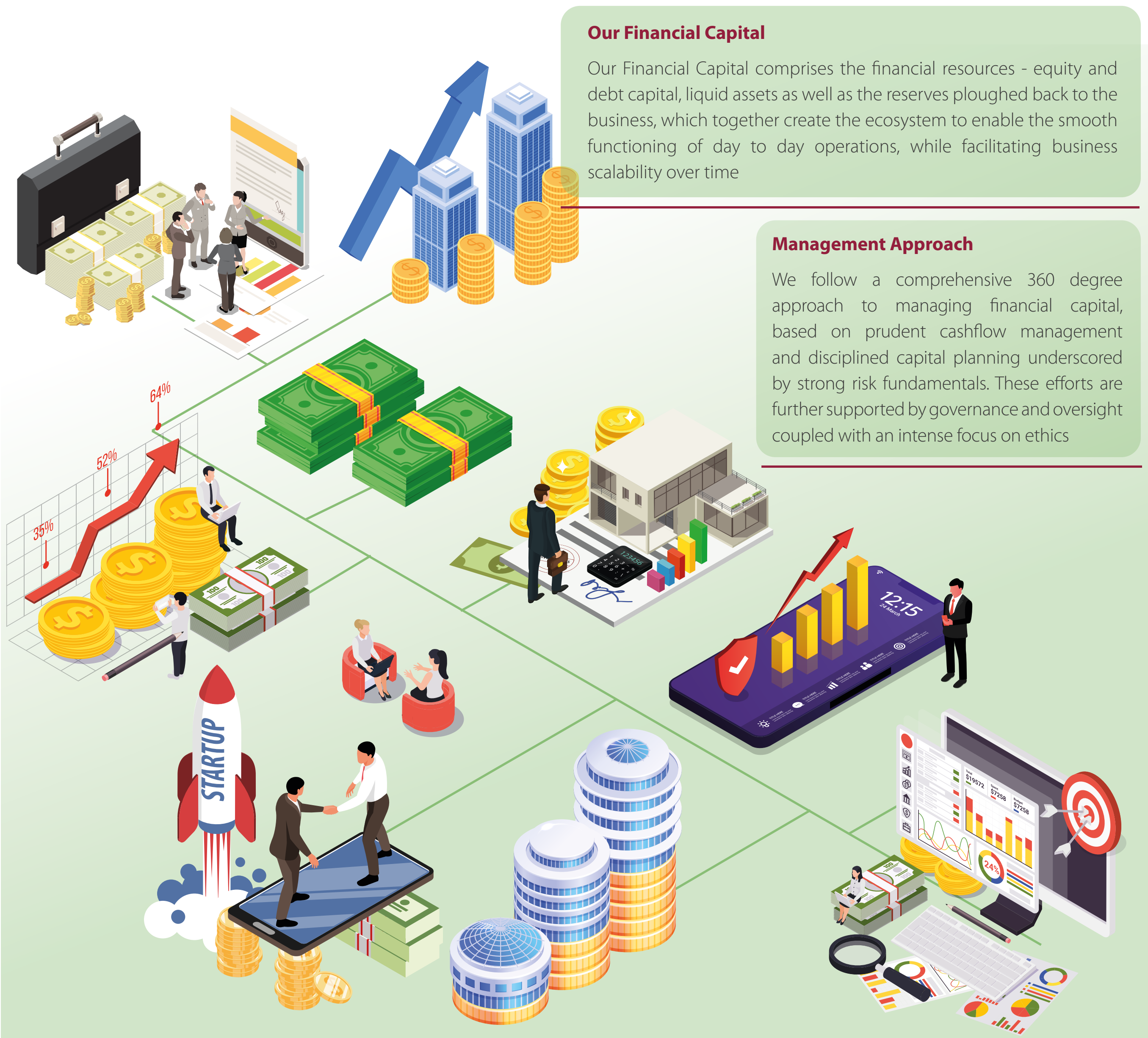
The key activities conducted at these ports included commissioning, repair and maintenance, of Ship to Shore (STS) cranes, Rubber Tyred Gantry (RTG) cranes, Hybrid Rubber Tyred Gantry (HRTG) cranes and Automatic Rubber Tyred Gantry (ARTG) cranes. In addition the Company was also involved in modification of port machinery, upgrading of Gantry Crane control systems as well as project engineering consultancy and control systems training.

INNOVATIVE

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT REVIEW

Financial Capital



Our Financial Capital

Our Financial Capital comprises the financial resources - equity and debt capital, liquid assets as well as the reserves ploughed back to the business, which together create the ecosystem to enable the smooth functioning of day to day operations, while facilitating business scalability over time

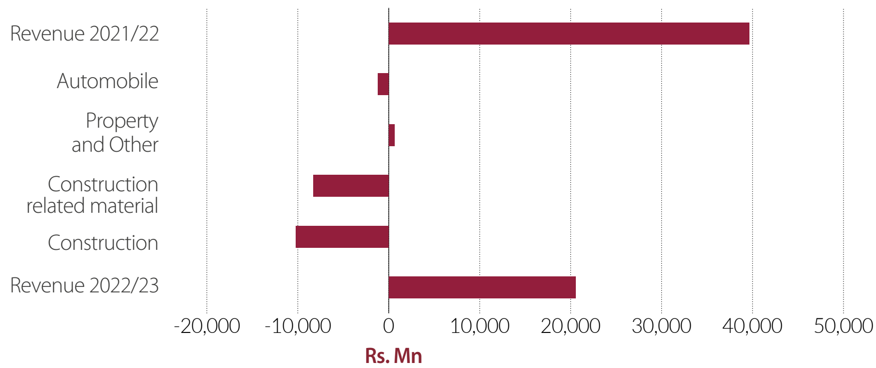
Management Approach

We follow a comprehensive 360 degree approach to managing financial capital, based on prudent cashflow management and disciplined capital planning underscored by strong risk fundamentals. These efforts are further supported by governance and oversight coupled with an intense focus on ethics

TURNOVER

Despite the worst impact on the industry by the economic crisis, AEL succeeded in recording a turnover of LKR 20.56 Bn and LKR 17.56 Bn at the Group and Company level respectively. This denoted Year – on – Year (YoY) decline of 48.11% and 47.34 % over the figures reported by the Group and Company respectively in the previous financial year.

Revenue



GRI 201-1

Direct Economic Value Generated And Distributed

Value Created	2022/23 LKR	2021/22 LKR
Value Created		
Gross Revenue	17,556,370,250	33,336,537,165
(-) Cost of Goods and Services (Excluding Depreciation and remuneration to employees)	(11,113,317,287)	(25,960,162,678)
Value added from operations	6,443,052,963	7,376,374,487
Other Income	2,941,417,122	1,437,024,525
Finance Income	491,183,206	117,394,276
Total Value Created	9,875,653,291	8,930,793,288
Value Distributed		
Operating Costs	1,150,311,751	749,955,465
Remuneration to the Employees	1,733,044,561	3,281,029,472
Directors' Fees and Remuneration	29,063,375	32,550,000
Community Investments	906,145	18,012,771
Government Levies	388,745	742,076
Corporate Taxes	331,906,117	418,431,650
Interest Cost	4,040,304,069	1,024,484,359
Non Controlling Interest	-	-
Dividends	750,000,000	750,000,000
Total Value Distributed	8,035,924,763	6,275,205,792
Total Value Retained	1,839,728,528	2,655,587,496
Total Value Distributed and Retained	9,875,653,291	8,930,793,288
Value Retained		
Profit Retained	845,324,279	1,744,154,433
Depreciation & Amortisation	994,404,249	911,433,063
Total Value Retained	1,839,728,528	2,655,587,496

The decline in Company turnover was mainly due to the contraction in the Sale of Construction related material and the core Construction business which amounted to a YoY decline of 52.93% and 50.81% respectively. This contraction was primarily due to the limitations experienced in the disbursement of funds for infrastructure development by the treasury and the Bi -lateral and Multi-lateral funding agencies. Despite this negative impact these two segments contributed 83.86% of the Group turnover for FY 2022/23.

The main positive contributors to Group Turnover came from the property development segment, which reported a 81.13% YoY revenue growth. On the contrary, revenue recorded by the automobile sector showed a decline of 38.45% YoY on the back of continuous import restrictions imposed by the government on the importing of new vehicles since 2020. The steep devaluation of the Rupee against all major global currencies had a negative impact on this sector as well.

Sales of Construction-Related Material

Sale of construction related material was the second largest contributor to Group top-line accounting for 35.88%. In line with the contraction of the economy in 2022, the demand for construction material experienced a marked reduction resulting in a YoY decline of 52.93% in revenue compared to the previous year. This segment was able to record a turnover of LKR 7.38 Bn primarily with the supply of asphalt and ready-mix concrete both to external customers and related party companies notwithstanding the negative market forces.

Building and Other Construction

The building and other construction segment, which reported a YoY decline of 41.37% in revenue, contributed 34.02% to the overall Group turnover, becoming the main contributor to the Group Turnover despite the temporary disruption caused in two major building projects; the Elliot Place Housing Project and the Orugodawatta Housing Project.

Construction work of the Stadiumgama Housing Project which involves the construction of 1,000 housing units for the underserved continued throughout the year becoming the major contributor to this sector. Additionally, the three piling projects undertaken in Kerawalapitiya and Colombo also contributed to this segment's turnover.

CAPITAL MANAGEMENT REVIEW

Financial Capital

Roads and Highway construction

The Roads and Highways segment contributed LKR 1.48 Bn (7.19%) towards group revenue for FY 2022/23, which was a YoY decline of 56.23% compared to the previous year.

This was mainly due to the temporary disruption caused in the Nittambuwa Pasyala Road Project and the Integrated Roads (I-Roads) project. The construction work of Package 1M of the Central Expressway Project Section III from Pothuhera to Galagedara also experienced a slow progress during the year due to the limited availability of material, fuel, and explosives.

Bridge construction

The Bridge construction segment recorded a YoY decrease of 58.32% due to the temporary disruption experienced in all three ongoing projects; the construction of Kohuwela and Gatambe flyovers which are funded by the Government of Hungary and the construction of Baladaksha Mawatha Flyover which is funded by the treasury.

Nevertheless, these three projects collectively contributed well over LKR 1 Bn to the Group's top – line during the financial year.

PROPERTY

During the year both our office buildings, Access Tower I & II experienced very high levels of occupancy despite the economic crisis. Further, this segment was supported by the rental income of Our 425,000 Sq. Ft. integrated logistics and warehousing facility at Kimbulapitiya which was occupied during the year. As a result, the property segment's contribution to the Group Turnover has increased significantly from 1.95% to 6.79% compared to the previous year.

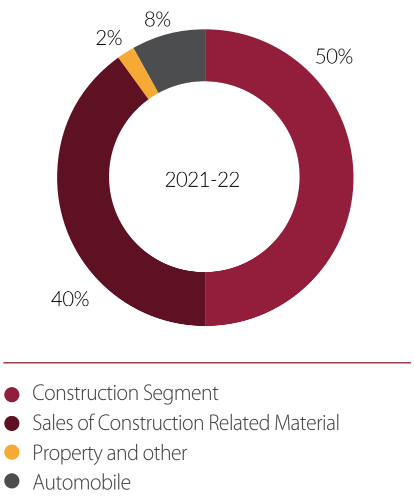
This segment will further be strengthened with the commencement of our new 700,000 Sq. Ft. integrated logistics and warehousing facility in Ekala from the second quarter of FY 23/24.

AUTOMOBILE

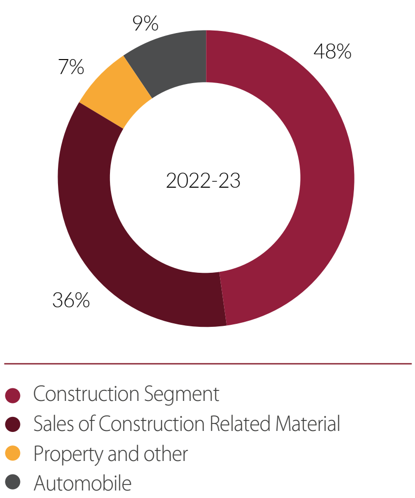
The automobile sector contributed LKR 1.92 Bn to (9.34%) Group Turnover during the FY 2022/23.

The performance of this sector was severely affected by the ongoing import restrictions that prevailed throughout the year. This restriction has been in effect from 2020 and the 2022 economic crisis further hampered our ability to import new vehicles and spare parts. Further the workshop operations too, got negatively affected by the economic crisis which resulted in extended power cuts and utility shortages.

REVENUE COMPOSITION



REVENUE COMPOSITION

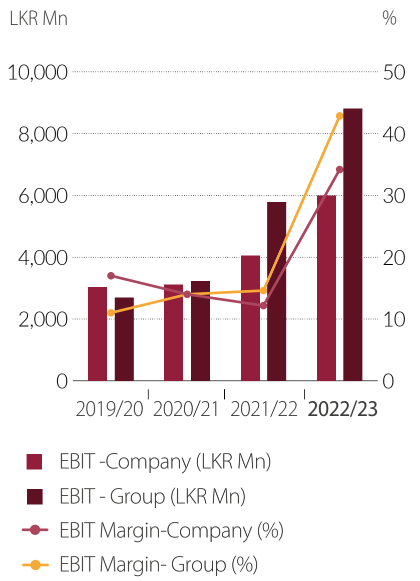


Profitability

Despite the decline of revenue reported by all segments except the Property segment, both the Group and the Company were able to report gross profits of LKR 5,859 Mn. and LKR 4,186 Mn respectively for FY 2022/23 reflecting YoY increases of 10.30% and 14.27% respectively over the previous financial year. This was a direct result of our imposed operational efficiency and improved asset utilisation.

Administration and other expenses as a percentage of Group and Company revenue increased from 5.60 % to 13.83 % and from 3.49% to 9.21% respectively compared to the previous year aligning with the inflationary pressure and fixed overheads. This cost increase was absorbed mainly via healthy gross profit margins which finally resulted in an improved EBIT at Group and Company level of LKR 8,816 Mn and LKR 6,002 Mn respectively. Further the Operating Profit margins too have increased significantly at Group and Company level from 10.63% to 38.09% and 11.81% to 31.39% respectively.

EBIT



FINANCE EXPENSES/INCOME

Interest expenses as a percentage of revenue increased significantly to 23.13% (2021/22 – 3.88%) and 25.07% (2020/21 – 4.26%) at Group and Company levels respectively due to the unprecedented increase in both the policy rates of the Central Bank and the average prime rate of domestic commercial banks.

The resultant finance cost was LKR 4,396 Mn and LKR 4,040 Mn at the Group and Company level respectively.

The high cost of funding associated with the increases in the lending rates made borrowing, non serviceable or sustainable. As a proactive approach the company successfully restructured its loan portfolio with the lending institutions/ banks which made borrowings sustainable. The positive impact of this restructuring will be even more evident in the FY 23/24.

Interest income at Group and Company levels was LKR. 576 Mn and LKR. 491 Mn respectively.

Due to the significant increase of the interest expenses, interest coverage of the Group and the Company decreased from 5 times to 2 times and 4 times to 1 time for the FY 2022/23.

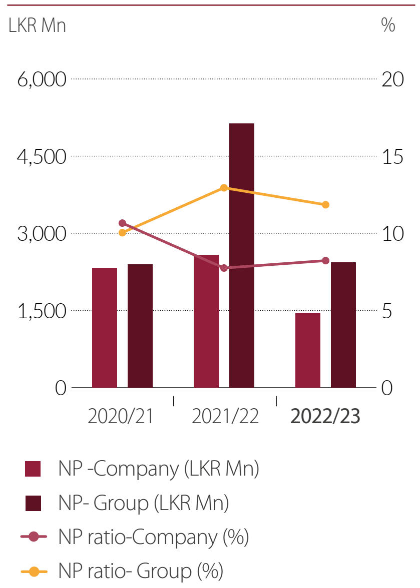
TAXATION

The effective tax rates for FY 2022/23 remained at 44.34% and 24.73% respectively at Group and Company levels as opposed to 11.21% and 13.66% respectively in 2021/22. The primary reason for this increase in the effective tax rates is the increase in the deferred tax rate from 10% to 30%.

PROFIT AFTER TAX

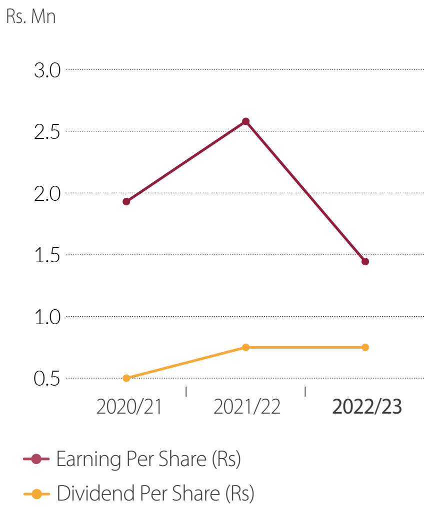
The Group and the Company registered a Net Profit of LKR. 2,436 Mn and LKR. 1,444 Mn respectively for FY 2022/23. Consequently, the net profit margin of the Group and the Company stood at 11.85% (2021/22 –12.95%) and 8.23% (2021/22 – 7.74%) respectively.

Net Profit



Earnings per ordinary share decreased from LKR 5.11 to LKR 2.48 at the Group level and from LKR 2.58 to LKR 1.44 at the Company level. In the year under review, the Board of the Directors of the Company approved a final dividend of LKR. 0.75 per share based on previous year's profit (2021/22) which amounted to a total dividend payout of LKR. 750 Mn.

EPS and DPS

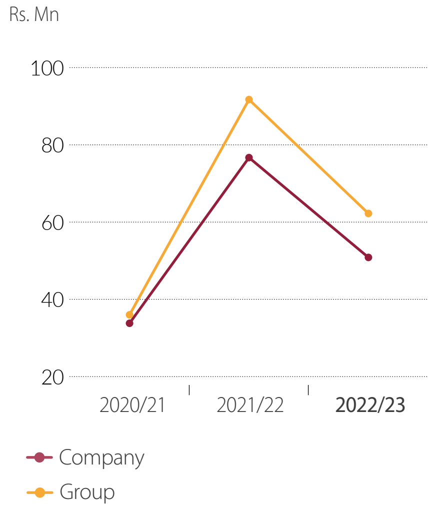


The Group and the Company were able to record a YoY decrease in the Return on Capital Employed (ROCE), despite the extremely volatile external environment, proving the effectiveness of business diversification which took place in the last few years.

CAPITAL STRUCTURE

The gearing ratio, which is calculated as a proportion of the total interest-bearing liabilities to equity, decreased from 75.20% to 50.79% for the Group and from 89.47% to 62.22% for the Company. This decrease was due to the recovery of the outstanding from the government institutions through the issuance of Treasury Bonds during the year.

Gearing Ratio



Key Working Capital Components

	2022/23 LKR	2021/22 LKR	Change %
Group			
Inventory	15,945,251,765	14,619,851,673	9%
Trade and other Receivable	12,812,888,021	25,160,628,086	(49%)
Trade and other Payable	26,095,814,875	25,161,709,167	4%
Company			
Inventory	2,844,782,987	3,881,321,447	(27%)
Trade and other Receivable	9,215,075,944	21,854,323,383	(58%)
Trade and other Payable	12,111,492,173	14,065,939,280	(14%)

CAPITAL MANAGEMENT REVIEW

Financial Capital

SUBSIDIARY – CONSOLIDATED REVIEW OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION

ACCESS REALTIES (PRIVATE) LIMITED (ARL)

A fully owned subsidiary of AEL, Access Realties (Private) Limited is the owner and the managing agent of Access Tower I and Access Tower II. The Group and Company reported a turnover of LKR 1 Bn and LKR 302 Mn and gross profits amounting to LKR 799 Mn and LKR 250 Mn at the Group and Company level respectively with a healthy gross profit margin of 82.68%.

In addition to this ARL Elevate (Pvt) Ltd. which is 100% owned by Access Realties (Private) Limited contributed LKR. 22 Mn to the total Group revenue.

SATHOSA MOTORS PLC

During the year under review, Sathosa Motors PLC generated a revenue of LKR. 1,931 Mn and LKR 817 Mn at Group and Company levels respectively with resultant Gross profit margins of 39.39% and 52.32% respectively at Group and Company levels.

ACCESS PROJECTS (PRIVATE) LTD

During the year under review, Access Projects generated a revenue of LKR. 1,978 Mn. The negative impact of the 2022 economic crisis was the primary reason for this poor performance. As a result during the FY 22/23, the Company reported a gross loss of LKR – 3.04 Mn and a net loss of LKR – 268 Mn.

HARBOUR VILLAGE (PVT) LTD.

Harbour Village (Pvt) Ltd is a joint venture between Access Engineering PLC and China Harbour Engineering Company Limited formed for the purpose of developing Marina Square Uptown Colombo, a mixed development project in the North of Colombo with very close proximity to the Port City. The project, Sri Lanka's largest harbour front mix development, progressed at a slower pace during 22/23 due to the challenges posed by the 2022 economic crisis. Nevertheless over 50% of the apartments have been sold and the development had completed 5 standard construction milestones by the end of the financial year.

WUS LOGISTICS (PRIVATE) LIMITED , ACCESS LOGISTICS (PRIVATE) LIMITED AND ACCESS LOGISTICS PARK EKALA (PRIVATE) LIMITED

The logistics sector comprising WUS Logistics, Access Logistics and Access Logistics Park Ekala performed well during the year. Our 425,000 Sq. Ft. integrated logistics and warehousing facility at Kimbulapitiya was occupied during the year. Further our 750,000 Sq. Ft. integrated logistics and warehousing facility at Ekala is ready to start commercial operations during the FY 23/24 further strengthening this segment.

CAPITAL MANAGEMENT REVIEW

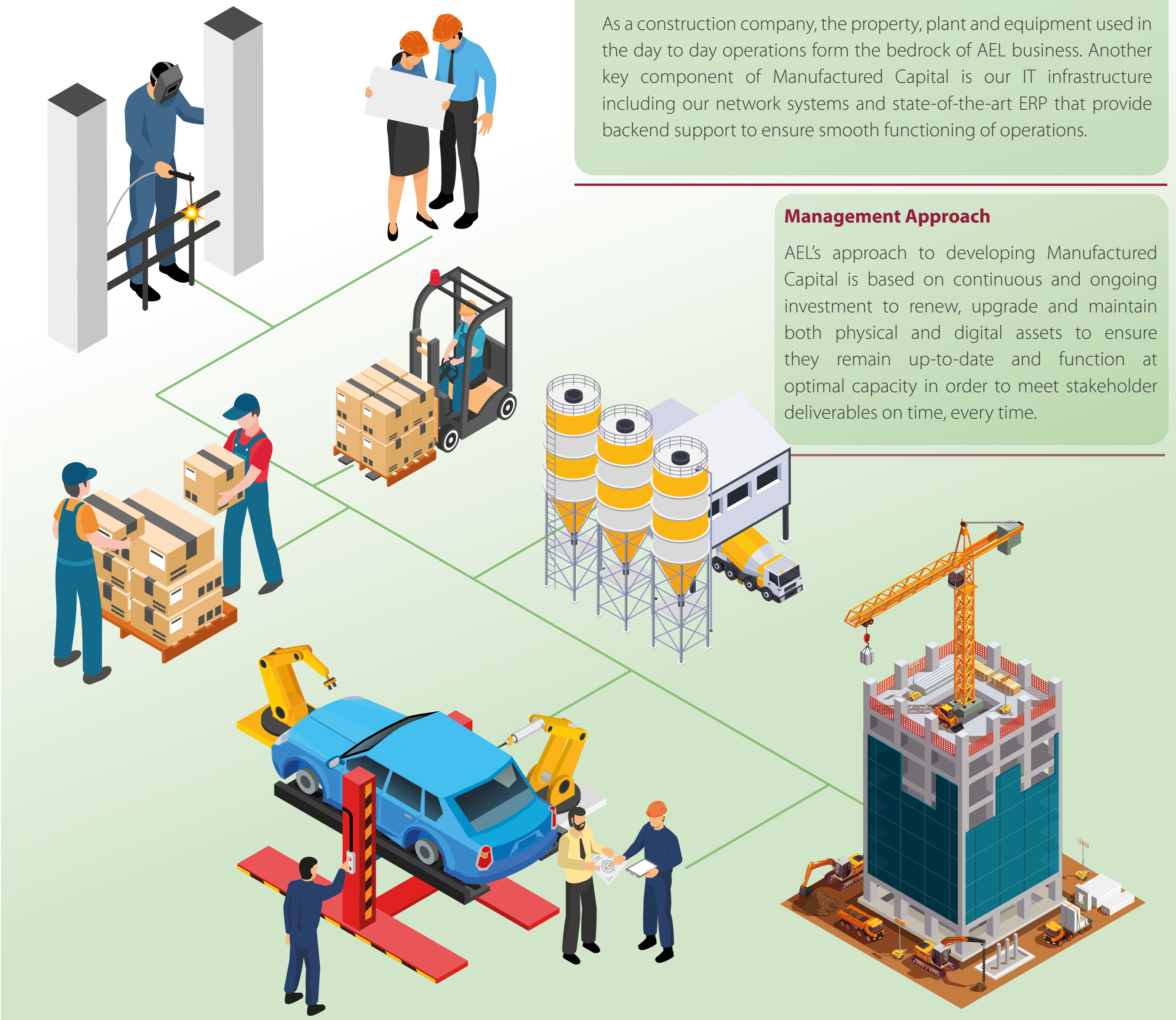
Manufactured Capital

Our Manufactured Capital

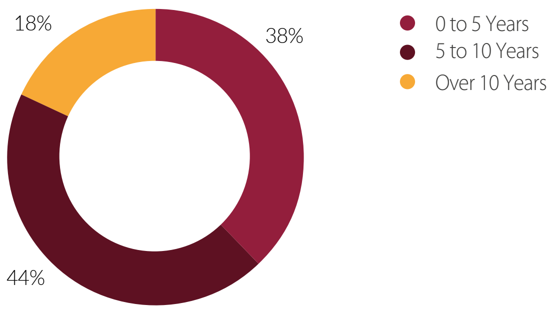
As a construction company, the property, plant and equipment used in the day to day operations form the bedrock of AEL business. Another key component of Manufactured Capital is our IT infrastructure including our network systems and state-of-the-art ERP that provide backend support to ensure smooth functioning of operations.

Management Approach

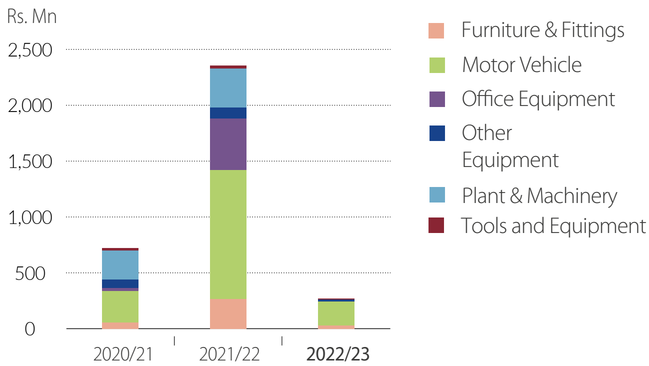
AEL's approach to developing Manufactured Capital is based on continuous and ongoing investment to renew, upgrade and maintain both physical and digital assets to ensure they remain up-to-date and function at optimal capacity in order to meet stakeholder deliverables on time, every time.



Fleet Age Analysis - AEL 2022/23



Capacity Building



CAPITAL MANAGEMENT REVIEW

Manufactured Capital

Construction Vehicle Fleet, Machinery and Equipment

As the leading construction company in Sri Lanka, AEL has over the years built an extensive fleet comprising state-of-the-art construction vehicles, machinery and equipment, including piling machines, grab machines, crawler and tower cranes, pavers, pump cars, drilling machines, formwork systems, mobile cranes, motor graders, excavators, Kelly bars, wheel loaders, micro trenching machines, HDD machines, concrete mixers, silos, desanders, rollers, shotcrete machines, compactors, loaders, trailers, grouting machines, cable blowing machines, weighbridge systems and air compressors among other. Investment decisions in this regard are based on the annual CAPEX budget allocations pre-approved by the Board in tandem with the strategic plan.

Owing to the suspension of construction activity owing to the economic crisis in FY 2022/23, the AEL Board resolved to halt all planned investments in the fleet with only new acquisitions being essential tools, furniture and fittings and office equipment. Consequently, only Rs. 269 million was spent in the current financial year, compared to Rs. 2,355 million incurred in the previous year.

Production Plants

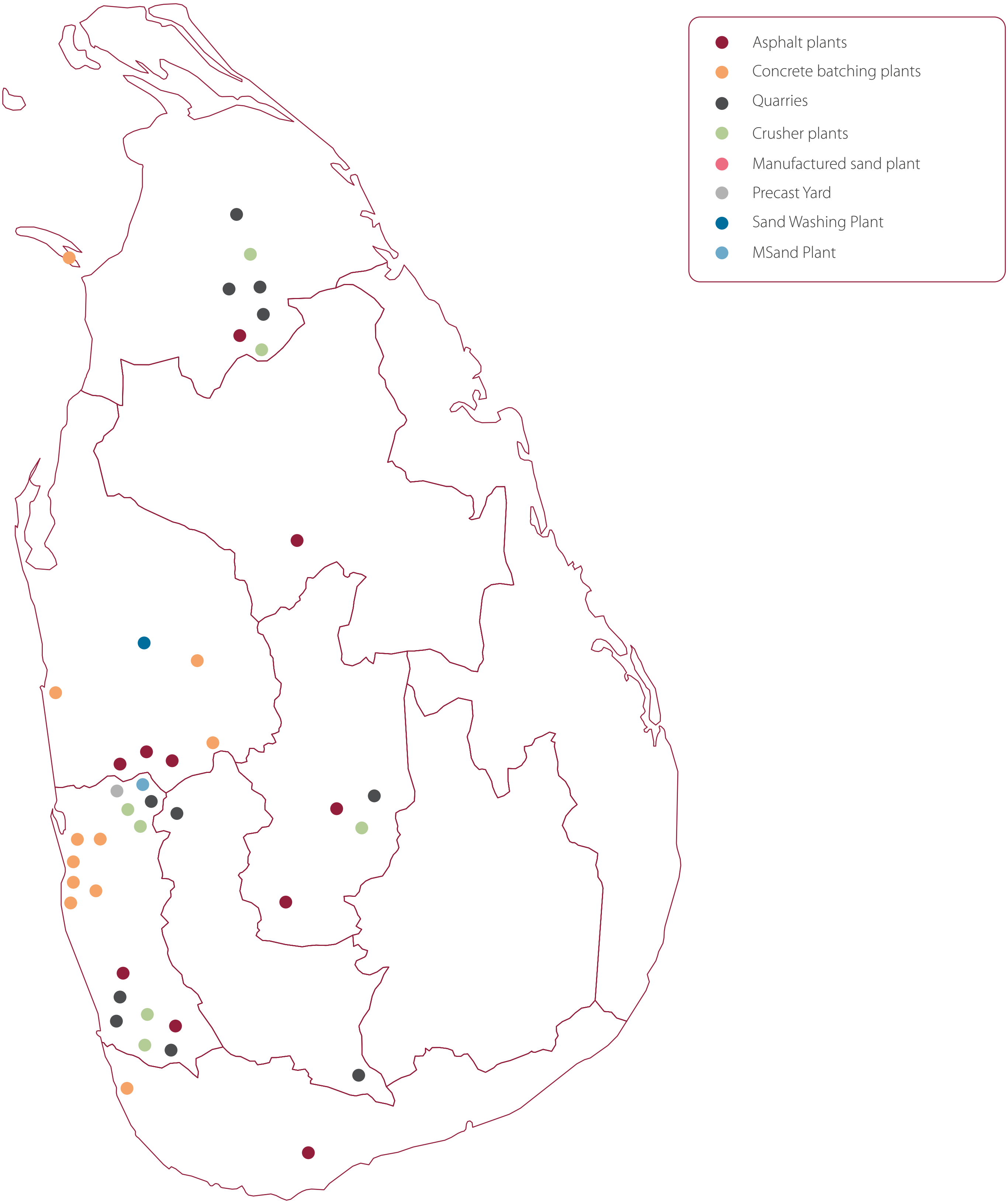
Strategic business diversification initiatives undertaken over the years has seen AEL investing in complementary businesses such as specialised production plants. Today, our portfolio of production plants comprises 08 Asphalt plants, 06 Concrete Batching plants, 09 Quarries, 09 Crusher Plants and 01 Manufactured Sand plant, located in various regions across Sri Lanka.

Amidst the backdrop of the severe economic crisis that erupted in the Country in 2022 which resulted in a massive slowdown in construction activity, no major investments were made towards expansion of production plants.

Innovation and R & D

AEL has always considered innovation and R & D to be key levers in improving the efficiency of plant operations. In the year under review, challenges, including supply chain disruptions, labour shortages and inflationary pressures caused many of the plants to operate well below capacity. Moreover, with the fuel shortage threatening to disrupt the continuity of operations at Asphalt plants, we started resorting to new innovative techniques such as using pyrolysis for aggregate heating burners and furnace oil for the aggregate heating and bitumen heating burners.

Despite external challenges, R & D activities gathered momentum leading to the development of Thin Asphalt Surfacing (TAS) in the current financial year. TAS is considered to be an ideal solution for paving of Low Volume roads (LVR) with annual average daily traffic less than or equal to 1000 vehicles per day. The Cumulative Number of Standard Axle (CNESA) values of these rural roads (LVR) are considerably low, with many studies indicating that 25mm-30mm wearing course is in fact sufficient to carry low volume traffic. The Asphalt mix produced using the TAS technique, with a nominal maximum aggregate of 10 mm and can support a laying thickness of 25-30 mm, thus making it a good fit for the purpose. Phase 1 of the TAS was successfully implemented on LVR's in the Kalutara district.


Asphalt plants
Concrete batching plants
Quarries
Crusher plants
Manufactured sand plant
Precast Yard
Sand Washing Plant
MSand Plant

CAPITAL MANAGEMENT REVIEW

Manufactured Capital

Investment Properties

AEL has a portfolio of investment properties which generate rental income or have a strong capital appreciation value or both. Every year, resources are allocated through our annual budgets towards the maintenance and upkeep of these properties.

IT Systems

Since first embarking on its digital journey over a decade ago, AEL's backend operations have become increasingly reliant on IT systems and network infrastructure leading to an incremental year on year increase in expenditure on such aspects in the recent past.

Given the strong IT foundations in place, no investments in IT were made in the current financial year. However as part of the continuous improvement programme, a sum of Rs. 23 million was incurred on maintenance of the following infrastructure and network systems;

- Upgraded the Site Firewalls
- Patch level Upgrade to ArcMate system (DMS)
- Patch level update to Arcserver (Backup System)
- SAP Storage enhancement
- Securing several globally recognised software licenses for the company (CAD Mate, & Microsoft)
- Wi-Fi system upgrade (in progress)
- Initiating the SAP storage replacement

FUTURE PLANS

MEDIUM TERM

- Rationalisation of equipment and machinery fleet to improve efficiency and productivity

LONG TERM

- Carrying out more collaborated developments through novel forms of project execution such as BOT, DBFOOT, etc.

Intellectual Capital

Our Social and Relationship Capital

Our Intellectual Capital consists of the intangible elements - essentially the key strengths that together anchor AEL's competitive position and also create the ecosystem to support sustained organisational growth over time.

Management Approach

Our approach to developing Intellectual Capital aims to enhance each element individually, while also increasing the synergy and deepening the interconnectedness between elements in a way that supports organisational goals and aligns with stakeholder expectations.

Value Creation Scorecard FY 2022/23

Outcomes for Stakeholders

- Innovative solutions for new Projects
- Cutting Edge Engineering Designs for new Projects
- Guarantee of excellence from, the leading construction brand in Sri Lanka
- Assurance of a brand with an unblemished ethics record

Outputs for AEL

Gold Award Winner for the Best Presented Annual Report (Construction Sector Companies) at the TAGS Awards 2022 conducted by CA Sri Lanka

Ranked 8th among top 100 listed entities in Sri Lanka in the '2022 Transparency in Corporate Reporting' (TRAC) Assessment conducted by the Transparency International Sri Lanka (TISL)

CAPITAL MANAGEMENT REVIEW

Intellectual Capital

Brand Leadership

Preserving the authenticity of our brand is central to our endeavour to maintain brand leadership. Guided by our overarching brand strategy, we have made a conscious effort to stand out against peers by continuously augmenting and differentiating our credentials through various scalability initiatives undertaken over the years.

Strategic investments towards expanding our competencies within the broader construction sector has paved the way for AEL to be ranked as the only construction Company in Sri Lanka with the highest CIDA grading across 9 disciplines of civil engineering namely; building, highway, bridge, water supply and sewerage, piling, soil nailing and stabilisation, electrical installation (low voltage), extra low voltage installation and heavy steel fabrication.

Through our diversification strategies over the years, we have accumulated extensive expertise in the fields of engineering designs, foundations, mechanical and fabrication workshops, production of construction materials, construction projects and real estate solutions, which has propelled the Access brand as the #1 'integrated' civil engineering solutions in Sri Lanka.

Meanwhile our investment in building the largest asphalt production plant in Mathugama has positioned AEL as the undisputed leader for the production of 'asphalt' in the local market.

However,in light of the economic crisis in 2022 and the construction sector challenges arising therefrom, no major investments were made in expanding AEL brand presence in the year under review.

Business Networks

Our strong brand reputation and outstanding track record in the local construction arena has enabled AEL to expand its business networks, both locally and overseas. In particular, tie-ups with leading global entities add further value to the Access brand.

In the year under review, AEL was appointed as the 'Lead Partner' in a landmark Joint Venture agreement for the construction of the East Container Terminal (ECT) of the Port of Colombo. AEL also became one of the elite few local companies selected by Adani Ports of India for the construction of Colombo West International Terminal (CWIT) of the Port of Colombo. AEL is also the only Sri Lankan entity to be appointed as an 'Investment Partner' by China Harbour Engineering Company (CHEC), the developer and investor of the Colombo International Port City, which resulted in being awarded the contract for the development of 'Marina Square – Uptown Colombo' - Sri Lanka's largest single – phase mixed development comprising 1,088 apartments and over 150,000 Sq. Ft. of commercial space.

AEL holds the distinct honour of being the first and only Company in the world to secure a Joint Venture partnership with ZPMC China as a 'JV Partner' to carry out port equipment maintenance operations. AEL is also the only civil engineering Company in Sri Lanka to partner with Vestas - the world's largest wind turbine manufacturer for civil works in the 100MW Mannar Wind Power Project, and also the only local Company to be selected by Michelin, the 2nd largest tire manufacturer in the world to construct Sri Lanka's largest warehouse for Camso

Innovation Capability

The deep desire for innovation has always been a key catalyst in our brand strategy over the past 02 decades. In seeking to cement its status as the frontrunner in construction industry, AEL has introduced several unconventional and innovative construction techniques and methodologies to the Sri Lankan market, most notably the Horizontal Directional Drilling (HDD) and micro trenching method of cable installation in telecommunication works, the post tensioning and the aluminium formwork system for high rise building construction and the diaphragm wall for basement construction.

Amidst the scarcity of construction materials in the current financial year, AEL continued to reiterate its commitment to innovation across a number of ongoing projects, most notably by;

- Introducing pre- loading for the foundation and floor structure of Export Greenfield Warehousing Complex to improve the ground condition and eliminate the deep pile foundation resulting in the saving of cost, materials and time
- Using internally manufactured Precast structures in road and drainage works of the Export Greenfield Warehousing Complex resulting in cost saving and quality and efficiency of the project
- Reinforcing the slab and beams using light weight AAC blocks and Hollow partition walls at the construction of Marina Square Mix Development.
- Reviewing and optimising the Pile design capacity of the Orugodawatta Housing Project and Stadiumgama Housing Project.
- Replacing 1500mm Diameter piles with the newly introduced 1350 Diameter Piles for the Orugodawatta Housing Project and Stadiumgama Housing Project.
- Replacing the Water Sump Pile Foundation with a ground supported option in order to reduce the pilling cost of the Orugodawatta Housing Project.
- Using post tensioning in the construction of viaducts of the Central Expressway Project - section 3 package 1 M resulting in significant cost savings.

GRI 205-1

Support for industry-leading R & D

In 2022, AEL undertook to finance a new R & D project relating to the 'Introduction of Fibre Optic Monitoring Technology to Sri Lanka'. The project was done in partnership with the University of Moratuwa which was supported by the University of Cambridge and the University of Oxford. Phase 1 of the project was to familiarise with the instrument procured from Fibris Terre Systems GmbH, Germany and also perform a comparison of test results with conventional instrumentation.

The research was carried out under the topic "A Review on the Advances in Distributed Fibre Optic Sensing Technology for Structural Health Monitoring" by a student at the University of Moratuwa. The student went on to publish a paper for the 12th International Conference on Structural Engineering and Construction Management – Lecture Notes in Civil Engineering. Further to this, the research topic was announced as the runner-up at the Civil Engineering Research Symposium 2022. This technology will give AEL first mover advantage in the field of structural health monitoring in the future.

Knowledge-based Systems

Our systems and processes and unique ways of working form an integral part of how our business operates. In particular, the knowledge and expertise of our engineering and design teams play a pivotal role in differentiating our USP. In a bid to further augment our knowledge and keep pace with the latest construction design trends we have significantly accelerated our investment in sophisticated hardware as well as design and simulation software such as ETAB 2018 , STAADPR, Auto Cad, CIVIL 3D, AUTODESK REVIT and CADMATE. Leveraging these cutting edge building modelling software has helped to conceptualise a number of unique structural and architectural designs for many of our recent projects including;

- The two warehouse buildings for the Export Greenfield Warehousing Complex for Access Logistic Park Ekala (Pvt) Ltd
- The two storey nursery and cultural centre building for the Shinnyo En Lanka Nursery school at Kirimandala Mawatha, Narahenpita
- four 15 storey buildings comprising 1000 housing units for the Urban Development Authority.
- Creating the eco friendly façade of the Urban Development Authority public car park in Colombo 02 to maximise natural ventilation
- The viaduct and overpass, drainage and culverts of the Central Expressway Project-Section 3 Package 1M (From Pothuhera to Galagedara) for the Road Development Authority
- The proposed Marina Square Mix Development for Harbour Village (Pvt) Ltd
- The flyover including pile foundation, abutments & piers of the Slave Island Flyover for the Road Development Authority.

Business Ethics

Part of AEL reputation in the industry rests on the fundamental commitment to do business the right way. This involves the uncompromising commitment to regulatory compliance across all aspects of the business. Our overall approach

to ethics goes beyond compliance and extends to excellence in conduct.

AEL ethics framework creates a foundation for all employees to adopt the appropriate behaviours in executing their internal activities as well as when acting on behalf of the Company with external parties.

Our focus on ethics is further reinforced by regular training for all employees accompanied with routine due diligence activities conducted by the internal audit team to provide further assurance regarding the efficacy of the internal ethics framework and the level of organisation-wide adherence to the same.

In addition, AEL is a certified 'Member in Good Standing' of TRACE International - the UK-based organisation for anti - bribery compliance. This certificate is given after a comprehensive annual due – diligence which covers diverse areas including the Ownership, Group Structure, Financials, Compliance, Corporate Governance and Risk Management. AEL has continuously maintained this status for over a decade now and is the only construction Company in Sri Lanka to do so.

CAPITAL MANAGEMENT REVIEW

GRI 2-28, 205-2

Intellectual Capital

Our anti-corruption policy also applies to non – controlled persons or entities that provide goods or services under contract including our sub – contractors and labour suppliers. We are committed to counter corruption by all means.

In 2022, AEL was ranked 8th among the top 100 listed companies in Sri Lanka by Transparency International Sri Lanka (TISL) for Transparency in Corporate Reporting with an overall TRAC Score of 9.06 out of 10, based on the following criteria;

- Anti - corruption programs
- Organisational transparency
- Domestic financial reporting
- Country by country reporting
- Reporting on gender and non – discrimination
- Reporting on procurement related to government contracts
- Industry – wide comparison

With this score, AEL falls into the category of 'Significantly Transparent' companies. AEL is also the only construction Company to be featured among the top 10 in this 2022 edition.

Accreditations and Certifications

Our pursuit of excellence in every sphere has led to voluntary adoption of global accreditations and certifications that directly enhance various aspects of our operations by helping to manage risks while leveraging opportunities for business optimisation and new market expansion.

To that end, in the core business, AEL stands as the only construction Company in Sri Lanka with a total of 9 CIDA (Construction Industry Development Authority) gradings to date.

Similarly, international certifications such as the ISO 9001:2015 - Quality Management Standard, ISO 14001:2015 - Environmental Management Standard and the ISO 45001:2018 - Occupational Health and Safety Standard contribute towards driving our Environmental, Social and Governance (ESG) ambitions.

Access Engineering PLC - CIDA Gradings

Field	Grade	
Building	CS-2	Highest grade
Highways	CS-2	Highest grade
Bridge	CS-2	Highest grade
Water Supply and Sewerage	CS-2	Highest grade
Piling	GP-B1	Highest grade
Soil Nailing & Stabilisation	SP-1	Highest grade
Electrical Installation (Low voltage)	EM-1	Highest grade
Extra Low Voltage Installation- ELV	EM-1	Highest grade
Heavy Steel Fabrications – HSF	EM-1	Highest grade
Maritime Construction	C-1	
Heavy Construction	C-1	
Irrigation and Drainage Canals	C-1	
Plumbing & Drainage - PD	EM-1	
Elevators, Escalators & Travelators - EET	EM-1	
Fire Detection, Protection & Suppression - FDPS	EM-1	
LP Gas Systems - LPG	EM-1	
Dredging and Reclamation	C-7	
Storm Water disposal and Land Drainage	C-7	

Other Memberships

Name of Professional Organization/ Professional and Affiliated Organization	Membership
National Construction Association of SL (NCASL)	Member
The Ceylon Chamber of Commerce (CCC)	Member
International Chamber of Commerce (ICC)	Member
Sri Lanka Business and Biodiversity Platform (BSL)	Patron Member
The Chamber of Construction Industry SL (CCI)	Member

Memberships and Affiliations

Name of Professional Organization/ Professional and Affiliated Organization	Benefits
Construction Industry Development Authority (CIDA)	Inputs regarding construction industry norms, regulations (Quality, Safety &Environment) & best practices
The Institute of Engineers, Sri Lanka	Facilitating training, seminars & knowledge sharing workshops for Engineers, Quantity surveyors etc.
The National Chamber of Commerce of Sri Lanka	Training on various disciplines
Ceylon Chamber of Commerce Business & Bio Diversity Platform	Collaboration for CSR Projects
Employer Federation of Ceylon (EFC)	Advisory services related to Labour Law. Facilitating trainings, seminars & knowledge sharing sessions
Condominium Developers Association of Sri Lanka (CDASL)	Advisory services & consultancy related to condominium development & knowledge sharing
International Chamber of Commerce Sri Lanka (ICCSL)	Knowledge sharing related to different disciplines
Institute of Chartered Accountants of Sri Lanka (ICASL)	Approved training institution for business, corporate and strategic levels
United Nations Global Compact (UNGC)	Networking access to UN Global Compact participants
TRACE International UK for Anti-bribery Compliance	Access to information and best practices on ESG topics, including data models, compliance policies, training materials, and local law specifications across over 140 countries.

FUTURE PLANS

MEDIUM TERM

- Enhancing the BO (Business Objects) reporting module of SAP
- Implementation of a real-time Planning & Monitoring system for Production Plants

LONG TERM

- Quantification of 'AEL' Brand Equity
- Extending the collaboration/s with reputed global research institutes/universities to diverse areas of engineering
- Migrating to SAP HANA
- Investing in the SAP Storage replacement module to facilitate the future requirements for AEL

CAPITAL MANAGEMENT REVIEW

GRI 2-7, 2-24

8 DECENT WORK AND ECONOMIC GROWTH

Human Capital

Our Human Capital

At AEL, we identify our Human Capital as the key custodians of our business, for it is their commitment, skills, knowledge and passion that create the foundation of our competitive advantage and remain the driving force behind our continued success.

Management Approach

AEL follows an integrated approach to Human Capital Management (HCM) which is closely aligned with corporate strategy, thus ensuring our human capital has the capacity and capability and feels empowered to support the achievement of short, medium and long term corporate aspirations. To that end, our HCM approach revolves around a set of key principles which cascade into a comprehensive policy framework along with clear governance and responsibilities.

Based on Gender

	Male	Female	Total
=< 30	260	36	296
30 < 50	618	47	665
=> 50	130	3	133
Total	1,008	86	1,094

Based on Age

	Number of Employees
=< 30	296
30<age<50	665
=>50	133
Total	1,094

Total Staff by Category

	Number of Employees
Managerial	114
Operational/Technical	335
Clerical & Supportive	229
Skilled and unskilled	416
Total	1,094

GRI 202-1, 405-1

Based on Gender

Female
86

Male
1,008

HR Governance Structure

AEL has implemented a semi-decentralised structure for the effective management of Human Capital. The responsibility for setting overall HR Policy is under the stewardship of the corporate office headed by the Senior General Manager. The training and development process is also largely overseen by the corporate office. For our projects, we have established four separate divisions to oversee Human Capital Management activities, where the respective Human Resource departments handle all human capital related functions, including recruitment, selection, performance evaluation, staff welfare etc.

Employee Value Proposition

Since its inception, Access Engineering PLC (AEL) has sought to position itself as an employer of choice by presenting a strong Employee Value Proposition (EVP) with the promise of meaningful work, rewards and recognition and job security.

However burdened by the challenges arising out of the economic crisis in 2022 AEL was forced to revisit its EVP in the current financial year. With work on projects at a standstill for much of the year owing to the crisis, we were unable to provide our employees with meaningful work befitting their skills and talent and most were left idling. Amidst this backdrop, we were compelled to rationalise our teams while engaging the key staff with ongoing projects.

Recruitment and Selection

As a non-discriminatory employer, our recruitments are merit-based. We have in place a highly streamlined recruitment process to screen and hire the right candidate for the specific job role, vis-a-vis their qualifications, experience and mindset as well as their potential for growth and capacity to handle greater responsibility.

Competency testing accompanied by several rounds of formal interviews form the basis of selecting candidates. Clerical and supportive (Operational) employees are required to present themselves for an interview, with final selections made by the HRD representatives based on a set of predetermined criteria outlining required minimum technical and behavioural competencies.

The existing Senior Management Team is all hired locally from Sri Lanka.

As a responsible employer, AEL recruitment processes are guided by the labour principles outlined by the ILO and the UN Global Compact. Accordingly, AEL does not condone "Child Labour" and our recruitment and selection process includes stringent verification controls to ensure all potential new recruits are within the minimum age regulations as stipulated by Sri Lanka's labour laws. Moreover we strongly advocate the principle of "No Forced Labour" by ensuring our employees remain in employment voluntarily and at their free will.

All new recruits are required to participate in our comprehensive orientation programme to help them assimilate our unique corporate culture and understand what is expected of an employee of AEL. Meanwhile, daily paid labourers (skilled and unskilled) are continued to be recruited as and when needed in partnership with specialised labour service providers.

Given the extreme challenges caused by the economic crisis in the Country in 2022, AEL's management took a strategic decision to restrict recruitments as much as possible. As such, recruitments undertaken during the year was mostly for the purpose of filling vacancies of key management personnel who had resigned..

CAPITAL MANAGEMENT REVIEW

HUMAN CAPITAL

GRI 202-1, 401-1, 401-2, 405-2

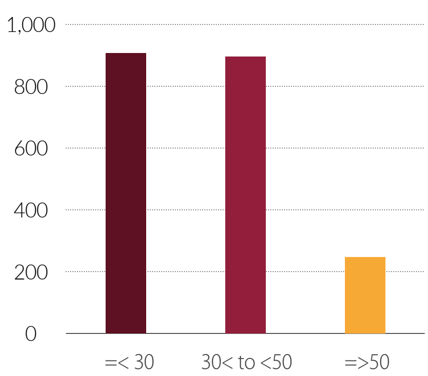
This reduction in recruitment numbers is evident in the year on year comparison with FY 2021/22.

New Hires

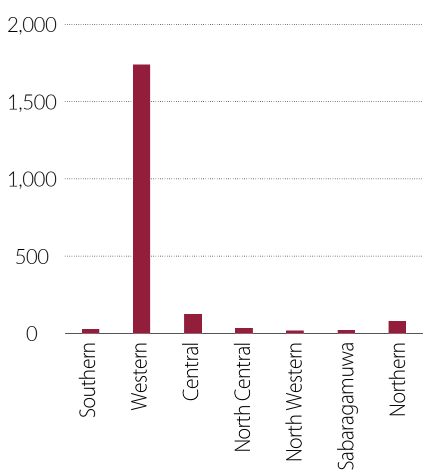
Based on Age	2022/23	2021/22
=< 30	167	989
30<age<50	95	726
=>50	27	141
Total	289	1,856
Based on Gender		
Male	277	1,782
Female	12	74
Total	289	1,856
Based on Province		
Southern	0	48
Western	285	1,552
Central	0	125
North Central	0	24
North Western	0	25
Northern	2	64
Sabaragamuwa	2	18
Total	289	1,856

Turn over

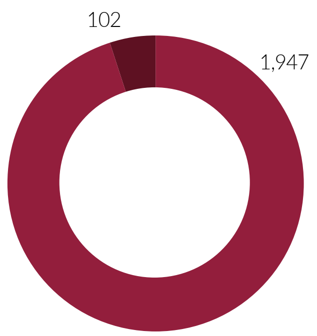
Based on Age



Based on Province



Based on Gender



- Male
- Female

Compensation and Benefits

Our salary structures have been designed to conform with all labour laws currently applicable to the organisation, namely the Shop and Office Employees Act, Wages Board Ordinance, the EPF Act, ETF Act and Payment of Gratuity Act, while at the same time being industry competitive. Salary scales for all employee categories are reviewed regularly and adjusted to ensure compensation and benefits remain competitive. In keeping with our equity goals, we also ensure that men and women in similar roles across all employee categories are remunerated equally without prejudice with the ratio of basic salary of female to male employees standing at 1:1.

Benefits provided to Permanent Employees

- Performance – based incentives and recognition
- Surgical and hospitalisation cover (extended to the whole family)
- Meals and transportation when working extended hours /on holidays
- Time off allowance in lieu of working on Saturdays, Sundays and holidays
- Female employees are entitled to 84 days of maternity leave for the birth of a child, as stipulated by the Shop and Office Act
- Personal accident and death insurance coverage
- Staff welfare activities

GRI 401-1, 401-3, 404-2, 404-3

Performance-driven Culture

In seeking to promulgate the performance-driven culture, AEL has implemented a comprehensive performance management process that begins with a goal setting exercise to ensure individual and team goals are aligned with the strategic objectives of the organisation. In this context, strategic objectives of the organisation are broken down into department-wise KPI's, which are then cascaded down to each individual within the department / division. This is accompanied with regular feedback and coaching followed by the Annual Performance Appraisal to drive individual KPI's ultimately leading to the achievement of strategic objectives. Employees who are eligible for the Annual Appraisal Process are employees who have completed the six month period. The results of this Annual Performance Appraisal process serves as the foundation for the establishing of performance incentives, salary increments and identifying potential training as well for determining opportunities for vertical and lateral career advancement

Apart from the Annual Performance Appraisal, performance evaluations are also carried out for the purpose of service extension, in the event of disciplinary issues, to determine interim increments / promotions and at the exit interview.

Learning and Development

AEL is committed to ensuring that all staff have access to learning and development opportunities, which enable them to be suitably knowledgeable and skilled to carry out their designated job role and to develop their talents in ways that fit with the broader organisational objectives.

Training is mobilised based on the 70:20:10 principle (70% of on-the-job experience, 20% mentoring and 10% classroom training), with the highest weightage allocated to enhancing the skills for employees' current role, through a combination of technical or specialist training. Leadership and soft skill training programmes are also deployed from time to time based on need.

Benefits Provided to Daily-paid workers

- Surgical and hospitalisation coverage (extended to the whole family)
- Personal accident and death insurance coverage
- Accommodation facilities
- Target-based allowances

Parental Leave

Number of employees entitled to parental leave	86
Number of employees that took parental leave	4
Number of employees that returned to work after parental leave ended	3
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	1

Training programmes overview

Internal	External
On-the-job training	Institutional training
In-house training using Company's own resources and expertise	Ad-hoc training
Knowledge sharing sessions	Customised training for organisational and individual requirements
Industrial training	

Training type	Participants	Training Hours	Total Training Hours
Training based on type of skill			
Soft skills	28	29.5	141
Health and safety	4	1.5	6
Knowledge enhancement	2	3	6
Technical skills	26	63.75	555.25
Internal training program			
Technical skills	19	56	528
External training program			
Technical skills	7	7.75	27.25
Soft skills	28	29.5	141
Health and safety	4	1.5	6
Knowledge enhancement	2	3	6

CAPITAL MANAGEMENT REVIEW

GRI 2-30, 402-1, 403-2, 406-1

HUMAN CAPITAL

Gender Parity

As an equal opportunity, non-discriminatory employer, AEL has adopted a broad based strategy to reduce gender parity at every stage of the employee journey. Accordingly, we have implemented gender-neutral recruitment practices, established strict guidelines to reduce unconscious bias in the selection processes, and have benchmarked our assessment and interview criteria against global best practices.

As stated above, our compensation and benefits packages are fair and equitable regardless of gender.

Further deepening our commitment to reduce gender parity, we conduct special training and awareness programmes to educate employees and managers on the importance of gender equality, address unconscious bias, promote gender sensitivity, and create an inclusive work environment. More recently we have also implemented a parental leave policy to support better work-life balance for men.

As part of our 360 degree approach, workforce data relating to gender representation, hiring, promotions, retention etc are collated, analysed and reported to determine the degree of achievement against established gender parity goals. These real world insights are also used to drive continuous improvement.

We have two specific policies on sexual harassment in the workplace – the "Policy on Disciplinary Management" and the "Whistleblowing Policy". Under the Policy on Disciplinary Management, sexual harassment is defined as misconduct. The policy provides for disciplinary action against sexual harassment, such as inappropriate sexual development, requests for sexual favours, sexual or explicit posters, pictures, cartoons, or other verbal or physical acts. Any employee who has experienced harassment can report such an incident to their manager, the next level of management, Human Resources, or Top Management. All complaints are treated as confidential. An investigation is conducted based on the misconduct and the relevant punishment will be decided by the Board of Inquiry.

Employee Relations

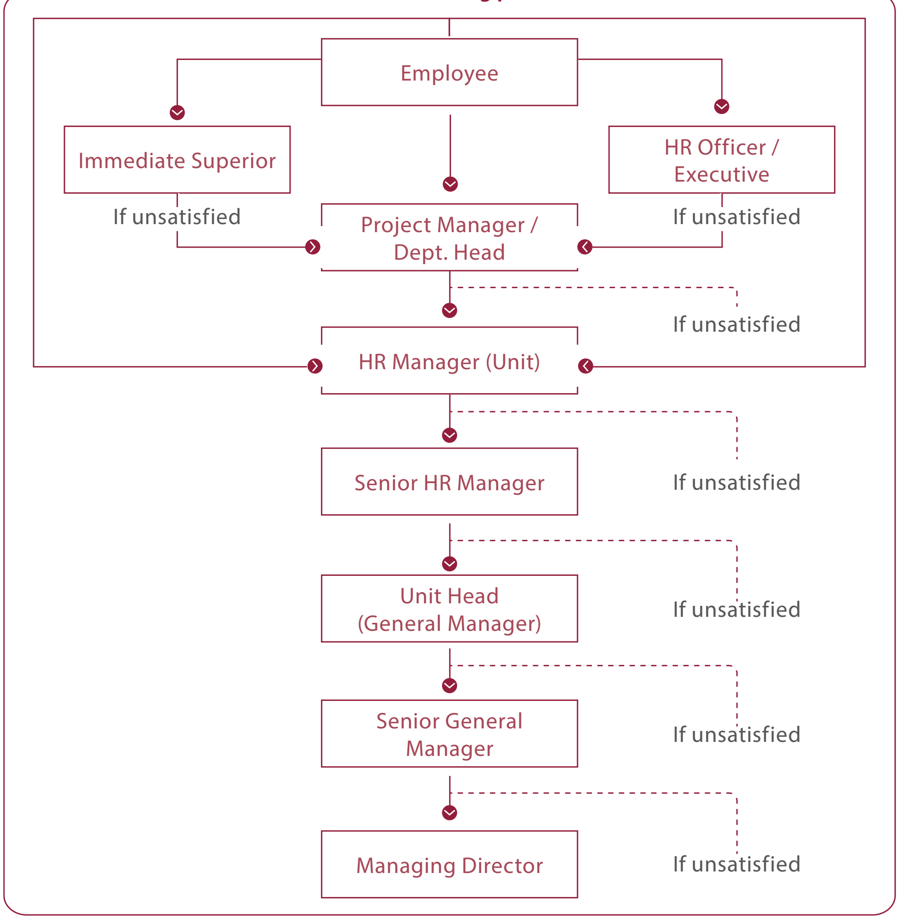
Encouraging regular and open communication is a major part of our effort to create a supportive work environment that promotes a healthy work-life balance for all employees and increases their level of job satisfaction.

Since AEL does not have a collective bargaining agreement, formal team briefings and other routine meetings create a structured framework for continuous and ongoing dialogue between employees and their respective team leadership. Meanwhile our open-door policy creates a more informal setting for employees to reach out to their superiors to discuss any work related matters.

Grievance Handling

A formal grievance handling process is in place for employees to formally intimate any issues that have not been resolved to their satisfaction through the aforementioned informal channels. All grievances are treated seriously and investigated immediately supported by an impartial review to ensure a fair and equitable resolution within the stipulated timeline. These are Company-wide practices that apply to all employee categories. There were no grievances reported in FY 2022/23.

Grievance handling procedure



Occupational Health and Safety

In our core business of construction, safety is the #1 priority. To assure the safety and wellbeing of its employees (staff and labourers), contractors, suppliers and visitors to its project sites, AEL remains fully compliant with all safety regulations mandated under the Factories Ordinance 1942. Additionally, as per the Workmen's Compensation Ordinance of 1935 and subsequent Amendments thereto, we have obtained insurance cover to compensate workers who are injured in the course of their work.

Going beyond these mandatory requirements, AEL has voluntarily adopted the ISO 45001:2018 - Occupational Health and Safety Management Standards as the basis of implementing its organisation-wide Occupational Health and Safety (OHS) system. The main aim of the OHS framework is to effectively reduce the risk of injury and illness across all workplace operations and is therefore based on three fundamental pillars - detecting, assessing, and controlling safety hazards. The OHS system is further strengthened through dedicated safety teams and stringent management oversight across all aspects, including hazard identification and risk assessment, hazard control, training, emergency response, incident reporting and investigation, and communication.

In line with the OHS system in place, all incidents are documented and investigated immediately as per the detailed incident management protocol. According to the protocol, incidents are segmented under three broad categories; near misses and first aid; minor, major and fatal accidents; or occupational illnesses, with clear investigative responsibilities under each segment. The protocol also sets out guidelines for the implementation of corrective action and for updating incident reports.

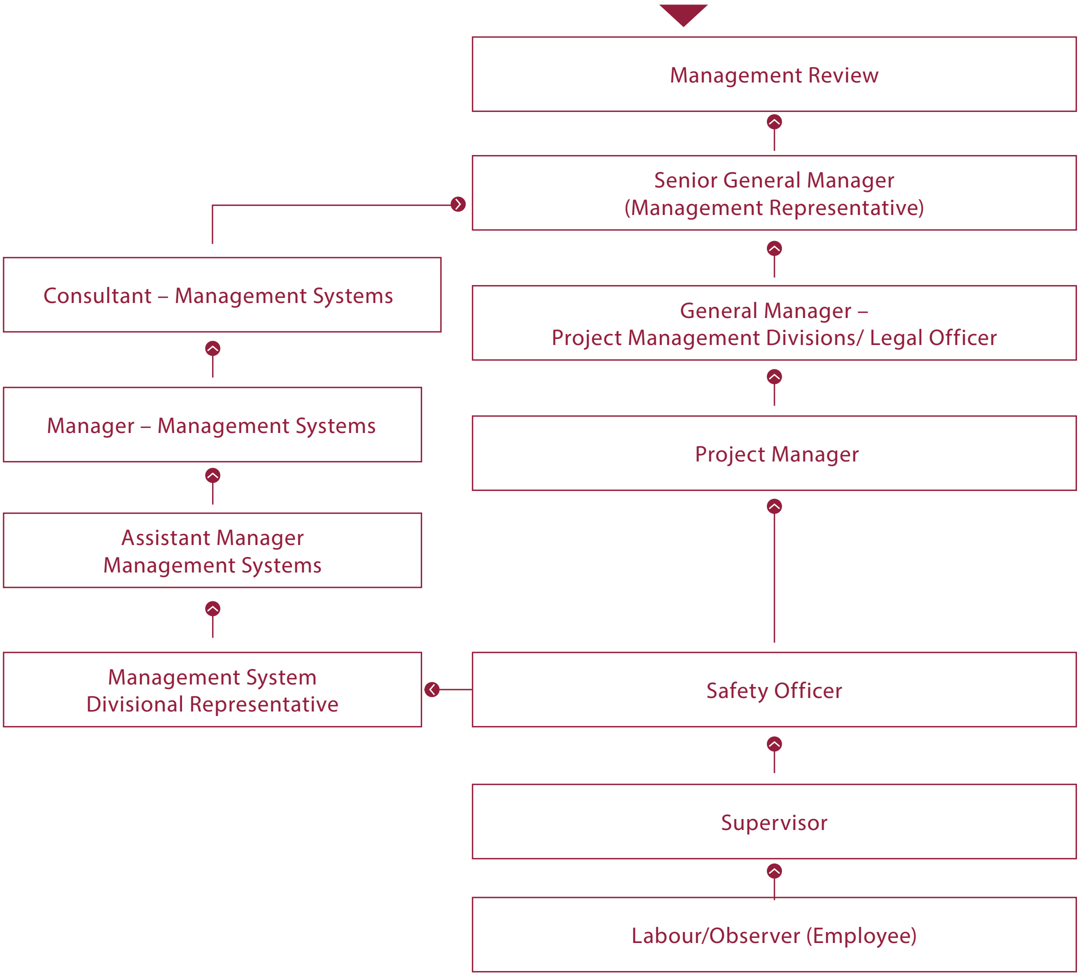
Key Hazards in the Construction Industry

Hazard	Reason for Hazard	Hazard Prevention System Implemented by Access Engineering
Working at Heights	Falls from multi-storey building structures	Edge protection is incorporated to the guard rail, mid-rail and toe board must be provided to the edge of any scaffold platform, fixed stair, landing, suspended slab, formwork, or false work where there is a risk of a person falling two or more metres
		Edge protection is provided where there is a risk that a person could fall three or more metres from an edge at the workplace other than an edge referred to above
		Where it is not practicable to provide edge protection as outlined above, a fall injury prevention system is provided and used to control the risk of a fall or a fall arrest system is used to arrest a fall
Electrocution	Working with and around electrical equipment and power tools creates significant workplace hazards in the construction industry	Inspection of wiring of electrical equipment before each use & periodically
		Use of safe work practices every time electrical equipment is used
		Awareness of the location and how to operate shut-off switches and/or circuit breaker panels
		Practicing lock-out & tag-out systems with regard to energy isolation
		Limiting the use of extension cords
		Using only standard electrical equipment
Being Hit by Moving Objects	Coming into contact with moving machinery, goods, and tools and equipment are critical workplace hazards in the construction industry	Use of machine guarding to prevent contact with moving parts
		Ensuring correct isolation procedures are practiced before any work is carried out on equipment with moving parts
		Establishment of exclusion zones to make sure that load transport areas are sufficiently barricaded to prevent workers from accessing the area
		Ensuring tools, materials and equipment are stored securely to prevent them from falling to the level below and acting as projectiles
Falls, Trips and Slips	Due to poor housekeeping practices	Keeping only frequently used tools in the work area
		Ensuring floors around benches and machinery are kept clean & tidy
		Keeping work areas tidy by storing materials and equipment neatly
		Keeping extension leads off the ground by using cable stands
		Regular disposal of waste material and rubbish in appropriate methods
		Maintaining good housekeeping
Unintended collapse	Falling into excavated sites	Adopting soil protection methods such as stepping, sloping, shoring and close sheeting
		Shoring or close sheeting excavation work as per the requirement
		Use of adequate barricade and excavation signage
		Walkways across excavations are made by scaffolding and strict prohibition of unsafe work practices
		Maintaining excavated soil, material and equipment at a distance of 0.5 meter away from the edge of excavation site/s

CAPITAL MANAGEMENT REVIEW

HUMAN CAPITAL

Incident Reporting Hierarchy



Composition and Scope of Safety Teams

	Safety Committee	Fire Fighting Team	First Aid Team
Reports to	Management Systems Dept.	Project Manager / Plant Manager	Project Manager / Plant Manager
Headed by	Project Manager / Plant Manager	Safety Officer / Safety Manager	Safety Officer / Safety Manager
No. of members	6 Members per 100 Employees	3 Firefighters per 100 Employees	4 First Aiders per 100 Employees
Composition	Representatives of Labours, Officer Representatives from Each Division	Appointed Lower Level Employees & Site Staff	Appointed Lower Level Employees & Site Staff
TOR	To implement, maintain & improve OHSMS	For Emergency Preparedness	For Emergency Preparedness
Meeting Frequency	Once a Month	Annual	Annual

Health and safety parameters 2022/23

Total safety hours	3,573,637
Fatalities	-
Major accidents	2
Minor accidents	8
Frequency of major accidents	0.56
Frequency of minor accidents	2.24
LTIFR (Lost Time Injury Frequency Rate)	2.80

Continuous improvement is a key aspect in managing the efficacy of the OHS system. This is facilitated by regular safety meetings, the findings from bi-annual audits conducted internally by AEL's Department of Management Systems and non-conformities detected through the ISO external assurance audit conducted every 09 months by DNV GL.

Future Focus

Emphasis on retaining core staff at all levels of the organisation

CAPITAL MANAGEMENT REVIEW

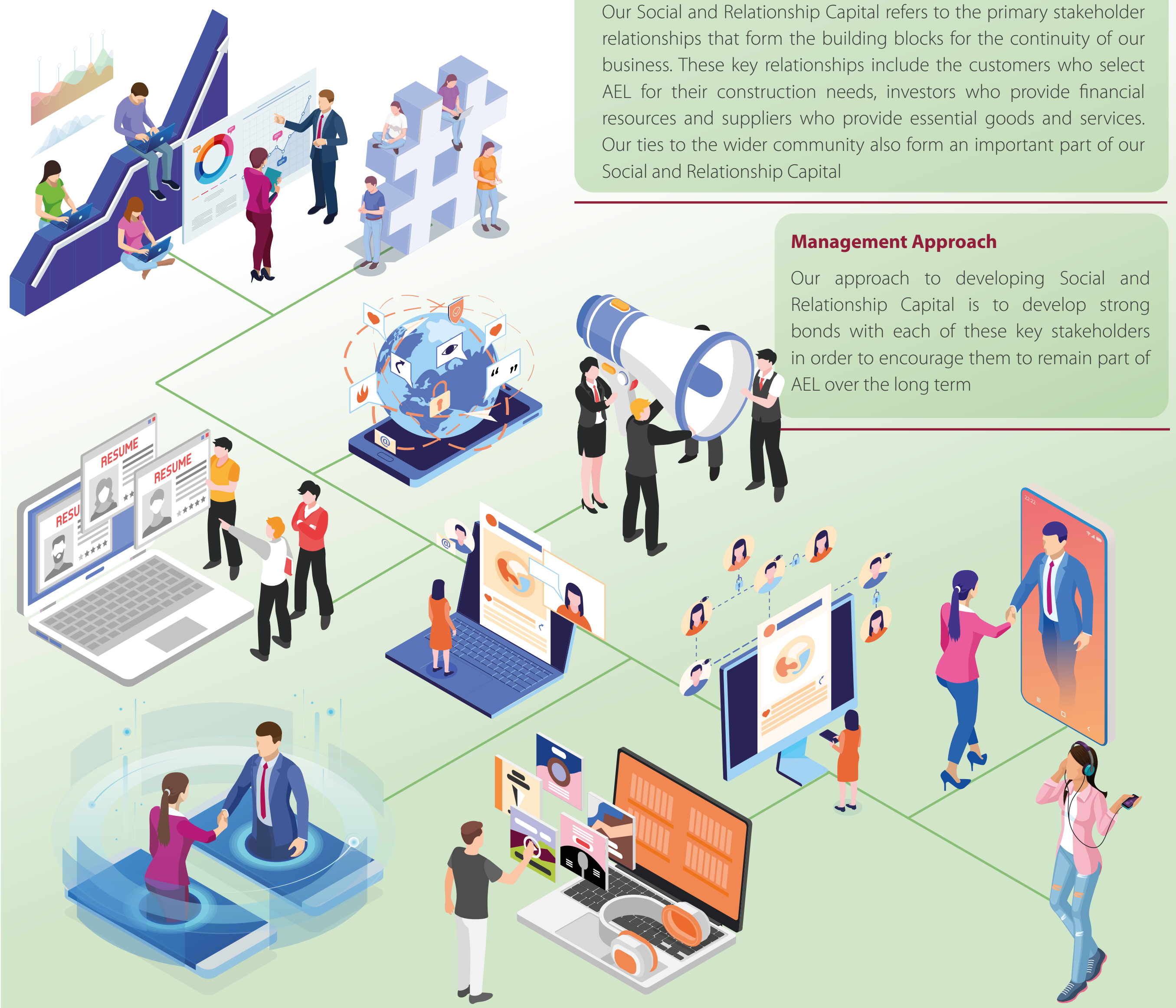
Social and Relationship Capital

OUR SOCIAL AND RELATIONSHIP CAPITAL

Our Social and Relationship Capital refers to the primary stakeholder relationships that form the building blocks for the continuity of our business. These key relationships include the customers who select AEL for their construction needs, investors who provide financial resources and suppliers who provide essential goods and services. Our ties to the wider community also form an important part of our Social and Relationship Capital

Management Approach

Our approach to developing Social and Relationship Capital is to develop strong bonds with each of these key stakeholders in order to encourage them to remain part of AEL over the long term



Value Creation Scorecard FY 2022/23

Outcomes for Stakeholders

Customers

Assurance of project continuity when most other construction were halted

Investors

Consistent returns despite economic challenges

Suppliers

Continuous business opportunities notwithstanding the construction sector slowdown

Outputs for AEL

- Strong customer affinity and loyalty towards the Access brand
- Increased investor confidence in the Access brand
- Supply chain reliability to support the continuity of operations

GRI 416-2

CUSTOMER CAPITAL

AEL has always placed customers at the heart of its business strategy. In our endeavour to fulfil their construction needs, we have adopted a holistic approach framed around four key pillars - fully fledged construction solutions, 360 degree quality assurance, innovation, sustainable operations and ongoing customer communication.

In the current financial year, where the ongoing economic crisis in the country has seen the entire construction sector at a near standstill, AEL reiterated its commitment to its customers by prioritising the continuity of operations across business segments.

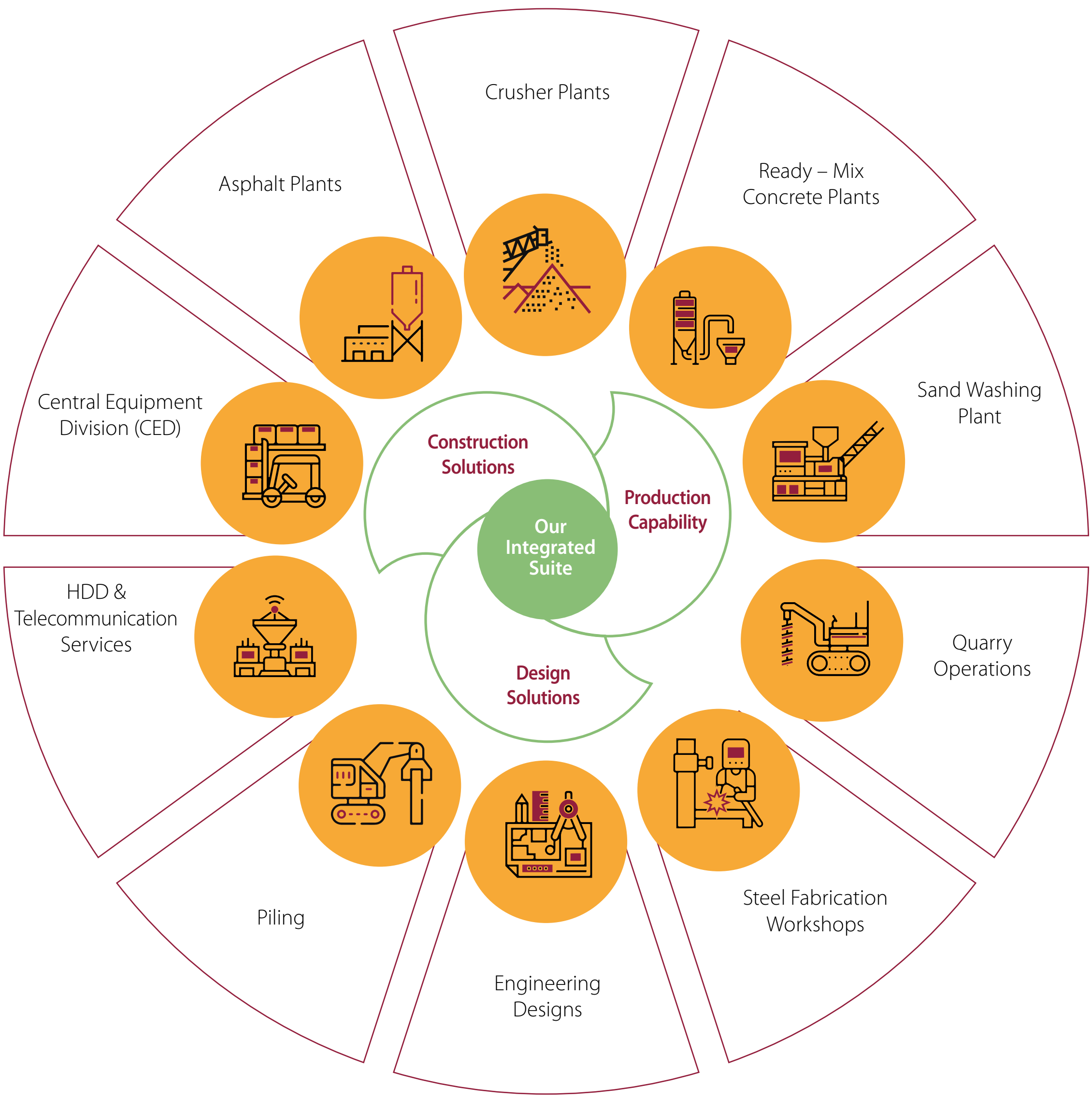
Fully Fledged Construction Solutions

AEL's diversified business portfolio is equipped to provide the best in-class solutions for every stage of the construction value chain. As the leading EPC (Engineering, Procurement, Construction) company in Sri Lanka, we leverage our expertise in civil engineering to offer customised design and integrated construction solutions for large projects including Highways, Water supply and sewerage, Buildings, Bridges, Irrigation and land drainage, Dredging and reclamation, Maritime construction, Piling, Soil nailing and stabilisation, Electrical installation (Low-tension), Heavy steel fabrication, HDD & Telecommunication Services.

We began our diversification and integration strategy several years ago, and since then have worked systematically to build a broad based portfolio of complementary business to support our core. For instance our industry-leading production capability enables us to provide a diverse array of solutions ranging from asphalt concrete, ready mix concrete and aggregate products. Similarly, the Central Equipment Division acts as an internal supplier of heavy construction equipment machinery for our construction projects.

360 degree Quality Assurance

Striving to position ourselves as the #1 choice for construction solutions, we focus on a 360 degree approach to quality.



CAPITAL MANAGEMENT REVIEW

GRI 416-2

Social and Relationship Capital

Our quality processes are contingent on having the right systems, implementing the required internal controls to ensure continuous assessment, monitoring and due diligence as well as mobilising appropriate resources to drive operational excellence to ensure on-time delivery of customer commitments.

We have invested in the leading global SAP enterprise resource planning system to ensure AEL's core business processes and backend architecture remain 100% efficient and reliable across all aspects of the business from material management, production planning, equipment and tool management and plant maintenance to distribution, sales and finance.

In the current financial year we implemented "SAP Fiori"- mobile app based solution to enable selected business functions to be performed remotely through a secure platform.

From an assurance perspective, in-house laboratory facilities in every plant and at most sites enable testing for the purpose of quality assurance/ quality control. Moreover the ISO certified Quality Assurance and Management Systems ensure that all regulations regarding safety, health, and quality are met. We conduct a minimum of three audits during a project, at commencement, execution, and upon completion. Ad hoc audits are also carried out on a need basis.

Innovation and Continuous Improvement

AEL embraces innovation and continuous improvement as a means of enhancing the value proposition presented to customers. We encourage knowledge sharing among industry peers to foster innovation and ideation and often seek out overseas partnerships to augment our technical expertise and learn about the latest global best practices relevant to our field.

Sustainable Operations

We are fully aware of the nature of our business and the impact our operations can have on the environment, especially in terms of greenhouse gas emissions. In keeping with the commitment to safeguard the wellbeing of customers and the wider community, AEL makes a conscious effort to lead by example in finding solutions to reduce its environmental footprint.

Solutions Provided to customers in FY 2022/23

Ready - Mix Concrete

- Supply of Ready-Mix Concrete of Proposed Facilities for Container Terminal including Marine and Allied Services at West Container Terminal in the Port of Colombo

Quarry Operation

- Supply of Core Rock and Armour Rock for West Container Terminal Project
- Supply of Rocks and Aggregate for East Container Terminal of Port of Colombo Phase II

Piling

- Casting bored piles, pile testing and hacking for Package A, Passenger Terminal Building and Associated Works on Bandaranaike International Airport Development Project (BIADP) Phase II Stage 2
- Piling work for 15 MW Wind Power Plant at Nanattan, Mannar
- Construction of Diaphragm Wall for Proposed Star Class Hotel at 594, Galle Road, Colombo 04
- Construction of Cast In-situ Bored Piles for Proposed 350 MW Combined Cycle Power Plant at Kerawalapitiya II
- Casting bored piles, pile testing and hacking for Piling works for Transmission Lines (Pannipitiya to Ratmalana)
- Piling works at Gatambe Meda Ela Bridge– Small Bridge Along A1 Road
- Piling Work for Proposed Container Freight Station for Aitken Spence Logistics

Steel Fabrication Workshop

- Supply & Installation Fire Protection & Detection system of the public car park facility at Union Place
- Design, fabrication & installation of two 1500 m^3 water tanks at Export Greenfield Warehousing Complex
- Fabrication & Erection of roof structures at Export Greenfield Warehousing Complex
- Installation, Testing & Commissioning of the Fire Protection System at Export Greenfield Warehousing Complex
- Design, fabrication & installation of drain control automated Radial gates and sluice gates at Export Greenfield Warehousing Complex

To achieve this, we have been progressively embedding sustainable business practices into every aspect of work through the adoption of sustainable construction techniques, proper waste management, prudent resource allocation and energy saving initiatives.

At the same time, we continue to invest in technology to help refine various internal processes in order to minimise the use of natural resources and cut waste. For example, the Document Management System (DMS) that was implemented in 2018 has not only served its intended purpose of improving document tracking, managing and storage but also greatly reduced the day to day paper usage across a number of departments.

Ongoing Customer Communication

AEL follows a structured customer communication framework to stay connected with customers in order to keep them apprised on the status of their projects. A designated communications liaison is appointed for each project / activity centre / department and tasked with managing all customer interactions and receiving complaints.

A 5-step complaint handling process is in place to ensure the effective resolution, while the customer complaint handling and reviewing platform provides data-driven insights to enable the management to track issues raised by customers. Complaint data is analysed and reported to the Management monthly and on a quarterly basis to the Board.

Stage in the project	Medium of dialogue	Typical dialogue content
Pre-contract	Pre-bid meeting	↘ Description of the project and key deliverables ↘ Obtaining of bidding documents
	Site visits	↘ Understanding of the actual ground situation ↘ Gathering vital information/technical data for preparing bidding documents
	Queries and clarifications	Follow-up queries and clarifications are sought from the customer where required
	Formal bidding	↘ Submission of formal bid together with the technical and financial proposal ↘ Submission of guarantees/bonds as required
	Negotiations	Once shortlisted the client commences negotiations and further clarifications are sought if required
Implementation	Kick-off meeting	Happens prior to work commencement where the following is discussed in great detail: ↘ Obligations of parties ↘ Project implementation schedule and the way forward
	Progress review meeting	Every two weeks at the site where the project progress is discussed at length including site challenges and proposed actions
	Special meetings	If and when required
	Substantial completion or taking over	Formal handing over of the site and completed project to the client/customer
Defect Liability Period (DLP) — (Usually for one year)	Inspection	Regular visits are made by the client/customer during the DLP to identify any defects or errors and same is communicated for rectification
	Performance certificate	Issued after the expiry of the DLP

1. Appointment of a customer complaint Officer for each Project Manager, Plant / Activity Centre / Department
2. The officer reviews the complaint and takes immediate actions to rectify the issue raised, if possible.

   If not the complaint is escalated to responsible people based on the nature of complaint

   All complaints are recorded in the Complaints Register
3. Complaints are investigated to identify the root cause followed by corrective action to avoid recurrence in the future
4. Effectiveness of actions are evaluated within a reasonable time period
5. Feedback from the complainant to determine the need for further action

CAPITAL MANAGEMENT REVIEW

Social and Relationship Capital

INVESTOR CAPITAL

As an entity listed on the Colombo Stock Exchange (CSE), approximately 40.104% of AEL share capital is held by the public represented by 9,947 shareholders.

Reflecting our commitment to be fully transparent regarding our activities, we meet all mandatory shareholder disclosures to the CSE, including price sensitive information. Moreover given our large shareholder base, we have implemented a structured investor relations framework to enable our shareholders to access information on an ongoing basis.

Our corporate website (www.accessengsl.com) gives shareholders access to real time trading information, financial statements and research reports. The corporate website is also updated frequently with project related information

Meanwhile a dedicated investor relations email has been assigned to facilitate direct connectivity to AEL's Company Secretaries. Shareholders can use this email to request a prior appointment to meet with any Board Director.

Directors' Shareholding as at 31 March 2023

Name of the Director	Number of shares held	Percentage %
Mr. Sumal J S Perera	250,000,000	25.00
Mr. R. J S. Gomez	Nil	Nil
Mr. J C Joshua	101,000,000	10.10
Mr. S H S Mendis	24,300,000	2.43
Mr. D A R Fernando	24,300,000	2.43
Mr. S D Munasinghe	24,300,000	2.43
Mr. S D Perera	2,000,000	0.20
Prof. K A M K Ranasinghe	100	0.00
Mr. N D Gunaratne	Nil	Nil
Mr. D S Weerakkody	60,597	0.01
Mr. Shamal J S Perera	51,159,365	5.12

Investor Capital Structure

From		To	Number of shareholders	Number of shares	Percentage %
1	–	1,000	5,202	1,816,684	0.18
1,001	–	10,000	3,182	13,038,871	1.30
10,001	–	100,000	1,229	39,842,547	3.98
100,001	–	1,000,000	299	83,249,581	8.33
		Over 1,000,000	54	862,052,317	86.21
			9,966	1,000,000,000	100.00

Share prices for the year

Market price per share	2022/23 LKR	2021/22 LKR
Highest	16.50 (20.03.2023)	38.40 (21.01.2022)
Lowest	8.30 (13.01.2023)	15.00 (31.03.2022)
As at end of the year	14.20 (31.03.2023)	15.00 (31.03.2022)

Top 20 Major shareholders

Name of shareholder	31 MARCH 2023		31 MARCH 2022*	
	Number of Shares	Percentage %	Number of Shares	Percentage %
1. Mr. Sumal J.S Perera	250,000,000	25.000	250,000,000	25.000
2. Mr. J.C.Joshua	101,000,000	10.100	101,000,000	10.100
3. Mrs. R.M.N. Joshua	70,000,000	7.000	70,000,000	7.000
4. Mr. Shamal J.S. Perera	51,159,365	5.116	50,811,814	5.081
5. Mrs. D.R.S Malalasekera	45,000,000	4.500	45,000,000	4.500
6. Access International (Pvt.) Limited	32,200,000	3.220	32,200,000	3.220
7. Mr. J.W. Nanayakkara & Mrs. H.D. Nanayakkara	30,788,574	3.079	30,788,574	3.079
8. Foresight Engineering (Pvt.) Limited	30,000,000	3.000	30,000,000	3.000
9. Mr. D.A.R. Fernando	24,300,000	2.430	24,300,000	2.430
10. Mr. S.H.S. Mendis	24,300,000	2.430	24,300,000	2.430
11. Mr. S.D. Munasinghe	24,300,000	2.430	24,300,000	2.430
12. Confab Steel (Pvt.) Limited	22,940,000	2.294	19,647,506	1.965
13. Employees Provident Fund	20,478,289	2.048	20,478,289	2.048
14. Mercantile Investments and Finance PLC	13,121,925	1.312	13,121,925	1.312
15. Access Medical (Pvt.) Limited	13,000,000	1.300	13,000,000	1.300
16. Mr. M.J. Fernando	12,138,117	1.214	12,138,117	1.214
17. Mr R.P. Weerasooriya	10,132,479	1.013	-	-
18. Deutsche Bank AG as Trustee to Capital Alliance Quantitative Equity Fund	7,125,871	0.713	-	-
19. Mrs. T.T.A. De Silva Weerasooriya	6,000,000	0.600	-	-
20. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	5,072,312	0.507	5,072,312	0.507
	793,056,932	79.306	766,158,537	76.616
OTHERS	206,943,068	20.694	233,841,463	23.384
TOTAL	1,000,000,000	100.000	1,000,000,000	100.000

* Comparative shareholdings as at 31 March 2022 of the twenty largest shareholders as at 31 March 2023

Release dates of interim financial statements – 2022/23

Quarter	Due date	Actual release date
1	15th August 2022	12th August 2022
2	15th November 2022	11th November 2022
3	15th February 2023	09th February 2023
4	31st May 2023	19th May 2023

Release date of Annual Reports- 2021/22

Quarter	Due date	Actual release date
Annual Report	31st August 2022	05th September 2022
AGM	30th September 2022	23rd September 2022

CAPITAL MANAGEMENT REVIEW

Social and Relationship Capital

Dividend policy

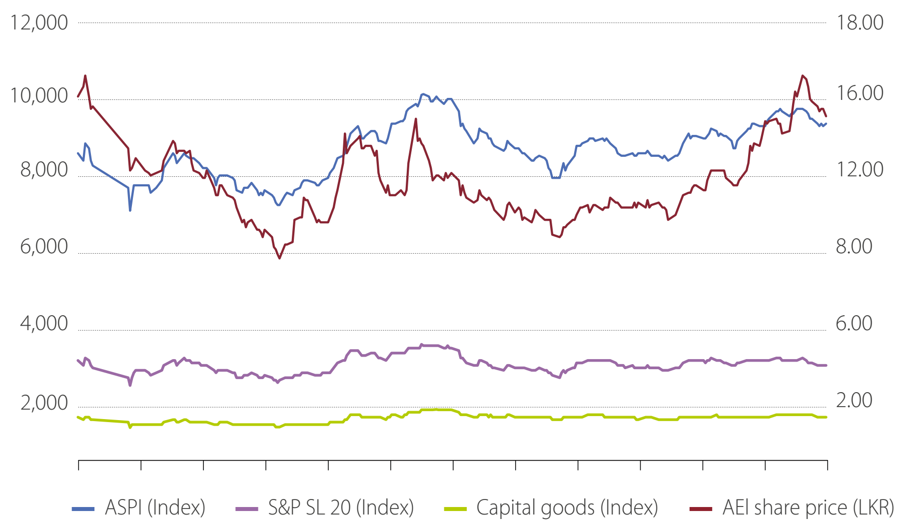
The dividend Policy remains unchanged. Earnings & dividends in the last few years are as below.

	2022/2023		2021/2022		2020/2021		2019/2020		2018/2019	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
EPS (LKR)	2.48	1.44	5.11	2.58	2.39	2.33	0.98	1.93	2.15	1.96
DPS (LKR)	0.75	0.75	0.75	0.75	0.50	0.50	0.5	0.5	0.5	0.5
Payout (%)	30	52	15	29	21	21	51	26	23	25

Performance of shares relative to ASPI

	31 March 2023	1 April 2022	Change (%)
AEL Share Price (LKR)	14.20	15.00	5.33
ASPI	9301.09	8471.43	9.80
S&P SL 20	2682.83	2830.93	5.23
Capital Goods	1266.06	1248.78	1.38

AEL Trading



Details of the Debenture Issue

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 listed on the Colombo Stock Exchange on 23rd November 2015. Thereafter on 15th September 2022, ICRA Lanka Limited revised the issue rating of the outstanding Rs.0.56 Mn Senior Unsecured Redeemable Listed Debentures to [SL] A (Negative) from [SL] A+ (Negative)

Amidst these developments, an Extraordinary General Meeting (EGM) of the Type 'D' Debenture Holders was held on 10th March 2023 to approve an early redemption of the same. The resolution was passed by a majority at the EGM and all outstanding Debentures were paid in full by the Company on 18th April 2023. Outstanding Debentures were not traded during the financial year 2022/23 up to the last date of trading entitled for early redemption.

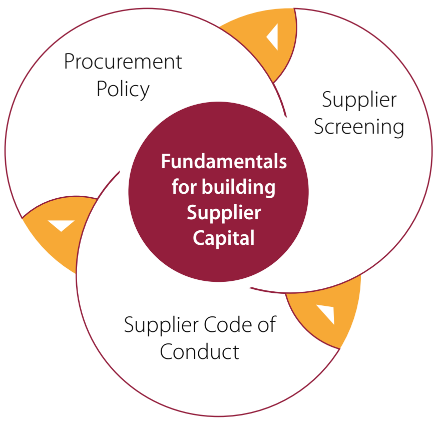
Trading Statistics

	31 March 2023	31 March 2022	31 March 2021	31 March 2020	31 March 2019
No. of shares traded	157,122,837	448,903,146	357,123,112	102,113,697	108,091,199
Value of shares traded (Rs. Mn)	1,932	9,588	6,757	1,637	2,729
Number of days traded	235	240	219	231	240

GRI 204-1

SUPPLIER CAPITAL

AEL's supplier base consists of over 20,000 suppliers comprising contractors, sub-contractors, material and machinery suppliers, labour suppliers, designers, surveyors, transporters, IT solutions providers etc. Given the vital role they play in enabling AEL to maintain uninterrupted operations, we have always sought to build strong and enduring ties with our suppliers based on trust and mutual respect. Expanding on this concept in recent years we have further deepened our ties with selected suppliers to achieve supply chain security through backward integration.

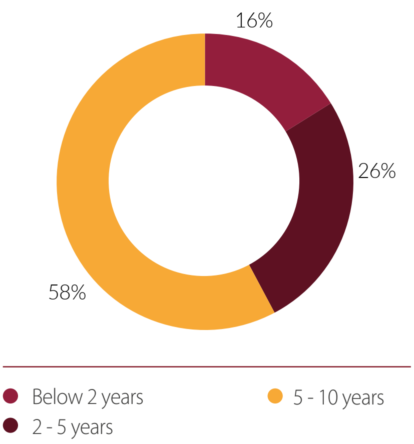


Procurement Policy

Our Procurement Policy serves as an overarching framework for effective and efficient procurement to allow AEL to form the right partnerships that harmonise with short term goals as well as long term corporate aspirations. Standard Operating Procedures (SOP) set out under the Procurement Policy are designed in accordance with global best practices for sustainable procurement while balancing the technical, social and environmental credentials of suppliers and service providers.

The practical application of the Procurement Policy and its SOP's falls under the purview of AEL's Central Procurement Division' which handles all material purchases, procurement of machinery and assets and major sub – contractors.

Supplier Age Analysis



Supplier Screening

Our Supplier Screening SOP sets a series of criteria for screening of suppliers, including price competitiveness, quality, credit terms, delivery timelines, responsiveness and flexibility, innovation etc. The screening process also often involves sampling, factory visits etc.

Suppliers are also screened to determine their alignment with the requirements of Environmental Management Systems ISO 140001: 2015.

Apart from this, construction contractors bidding for state sector projects are further scrutinised in line with relevant regulatory compliance requirements applicable to the project.

Spending on local suppliers - AEL

Material purchases	Local Suppliers	Foreign Suppliers	Total
Material Purchases	1,545,023,665	612,111,825	2,157,135,490
CAPEX	6,434,255	-	6,434,255
Total	1,551,457,920	612,111,825	2,163,569,745

Social and Environmental Regulations included in the Supplier Screening Process	
Labour	The following list is in addition to EPF, ETF and Gratuity related Acts: ↘ Wages Boards Ordinance ↘ Factories Ordinance ↘ Workmen's Compensation Ordinance ↘ Employment of Women, Young Persons and Children Act ↘ Shop and Office Employees Act ↘ Industrials Disputes Act
Environmental	Regulations imposed by the National Environment Act
	Regulations imposed by the Mines and Minerals Act
	Regulations imposed by the Coast Conservation Act
	Regulations imposed by the Marine Pollution Prevention Act
	Regulations imposed by the Fauna and Flora Protection Ordinance
	Regulations imposed by the Forest Ordinance
	Regulations imposed by the Soil Conservation Act
	Regulations imposed by the State Land Ordinance
	Regulations imposed by the Explosives Principle Act
	Under above regulations the suppliers are required to obtain the following where applicable: ↘ Environmental Protection License (EPL) ↘ Mining Licence ↘ Archaeology Clearance ↘ UDA Clearance

CAPITAL MANAGEMENT REVIEW

Social and Relationship Capital

GRI 413-1

Supplier Code of Conduct

Selected suppliers are on-boarded through a legally binding agreement that also includes the Code of Conduct. The Code of Conduct which aims to ensure that all of our significant and ongoing suppliers are aligned to AEL's business and ethical conduct standards in regard to technical, social and environmental aspects.

Technical	Social	Environmental
Scope	Care of Works	Protection of Environment
Price	Social Security and Welfare etc.	Site Cleaning etc.
Time for commencement		

The Code of Conduct applies to all of our suppliers and this fact is notified either at the point of calling for tender bids or through the RFQ. It is mandatory that all suppliers comply with the Code of Conduct, without exception.

COMMUNITY CAPITAL

AEL is of the opinion that good standing in the community further enhances its overall reputation. To that end, we remain committed to contribute to the enrichment of the society and make a tangible contribution to the economic and social development of the localities in and around our project sites and plants.

Socio Economic Development Agenda

The first order or priority outlined in our Socio Economic Development Agenda is to minimise the negative impact to communities as a consequence of our project / plant operations. Specifically, we focus on mitigating the adverse impact to human health and wellbeing due to disturbances caused by our operations, air emissions, and discharges; social impacts of involuntary resettlement, physical and economic displacement and disruptions to livelihoods.

At the same time, we do take great pride in the fact that the positive impact to the community from our projects significantly outweigh the negatives. In the short term, communities in and around projects benefit immensely from various job opportunities created for the duration of the project, while improved transport links, public infrastructure and telecommunication infrastructure, all collectively contribute towards greater socio economic progress and improving the quality of life for these communities over the long term.

Social Responsibility Policy

Our Social Responsibility Policy acts as a blueprint in guiding our efforts to empower communities vis-a-vis four thematic areas: Local Community Development, Human Capacity Building, Industry Advancement and Environmental Stewardship.

However, during the financial year we could not engage in any social responsibility projects owing to the economic turmoil which had a negative impact on our core business.

New Suppliers Screened and on-Boarded

Type of Supplier	FY 2022/23	FY 2021/22
International	63	22
Local	1,365	587
Internal	8	5
Inter-company	1	1
Total as at year end	1,444	615

FUTURE PLANS

MEDIUM TERM

- Performing the entire tendering process through 'Green Tape'
- Conducting periodic investor webinars
- Recommencement of social responsibility projects following industry revival

LONG TERM

- Supplier evaluation based on social criteria

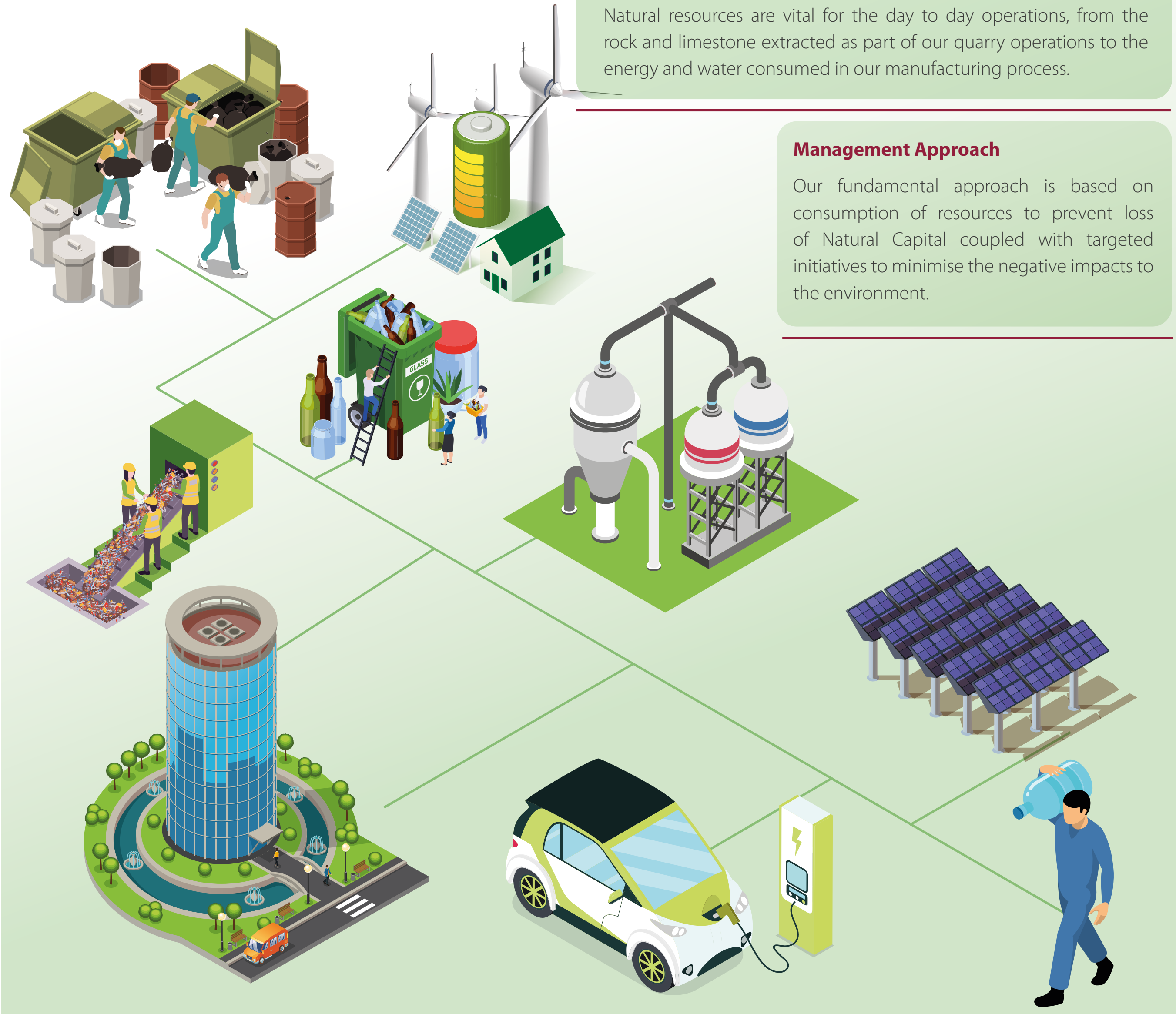
Natural Capital

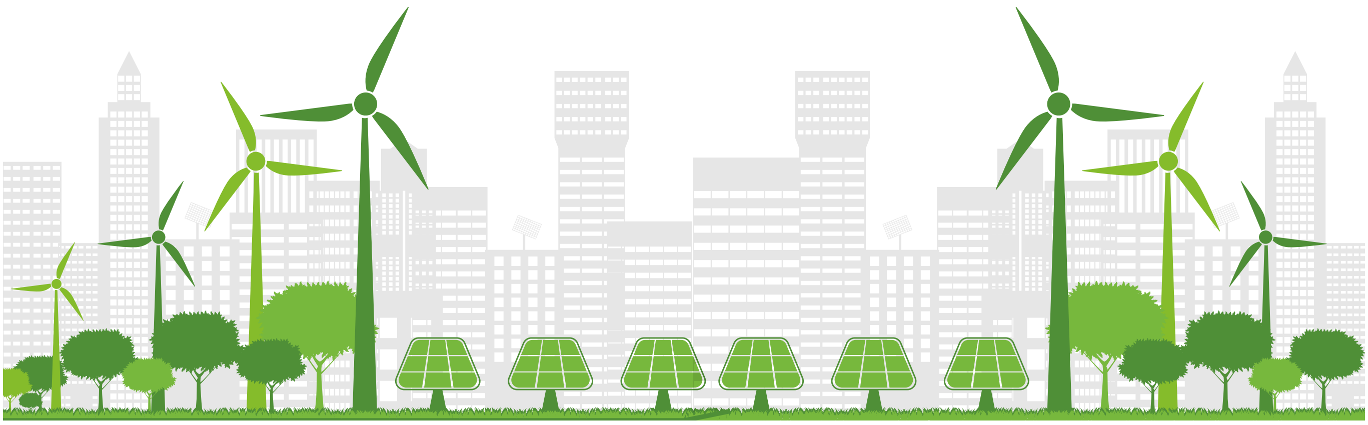
OUR NATURAL CAPITAL

Natural resources are vital for the day to day operations, from the rock and limestone extracted as part of our quarry operations to the energy and water consumed in our manufacturing process.

Management Approach

Our fundamental approach is based on consumption of resources to prevent loss of Natural Capital coupled with targeted initiatives to minimise the negative impacts to the environment.





CAPITAL MANAGEMENT REVIEW

Natural Capital

GRI 307-1

Environmental Compliance

Operating within the highly regulated construction industry, AEL seeks to achieve leadership in environmental compliance by ensuring all applicable laws and regulations at every stage of construction are fully complied with. In the year under review, there were no reported incidents of noncompliance in relation to environmental laws and regulations.

Environment, statutory, and other compliance requirements

Legislation	Application to AEL
National Environment Act No. 47 of 1980, National Environment Act (Amendment) Act No. 56 of 1988, National Environment Act No. 53 of 2000 and Rules and Regulations of the Central Environmental Authority	Obtaining environmental protection license for emission or disposal of waste Provision with respect to the powers, functions and duties of the Authority and provision for the protection and management of the environment and for the matters connected therewith Protection of the environment and quality regulations Compliance with noise control measures Compliance with air quality regulations and standards Compliance for ozone depleting substances Compliance with mobile air emission standards Compliance with vehicular exhaust emission standards/fuel standards and exhaust emission standards for importation of vehicles
Mines and Minerals Act No. 33 of 1992	Obtaining trade license and industrial mining license
Coast Conservation Act No. 57 of 1980	Compliance in harbour and marine work projects
Marine Pollution Prevention Act No. 59 of 1981	Compliance in harbour and marine work projects
Fauna and Flora Protection Ordinance 1981 (Consolidated status up to 2006)	Protecting fauna and flora
Felling of Trees (control) Act No. 9 of 1951	Compliance in activity of felling trees
Forest Ordinance	Compliance in operating production plants in a forest area
Mahaweli Authority Act No. 23 of 1979	Compliance for workstations situated under Mahaweli Authority
Municipal Councils Ordinance	Compliance when working in municipal council areas
Prevention of Mosquito Breeding Act No. 11 of 2007	Compliance with the prevention of mosquito breeding; for the eradication of places of mosquito breeding and for matters connected there with or incidental thereto
Pradeshiya Sabha Act No. 15 of 1987	Compliance when working in Pradeshiya Sabhas
Soil Conservation Act (Amendment) No. 24 of 1996	Compliance for the enhancement and substance of productive capacity of the soil; to restore degraded land for the prevention and mitigation of soil erosion; for the conservation of soil resources and protection of land against damage by floods, salinity, alkalinity water logging, brought and to provide for matters connected therewith or incidental thereto
Antiques Ordinance	Compliance when working in Archaeological Department areas
State Land Ordinance	Compliance when working on land
North Western Provincial Environmental Statute No. 12 of 1990	Compliance when working in the North Western Province

Environmentally Friendly Construction Solutions

HDD (Horizontal Directional Drilling)	Compared to conventional drilling, the HDD methodology creates lesser noise and dust generation
Manufactured sand	Use of Manufactured Sand & washed Quarry Dust whenever possible to minimise the use of river sand

GRI 302-1, 302-3

Environmental Management System (EMS)

A fully fledged EMS is in place to support our efforts to minimise the negative externalities arising out of AEL's operations. The EMS, which is certified under the ISO 14001:2015 Environmental Management Standard, provides a comprehensive framework to manage and monitor aspects such as water consumption, electricity consumption, as well as to report on the progress of environmental targets with regard to these aspects

Routine internal audits are conducted to help identify and take corrective action to continuously improve the functionality of the EMS, while the scheduled ISO 14001:2015 audits provide assurance regarding the efficacy of the EMS in serving its intended purpose.

Moreover in line with the Environmental Protection Licence (EPL), noise level, dust level, water quality, stack emission, etc. are tested regularly and reported to the appropriate authorities as stipulated under the EPL.

Energy and Emission Management

Electricity and diesel / petrol are the primary sources of energy used by AEL. in its day to operations. Electricity is used to power equipment and for lighting purposes while diesel / petrol are used to power construction vehicles, generators and motor vehicles. Given the large volumes of energy consumed by our business each year, we consider energy management to be a major priority.

Total energy consumption (electricity and fuel) is strictly monitored with a root cause analysis conducted in the event any anomalies are detected.

Although AEL's business operations as a whole do not generate any hazardous emissions, we have taken steps to track emissions associated with the operation of our fuel-driven equipment and generators, including emissions released by routine testing of backup generators. We also monitor Stack Emissions released by our Asphalt plants during the process of incineration.

Further increasing our vigilance on emissions, we have more recently started looking into the possibility of quantifying emissions associated with importation of raw materials using sea / air freight.

Energy consumption within the organization

Type of energy	AEL		
	Units consumed	Conversion Ratio	Total energy consumption (joules)
Diesel (ltr)	2,757,836.86	38.940	107,390,167.41
Petrol (ltr)	87,761.12	33.165	2,910,597.58
Kerosene (ltr)	95.24	36.765	3,501.50
Electricity (kWh)	1,059,515.20	3.600	3,814,254.72
Total			114,118,521.20

Energy intensity within the organization

Total Energy Consumption (Joules)	114,118,522.56
Year end number of employees	1,094
Energy intensity measured in terms of energy consumption per employee (Joules)	104,313.09

CAPITAL MANAGEMENT REVIEW

Natural Capital

Operations With Significant Actual and Potential Negative Impacts on the Environment

Operation	Impact (on the environment)	Mitigation strategies
Mechanical Workshop	Waste oil and burnt oil generation resulting in water and land pollution	Handing over to CEA-approved burnt oil handler for reuse/recycle
	Hazardous waste (e.g., oil filters, empty chemical containers, etc.) generation resulting in water and land pollution	Handing over to CEA-approved service provider for reuse/recycle
Road Projects	Tree cutting during execution of certain projects causing an imbalance to ecology	Minimising the number of trees to be cut during project design/execution Conducting tree planting programmes
	Dust generation resulting in air quality degradation	Watering
Concrete Batching Plants	Cement contaminated water generation resulting in water and land pollution	Simple water treatment (sedimentation) and reuse of water
Crusher Plants	Dust generation resulting in air quality degradation	Water sprinkling
General Construction Activities	Fuel and oil leakages and spillages from storages resulting in water and land pollution	Secondary containment for storage tanks
	Fossil fuel consumption leading to natural resource depletion	Monitoring fuel consumption Preventive and corrective maintenance of equipment
	Emissions of motor vehicles leading to air quality degradation	Conducting emission tests for motor vehicles Preventive and corrective maintenance of vehicles
	Noise from generators and equipment leading to area nuisance	Soundproofing
Office Operations	E-waste generation resulting in heavy metal being released to the environment	Handing over e-waste to certified recycling agents
	Waste paper resulting in natural resource depletion	Handing over waste paper to certified recycling agents

Energy Saving Initiatives

- Anticipating and addressing concerns during the design stage which leads to reduction in energy consumption and consequently GHG emission in the long term
- Use of natural light and ventilation whenever possible and practical
- Install thermal insulation for roofs to regulate heating and reduce the reliance on air conditioning
- Procuring in energy efficient machinery and equipment from Original Equipment Manufacturers (OEM)
- Adhering to servicing and maintenance requirements recommended by the OEM
- Installing energy efficient lighting
- Investing in renewable energy
- Limit the operating hours of air conditioners in specific areas.
- Incorporate layout and design features to enable independent control as opposed to centrally controlled lighting and air conditioning
- Enabling auto power management functions on computers
- Enhance energy efficiency of three-phase connections through power factor correction
- Promote energy saving behaviours among employees

Fuel Saving Initiatives

- Adhering to servicing and maintenance requirements recommended by the OEM
- Annual maintenance and assessment of vehicles and machinery and performing scheduled services on time
- Phasing out of old / obsolete generators / vehicles

GRI 303-1, 305-1, 305-2

Emission Data - FY 2022/23

Type of Emission	Type of energy	Units consumed	Conversion Ratio	Total CO2 Emission
Direct	Diesel (Litres)	2,757,836.86	2.74	7,556,473.00
Direct	Petrol (Litres)	87,761.12	2.28	200,095.36
Direct	Kerosene (Litres)	95.24	2.52	240.00
Indirect	Electricity (kWh)	1,059,515.20	0.71	752,255.79
Total		3,905,208.42		8,509,064.15

Mode of Transport	Number of Import consignments for FY 2022/23	Percentage %
Air	6	15%
Sea	35	85%
Total Shipments	41	100%

Managing Water and Effluents

In our core construction business, water is used primarily in mixing of concrete, dust suppression, and equipment cleaning. Apart from this, water is only for the utility and sanitation needs of employees.

We remain mindful of the effluents generated during construction activities. For instance, wastewater generated in the day-to-day operations due to equipment cleaning, concrete mixing, and site dewatering, may contain chemical contaminants such as oil, grease, heavy metals, and construction-related chemicals. Such wastewater is channeled to the wastewater treatment plant located on-site in line with the conditions set out under the EPL. This is accompanied with continuous and ongoing monitoring of water quality parameters such as Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), and pH to ensure they meet with the standard discharge limits permitted by the Central Environmental Authority. Random sampling and quarterly testing provides further assurance regarding the effectiveness of the wastewater treatment systems in place.

Effluents that satisfy the mandatory quality parameters are released to the public drainage line, while sludge, if any is captured separately in sedimentation tanks.

Water Related Concerns attributed to the Construction sector

Surface Runoff and Erosion:

Construction sites can cause increased surface runoff and erosion, leading to sedimentation and pollution of nearby water bodies. This runoff may contain sediment, chemicals, and other pollutants from construction activities.

Water Pollution:

Construction sites may contribute to water pollution through the release of construction materials, such as cement, chemicals, fuels, and oils. Improper handling and disposal of these materials can result in contamination of water bodies

Groundwater Impacts:

Construction activities can disrupt natural hydrological patterns and alter groundwater flow. Excavation and dewatering practices can lower the water table and impact local wells and underground water sources

Habitat Destruction:

Construction projects often involve land clearing, which can destroy natural habitats, wetlands, and riparian zones. These areas play crucial roles in water filtration, flood control, and supporting aquatic ecosystems

CAPITAL MANAGEMENT REVIEW

Natural Capital

GRI 303-3

Activities Undertaken by AE PLC for the Management of Water Related Impacts

Environmental Impact Assessment (EIA)

EIAs evaluate the potential environmental impacts of construction projects, including water-related impacts. They involve site surveys, data collection, and impact prediction to identify and assess the significance of various impacts.

Water Monitoring:

Construction sites may monitor water quality parameters, such as turbidity, pH levels, and pollutant concentrations, in nearby water bodies. This helps identify any pollution or contamination caused by construction activities

Water Metering:

Water consumption can be measured through water metering systems installed at construction sites. These metres track the volume of water used, helping companies understand and manage their water consumption.

Sediment and Erosion Control:

Construction companies implement erosion control measures, such as sediment barriers, silt fences, and sediment ponds, to minimise sedimentation and monitor their effectiveness

Regulatory Compliance:

Construction companies must adhere to local, regional, and national regulations related to water management and environmental protection. Compliance with permit requirements and reporting obligations ensures that impacts are properly identified and managed

Water Management Plans:

Develop comprehensive water management plans that outline strategies and measures to minimise water consumption, control pollution, and manage runoff. These plans typically include best practices for water conservation, pollution prevention, and sediment and erosion control.

Water Conservation Practices:

Implement water-saving techniques such as using efficient equipment, employing water recycling and reuse systems, and optimising water use in construction processes. This reduces water consumption and the strain on local water resources.

Sediment and Erosion Control:

Implement erosion control measures, such as installing sediment barriers, silt fences, and sediment ponds, to prevent sedimentation and minimise the impact of construction activities on nearby water bodies.

Stormwater Management:

Construction sites incorporate effective stormwater management systems, including the use of retention ponds, swales, and other permeable surfaces. These systems help capture and treat stormwater runoff, preventing pollution and minimising the impact on local waterways.

Training and Employee Awareness::

Provide training programs to educate employees about the importance of water management and the specific practices to follow. This promotes a culture of environmental responsibility and encourages employees to actively participate in mitigating water-related impacts

Monitoring and Reporting:

Regularly monitor water-related parameters, such as water quality, sediment levels, and compliance with permits. This monitoring allows them to identify any deviations from expected outcomes and take corrective actions promptly. They also report their findings and actions to relevant authorities as required.

Drinking Water Consumption by Employees - FY 2022/23

Type	Consumption (Litres)
18.9 L Water Bottles	129,975
350ml Water Bottles	1,123,500
500ml Water Bottles	2,544,000
Total	3,797,475

Waste Management

AEL produces different types of waste at various stages of the construction lifecycle. We follow a disciplined approach to reduce the environmental impact resulting from such waste, while also looking for ways to cut the waste generated at each stage. To that end, our waste management programme is based on the following principles;

Reduce: focus on waste minimisation by adopting practices that reduce waste generation at the source. This includes optimising material use, planning for efficient construction methods, and selecting materials with minimal waste potential

Waste Sorting and Segregation: waste sorting and segregation stations have been set up to facilitate proper separation of different types of waste. This includes providing separate bins or containers for different waste streams like general waste, recyclables, hazardous waste, and construction debris. Clear signage and education programmes help workers understand and follow the waste segregation requirements.

Promoting Waste Circularity

Existing paved concrete in roads certain road projects are crushed and reused for the base preparation in road works

Excavated soil is reused for backfilling subject to quality of the soil with the prior approval of the client

Balanced concrete in the truck mixture are used to cast paving blocks at the batching plants

Broken cement brick pieces are used for backfilling after crushing/ sieving

Waste Transportation and Disposal: ensure that waste is transported and disposed of in compliance with local regulations and guidelines. We work with licensed waste haulers and disposal facilities to ensure that waste is handled and disposed of properly, minimising environmental impact and adhering to legal requirements.

Recycle and Reuse: prioritise recycling and reuse of materials to minimise waste sent to landfills. To that end, we have formed partnerships with CEA approved recyclers to undertake the collection, sorting, and processing of recyclable materials such as concrete, wood, metal, and plastics. More recently we have also started salvaging and reusing materials from demolition and renovation projects to help reduce waste and conserve resources.

AEL PLC Waste Generation Profile

Stage	Waste generated
Design and Planning	Paper waste from design drafts, blueprints and documentation
Procurement	Packaging materials from construction materials and equipment
Construction	Concrete, debris, bricks, wood, metals, plastic and other construction materials
Operations and Maintenance	General waste (paper, plastics, etc.), hazardous waste (chemicals, oils etc.) and electronic waste
Renovation and Demolition	Construction debris, asbestos-containing materials, hazardous materials and various other construction related materials

Training and Education: conducting regular training programs and providing educational materials to raise awareness among employees about waste management practices. Training covers proper waste handling, segregation, recycling guidelines, and reinforces the importance of environmental responsibility. Workers are encouraged to actively participate in waste management initiatives and report any issues or concerns.

CAPITAL MANAGEMENT REVIEW

GRI 304-1

Natural Capital

Waste disposal techniques

- Every site has its own Waste Management Plan addressing controls to minimise the generation of waste and methods of disposal
- Bentonite wastes are disposed as per the CEA/MC recommended methods only in approved locations
- Domestic waste collected onsite are segregated at the time of collection (E.g. iron, glass, steel, paper, polythene, etc.)
- Hazardous waste generated at site (burnt oil, oil filters, etc.) are disposed via CEA approved agents for recycle and reusing purposes
- Electronic wastes are collected and disposed via a CEA-approved agent
- Non-hazardous construction and demolishing debris are used for landfills
- Following are collected and sent to CEA approved agents for recycling and reusing purpose:
  - Waste papers
  - Barricade tapes
  - HDPE wastes
  - Used batteries
  - Glass wool
- Sludge accumulated in the concrete batching plants is used for back filling on public requests after approval from the relevant authorities
- Storage techniques are used to avoid material wastages and material storages are covered
- Construction techniques that minimise wastage are used
- Procurement of quality material at every stage of a project to eliminate wastage due to rejections
- Reinforcement scraps are used to erect chairs in the cafeteria, carts to move materials and buckets to be used for the crane
- Using the DMS (Document Management System) to reduce paper consumption

Paper Consumption Data for FY 2022/23

Type of paper	Total consumption (kg)
A3 80GSM Paper-Pkt	690.00
A4 80GSM Paper-Pkt	4,545.00
A5 80GSM Paper-Pkt	6.25
Total	**5,241.25**

Environmental Awareness and Education

Awareness and education plays an important role in driving our environmental initiatives. At each of our projects, our designated H & S officer is responsible for conducting programmes to raise environmental awareness among relevant stakeholders including employees, suppliers, sub-contractors, and local community. As part of this overall approach, we also conduct special training sessions on selected topics that become relevant from time to time.

Biodiversity Conservation

With our construction sites located mainly in urban areas, there is minimal risk that our operations will have an impact on the biodiversity of a particular area. The only exception to this is our quarry, crusher and asphalt plant in Vavuniya.

Location/ Project	Land extent	Description of operation	Ownership of land	Position in relation to the protected/ threatened area	Type of operation	Biodiversity value	Listing of protected status (if applicable)
Vavuniya Quarry, Crusher and Asphalt Plant	0.4 hectares	Production of asphalt	Leased	Adjacent to	Manufacturing	Terrestrial	Forest Conservation Department

To offset potential negative impact to the biodiversity and ecosystems in and around our Vavuniya Quarry, Crusher and Asphalt Plant, we have an ongoing tree planting project themed 'Husma Dena Thuru'.

FUTURE PLANS

- Prioritise the use of sustainable materials and construction practices
- Promote Building Information Modeling (BIM) to ensure greater precision in planning and coordinating construction projects.
- Collaboration with energy consultants to obtain green building certifications.

GRI CONTENT INDEX

Statement of use :	**Access Engineering PLC has reported in accordance with the GRI Standards for the period 1st April 2022 to 31st March 2023**
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD / OTHER SOURCE		DISCLOSURE	LOCATION
GRI 2: General Disclosures	2-1	Organizational details	Inner back cover
	2-2	Entities included in the organization's sustainability reporting	6
	2-3	Reporting period, frequency and contact point	6 and 7
	2-4	Restatements of information	N/A
	2-5	External assurance	7, 126 and 190
	2-6	Activities, value chain and other business relationships	4 and 5
	2-7	Employees	98 to 105
	2-8	Workers who are not employees	N/A
	2-9	Governance structure and composition	138
	2-10	Nomination and selection of the highest governance body	153 and 154
	2-11	Chair of the highest governance body	151 and 152
	2-12	Role of the highest governance body in overseeing the management of impacts	140
	2-13	Delegation of responsibility for managing impacts	144
	2-14	Role of the highest governance body in sustainability reporting	142
	2-15	Conflicts of interest	139 and 140
	2-16	Communication of critical concerns	29 to 35
	2-17	Collective knowledge of the highest governance body	139
	2-18	Evaluation of the performance of the highest governance body	144
	2-19	Remuneration policies	165
	2-20	Process to determine remuneration	165
	2-21	Annual total compensation ratio	255
	2-22	Statement on sustainable development strategy	42
	2-23	Policy commitments	186
	2-24	Embedding policy commitments	98
	2-25	Processes to remediate negative impacts	6
	2-26	Mechanisms for seeking advice and raising concerns	30 to 35
	2-27	Compliance with laws and regulations	146
	2-28	Membership associations	96
	2-29	Approach to stakeholder engagement	30 to 35
	2-30	Collective bargaining agreements	102
GRI 3: Material Topics	3-1	Process to determine material topics	36
	3-2	List of material topics	37 to 41
GRI 201: Economic Performance	3-3	Management of material topics	37
	201-1	Direct economic value generated and distributed	85
	201-3	Defined benefit plan obligations and other retirement plans	247
	201-4	Financial assistance received from Government	79
GRI 202: Market Presence	3-3	Management of material topics	37
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	100
	202-2	Proportion of senior management hired from the local community	99
GRI 203: Indirect Economic Impacts	3-3	Management of material topics	37 to 41
	203-1	Infrastructure investments and services supported	50 to 69
	203-2	Significant indirect economic impacts	50 to 69

GRI CONTENT INDEX

GRI STANDARD / OTHER SOURCE		DISCLOSURE		LOCATION
GRI 204: Procurement Practices	3-3	Management of material topics		37
	204-1	Proportion of spending on local suppliers		113
GRI 205: Anti-corruption	3-3	Management of material topics		38
	205-1	Operations assessed for risks related to corruption		95 and 96
	205-2	Communication and training about anti-corruption policies and procedures		95 and 96
	205-3	Confirmed incidents of corruption and actions taken		95 and 96
GRI 206: Anti-competitive Behaviour	3-3	Management of material topics		38
	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		38
GRI 207: Tax 2019	207-4	Country-by-country reporting		
		a	All tax jurisdictions where the entities included in the organisation's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes	202
		b.	For each tax jurisdiction reported in Disclosure 207-4-a: Names of the resident entities and Primary activities of the organisation	10 and 11
		Number of employees, and the basis of calculation of this number		211
		Revenues from third-party sales and Profit/loss before tax		196
		Tangible assets other than cash and cash equivalents		197
		Corporate income tax accrued on profit/loss		215
		Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax		214
		c.	The time period covered by the information reported in Disclosure 207-4	196
GRI 302: Energy	3-3	Management of material topics		40
	302-1	Energy consumption within the organisation		117
	302-3	Energy intensity		117
GRI 303: Water	3-3	Management of material topics		40
	303-1	Water withdrawal by source		119
	303-3	Water recycled and reused		120
GRI 304: Biodiversity	3-3	Management of material topics		41
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas		122
GRI 305: Emissions	3-3	Management of material topics		41
	305-1	Direct (Scope 1) GHG emissions		119
	505-2	Energy indirect (Scope 2) GHG emissions		119
GRI 307: Environmental Compliance	3-3	Management of material topics		41
	307-1	Non-compliance with environmental laws and regulations		116
GRI 401: Employment	3-3	Management of material topics		38 and 39
	401-1	New employee hires and employee turnover		100
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		100 and 101
	401-3	Parental leave		101
GRI 402: Labour/ Management Relations	3-3	Management of material topics		38
	402-1	Minimum notice periods regarding operational changes		102

GRI STANDARD / OTHER SOURCE		DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety	3-3	Management of material topics	38
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	102 and 103
GRI 404: Training and Education	3-3	Management of material topics	39
	404-1	Average hours of training per year per employee	101
	404-2	Programmes for upgrading employee skill and transition assistance programmes	101
	404-3	Percentage of employees receiving regular performance and career development reviews	101
GRI 405: Diversity and Equal Opportunity	3-3	Management of material topics	39
	405-1	Diversity of governance bodies and employees	99, 144, 145 and 146
	405-2	Ratio of basic salary and remuneration of women to men	100
GRI 406: Non-discrimination	3-3	Management of material topics	39
	406-1	Incidents of discrimination and corrective actions taken	102
GRI 413: Local Communities	3-3	Management of material topics	39
	413-1	Operations with local community engagement, impact assessments, and development programmes	114
GRI 416: Customer Health and Safety	3-3	Management of material topics	38
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	107 and 108
GRI 419: Socio-economic Compliance	3-3	Management of material topics	39

INDEPENDENT ASSURANCE REPORT TO ACCESS ENGINEERING PLC

GRI 2-5

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We have been engaged by the Directors of Access Engineering PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2023. The Sustainability Indicators are included in the Access Engineering PLC Integrated Annual Report for the year ended 31 March 2023 (the "Report").

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Integrated Annual Report Page
Financial Highlights	12

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	13
Information provided on following	
Financial Capital	84 to 88
Manufactured Capital	89 to 92
Intellectual Capital	93 to 97
Human Capital	98 to 105
Social & Relationship Capital	106 to 114
Natural Capital	115 to 122

Our conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Reasonable Assurance Sustainability Indicators

In our opinion, in all material respects, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2023, in all material respects, has been prepared and presented by the management of Access Engineering PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the evidence we obtained from the assurance procedures performed, as described below we are not aware of any material misstatements that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2023, have not in all material respects, been prepared and presented by the management of Access Engineering PLC in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Our firm applies Sri Lanka Standard on Quality Management (SLSQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal controls relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal controls over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators, the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

INDEPENDENT ASSURANCE REPORT TO ACCESS ENGINEERING PLC

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of use of our report

This report has been prepared for the Directors of Access Engineering PLC for the purpose of providing an assurance conclusion on the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators included in the Access Engineering PLC Integrated Annual Report for the year ended 31st March 2023 and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Access Engineering PLC, or for any other purpose than that for which it was prepared.

KPMG

CHARTERED ACCOUNTANTS

Colombo

29 August 2023

EVOLVING

STEWARDSHIP

BOARD OF DIRECTORS

Seated (Left to right) - Saumaya Dharshana Munasinghe, Dalpadoruge Anton Rohana Fernando

Standing (Left to right) - Shamal Perera, Shevantha Harindra Sudharaka Mendis, Niroshan Dakshina Gunaratne, Dinesh Weerakkody

Seated (Left to right)	-	Sumal Joseph Sanjiva Perera, Joseph Christopher Joshua
Standing (Left to right)	-	Prof Kulatilleke Arthanayake Malik Kumar Ranasinghe, Dilhan Perera, Ranjan John Suriyakumar Gomez

BOARD OF DIRECTORS

SUMAL JOSEPH SANJIVA PERERA

Chairman

The Founder Chairman of the Access Group of Companies founded in 1989, he is also the Founder Chairman and a shareholder of AEL. He continues to be the Chairman of all companies under the umbrella of the Access Group, AEL Group and Sathosa Motors PLC. 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 span of over three decades.

JOSEPH CHRISTOPHER JOSHUA

Executive Vice Chairman

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 of AEL, he was the Joint Managing Director/ CEO/Managing Director of the Company since its inception until 24th August 2021. It was under his leadership that AEL achieved significant milestones in growth. He is also a Director of Access Realties (Private) Limited, Access Realties 2 (Private) Limited, Harbour Village (Private) Limited, Lanka AAC (Private) Limited, WUS Logistics (Private) Limited, Access Logistics (Private) Limited, Access Logistics Park Ekala (Private) Limited, ZPMC Lanka Company (Private) Limited , ARL Elevate (Private) Limited, Access International (Private) Limited, Access Energy (Private) Limited, Access Natural Water (Private) Limited and Eco Friendly Power Developers (Private) Limited. He was also appointed as Managing Director of Sathosa Motors PLC with effect from 1 April 2019. He was appointed as Executive Vice Chairman of the Company on 24th August 2021.

DALPADORUGE ANTON ROHANA FERNANDO

Managing Director

Joining the AEL 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 AEL. Having held Senior Management positions in AEL, he was appointed to the Board in 2002. In 2007, he was appointed as the Director/COO of AEL. He is a Corporate Member of Institution of Engineers Sri Lanka (IESL) and has a BSc Degree in Civil Engineering from the University of Peradeniya. He is also a Director of Access International (Private) Limited, Eco Friendly Power Developers (Private) Limited, Access Realties (Private) Limited, Access Realties 2 (Private) Limited, Harbour Village (Private) Limited, Access Projects (Private) Limited, Sathosa Motors PLC, WUS Logistics (Private) Limited, Access Logistics (Private) Limited, Access Logistics Park Ekala (Private) Limited, ARL Elevate (Private) Limited and Lanka AAC (Private) Limited. He was appointed the Managing Director of the Company on 24th August 2021.

SHEVANTHA HARINDRA SUDHARAKA MENDIS

Executive Director/Director – Business Development

Having held many Executive and Management positions within the AEL Group, he has functioned within the Engineering Division since its inception. With the genesis of AEL, 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, Access Realties (Private) Limited, Blue Star Realties (Private) Limited, Access Realties 2 (Private) Limited, AEL East Africa Limited, Eco Friendly Power Developers (Private) Limited and ARL Elevate (Private) Limited.

SAUMAYA DHARSHANA MUNASINGHE

Executive Director/Director – Business Development

He joined Access International (Private) Limited in 1996 and held Executive and Senior Managerial positions throughout his successful career. He joined AEL in 2006 and was appointed to the Board of AEL as Director – Business Development. He is also a Director of Access International (Private) Limited, Sathosa Motors PLC, Access Motors (Private) Limited, Access Realties (Private) Limited, Access Realties 2 (Private) Limited, ZPMC Lanka Company (Private) Limited and ARL Elevate (Private) Limited.

DILHAN PERERA

Non-Executive Director

Dilhan Perera is serving in the capacity of Non-Executive Director of AEL since December 2013. He is serving as the Chief Financial Officer in affiliated companies which are not coming under the Group of Companies of Access Engineering PLC.

RANJAN JOHN SURIYAKUMAR GOMEZ

(Resigned w. e. f. 11 May 2023)

Non-Executive Director

One of the Founder Directors of the AEL Group of Companies and has functioned as the Joint Managing Director of the Group since 1997. Companies under his purview include Access Holdings (Private) Limited, ATSL International (Private) Limited, ATSL Telesoft (Private) Limited, Access Energy Solutions (Private) Limited and Business Units of Access International (Private) Limited.

SHAMAL PERERA

Non-Executive Director

Shamal Perera joined Access International (Private) Limited in 2009 as Director – Healthcare and played a pivotal role in the rapid growth of the business leading to Access Healthcare becoming a well reputed and respected supplier in the industry. Following this success, he was appointed to the Director Board of Access International (Private) Limited in 2014. In 2015, Access International (Private) Limited expanded its healthcare services by acquiring the Ninewells Hospital, and Shamal was appointed to its Board, tasked with the responsibility of restructuring the Company. Today, Ninewells is the leading private women's and children's hospital in the country. Shamal also serves as a Director in many of the Access Group Companies. He holds an MBA from the University of Buckingham and a CIMA Advanced Diploma in Management Accounting. Shamal is also a major shareholder of Access Engineering PLC.

PROF KULATILLEKE ARTHANAYAKE MALIK KUMAR RANASINGHE

Independent Non-Executive Director

A member of the AEL Board since 2011, Prof Ranasinghe is a Senior Professor in Civil Engineering at the University of Moratuwa and the Chairman of the Information and Communication Technology Agency of Sri Lanka. He is a Chartered Engineer, International Professional Engineer, Fellow of the Institution of Engineers, Sri Lanka, National Academy of Sciences, Sri Lanka and Institute of Project Managers. He is an Independent Non-Executive Director of Resus Energy PLC, Teejay Lanka PLC and United Motors Lanka PLC. He was a former Vice-Chancellor and former Dean of the Faculty of Engineering at the University of Moratuwa, former Chairman of Sampath Bank PLC, former Fellow of the National University of Singapore and former Non-Executive Director of the Colombo Stock Exchange, Sampath Bank PLC, Hemas Power PLC and Lanka IOC PLC.

NIROSHAN DAKSHINA GUNARATNE

Independent Non-Executive Director

Appointed to the AEL Board in 2011, he is an Associate Member of the Chartered Institute of Management Accountants – UK. Commencing his career at MB Financial Services (Private) Limited, a primary dealer appointed by the CBSL, he possesses over twenty-five years of experience in the field of finance and accounting spanning from the garment industry including Jewelknit, a subsidiary of Mast Industries – USA, accounting and operational management in diversified Investments including manufacturing, stock brokering, Engineering design and construction.

DINESH WEERAKKODY

Independent Non-Executive Director

Dinesh Weerakkody is a former Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC. Dinesh is the Vice Chairman of the Employers' Federation of Ceylon, Immediate Past Chairman of the International Chamber of Commerce Sri Lanka, and the Vice Chairman of the Sri Lanka Institute of Directors and Director of several companies.

He is currently an Advisor on Treasury Affairs to the President, the Chairman of the Colombo Port City Economic Commission and the Board of Investment of Sri Lanka. He is also a former Chairman of the Employees' Trust Fund Board of Sri Lanka, the International Chamber of Commerce Sri Lanka, the National Human Resource Development Council of Sri Lanka. He was also an Advisor to the Prime Minister of Sri Lanka, Ministry of National Policies and Economic Affairs and to the Minister of Tourism Development and Lands.

Dinesh currently serves and has served in a number of private sector listed and unlisted boards, including GlaxoSmithKline Sri Lanka and Ceylon Tobacco Company PLC. He was a Vice-President of the Sri Lanka Tennis Association, member of the Sri Lanka Cricket Financial Advisory Body and a Life Member of the Sri Lanka Economic Association. He is a Graduate in Business Administration, a Fellow Member of the Chartered Institute of Management Accountants United Kingdom, a Fellow Member of the Certified Management Accountants of Sri Lanka, Professional Member of the Singapore Human Resource Institute, and has obtained a MBA from the University of Leicester in England and was awarded an Honorary Doctorate from American National Business University USA. Mr. Weerakkody has received extensive Leadership, Economic and Finance, HR, and Management training in the UK, USA, France, Japan, Singapore, and India. In 2008, he was conferred an Honorary membership by the Institute of Personnel Management of Sri Lanka for his contribution to Human Resources Management in Sri Lanka.

Dinesh has published widely on Economics, Banking and Finance, Trade issues, HR, Leadership, Management, International Relations and development issues, and also has been involved in large-scale research projects in the USA and has presented many papers at national and international level. He is a recipient of many awards, including the Jaycees Ten Outstanding Young Persons Award TOYP in 1999 and the International Associations of Lions Clubs National Achievers Award in 2008 for the advancement of good governance in the Sri Lankan public sector. He was conferred National Honours - Sri Lanka Sikhamani in 2019.

CORPORATE MANAGEMENT TEAM

Seated (Left to right) - Joseph Christopher Joshua, Dalpadoruge Anton Rohana Fernando, Sumal Joseph Sanjiva Perera

Standing (Left to right) - Kosala Wickramasinghe, Sameera Siyabalape, Nilantha Iddagodage, Senarath Bandara, Lagath Gamalathge, Srimal Fernando, Vasantha Manatunge

Seated (Left to right) - Shevantha Harindra Sudharaka Mendis, Saumaya Dharshana Munasinghe

Standing (Left to right) - Manoaj Jayahsuriya, Prasanna Gunarathne, Dhanushka Munasinghe, Thasantha Kumara, M G Dhammika Deshapriya Silva, Pivithiri Jayasinghe, Prabashana Kumara

CORPORATE MANAGEMENT TEAM

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 45 years of experience in the civil engineering field and has worked in various capacities in the state sector as well as the private sector.

MANOAJ JAYAHSURIYA

General Manager – Project Management Division I

Manoaj joined the Company in March 2006. He has over 36 years of experience in diversified fields such as the Sri Lanka Navy, operations, apparel manufacturing, corporate planning and human resources management. He is a Project Management Professional (PMP) who holds an MBA from the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura, BSc (Hons) from the University of Colombo and a Postgraduate Diploma in Psychology as well as several naval professional qualifications. He also functions as a Director of Sathosa Motors PLC and Access Motors Private Limited.

SRIMAL FERNANDO

Senior General Manager

Srimal joined the Company in August 1999 as a Civil Engineer and was promoted to Manager – Engineering in January 2004, General Manager in January 2008 and Senior General Manager in 2017. He is currently heading the Central Procurement Division of the Company. 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 Wastewater, Piling and Buildings in a senior level management capacity. He was also appointed as a Director to the Board of WUS Logistics (Private) Limited, Access Logistics (Private) Limited and Access Logistics Park Ekala (Private) Limited.

KOSALA WICKRAMASINGHE

General Manager – Planning and Development

Kosala joined the Company as a Project Manager in 2007 and currently functions as the General Manager (Planning and Development). He holds a BSc (Hons) in Civil Engineering from the University of Moratuwa, Postgraduate Diploma in Structural Engineering from the University of Moratuwa and an MBA from Cardiff Metropolitan University. 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 23 years' experience in various disciplines including structural engineering designs, contract administration, project management and real estate development in Sri Lanka and overseas. During his tenure at Access Engineering PLC, he was involved with major projects in many diversified fields such as Bridges & Flyovers, Port & Airports, Buildings, Real Estate Developments in a senior management capacity. In addition, he currently serves as a Director of Harbour Village Private Ltd.

PRABASHANA KUMARA

General Manager – Project Management Division II

Prabashana joined the Company in December 2006 as an Operations Manager – Telecom Projects. Since then he has risen from Senior Manager – Telecom Projects to Deputy General Manager and he is currently functioning as a General Manager (Project Management Division II). He holds a BSc in Electrical and Electronics Engineering from the University of Peradeniya. He has 25 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.

THASANTHA KUMARA

General Manager – Project Management Division IV

Thasantha joined the Company at the beginning of 2013. He has over 27 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, and Executive Engineer for the Road Development Authority for seven years and in the private sector for 16 years in the capacity of Project Manager, Senior Project Manager and Divisional Coordinator in the Roads, Highways and Bridges Division. He has a BSc (Hons) in Civil Engineering from the University of Moratuwa and a Postgraduate Diploma in Highway and Traffic Engineering from the University of Moratuwa. He is also a Corporate Member of the Institution of Engineers, Sri Lanka.

NILANTHA IDDAGODAGE

General Manager – Finance

Nilantha joined the Company in 2008 and presently serves in the capacity of General Manager – Finance of the Company. He is a Fellow Member (FCA) 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 the University of Sri Jayewardenepura and holds a BSc in Estate Management and Valuation (Special) Degree from the University of Sri Jayewardenepura. He has over 17 years of experience in the field of Finance and Auditing. He was also appointed to the Board of Access Projects (Private) Limited in May 2018.

LAGATH GAMALATHGE

General Manager – Head of Production Plants

Lagath joined Access Engineering in 2007 as an Accountant for Projects and since then he has risen from Manager to Senior Manager roles and is now operating in his present placement as General Manager – Head of Production Plants. Lagath graduated from the University of Sri Jayewardenapura with a Bachelor of Commerce, specializing in marketing; following which he also completed an MBA at Cardiff Metropolitan University. He has over 23 years of experience in diversified fields such as manufacturing, operations and trading in Sri Lanka and overseas. Lagath is also a member of the Chartered Professional Managers of Sri Lanka. He was also appointed as a Director to the Board of Lanka AAC (Private) Limited.

DHAMMIKA SILVA

General Manager – Head of Engineering Designs

Dhammika joined Access Engineering in 2007 as a Senior Design Engineer. Since then he has risen from Manager Engineering Design to Senior Manager Engineering Designs and is currently operating as the General Manager – Engineering Designs. He holds both a BSc (Hons) in Engineering and an M.Eng in Structural Engineering from the University of Moratuwa. Dhammika is a Fellow Member of the Institution of Engineers, of Sri Lanka and a Member of the Society of Structural Engineers of Sri Lanka. He is a recognized structural Engineer eligible to design and approve high rise buildings in Sri Lanka under the IESL and UDA regulations. He is an International Professional Engineer recognized in 20 leading countries under the Washington Accord. He has over 22 years of experience in various disciplines of Civil Engineering mainly in structural engineering designs together with the constructions.

DHANUSHKA MUNASINGHE

Deputy General Manager – Project Management Division III

Dhanushka has been with Access Engineering since 2005, starting as an Engineer for Projects and advancing to Senior Engineer, Senior Manager and currently holds the position of Deputy General Manager (Project Management Division III). He earned his BSc in Engineering from the University of Peradeniya and holds an MBA in Project Management from the University of Moratuwa. Dhanushka is a Chartered Engineer with corporate membership in the Institution of Engineers of Sri Lanka. He is a member of Engineers Australia, Engineering New Zealand, and the Australian Institute of Project Management and Institute of Chartered Professional Managers, Sri Lanka. Additionally, he holds a diploma in Commercial Arbitration.

PRASANNA GUNARATHNE

Deputy General Manager – Contract Management (Project Management Division III)

Prasanna joined the Company in 2006 as a Quantity Surveyor. Having held many positions from middle management to Senior Management, he was appointed Deputy General Manager in 2021. He has over 19 years of experience locally and internationally in the fields of quantity surveying and contract administration. He is a Graduate of the University of Moratuwa holding a BSc (Hons) in Quantity Surveying Degree and completed a Master's Degree in Construction Law and Dispute Resolution attached to the same university. He is a Chartered Quantity Surveyor possessing an Associate Membership from the Institute of Quantity Surveyors, Sri Lanka (A.I.Q.S.SL) and Associate Membership of The Chartered Institute of Arbitrators (ACIArb) UK. He is also a diploma holder in Commercial Arbitration.

PIVITHIRI JAYASINGHE

Deputy General Manager – Project Management Division II

Pivithiri joined Access Engineering in 2008 as a Trainee Site Engineer attached to the piling division. He then rose to becoming Manager, Senior Manager and was promoted to Deputy General Manager (Project Management Division II) in 2019. He holds a BSc (Hons) in Civil Engineering from the University of Moratuwa and is also a Chartered Engineer.

SENARATH BANDARA

Deputy General Manager – Business Development

Senarath has served in the capacity of Civil Engineer for a foreign construction Company for seven years. He joined Access Engineering in 2004 as a Planning Engineer. Then he rose to Senior Engineer Planning, Senior Manager Engineering and is currently functioning as the Deputy General Manager – Business Development. He graduated from the University of Peradeniya with a BSc in Civil Engineering, after which he followed through with an MBA from the University of Moratuwa and Diploma in Commercial Arbitration. Senarath is also a corporate member of the Institution of Engineers of Sri Lanka. He has over 23 years of experience in the fields of Civil Engineering Construction, Planning, Contract Administration, Dispute Resolution, Project Management and Business Development.

SAMEERA SIYABALAPE

Deputy General Manager - Commercial

Sameera Joined Access Engineering in 2016 as a Treasury Manager attached to the Commercial Division. He has over 12 years' experience in Financial Analysis, Fund Management and Commercial Operations. He then rose to becoming Senior Manager, Head of Treasury and was promoted to Deputy General Manager – Commercial in 2023. He graduated from the University of Moratuwa with a BSc in Information Technology in 2011. He is a Chartered Financial Analyst with the membership at Chartered Financial Analyst Institute – (CFA) - USA and is a Passed Finalist of Chartered Institute of Management Accountants (CIMA) – UK.

CORPORATE GOVERNANCE

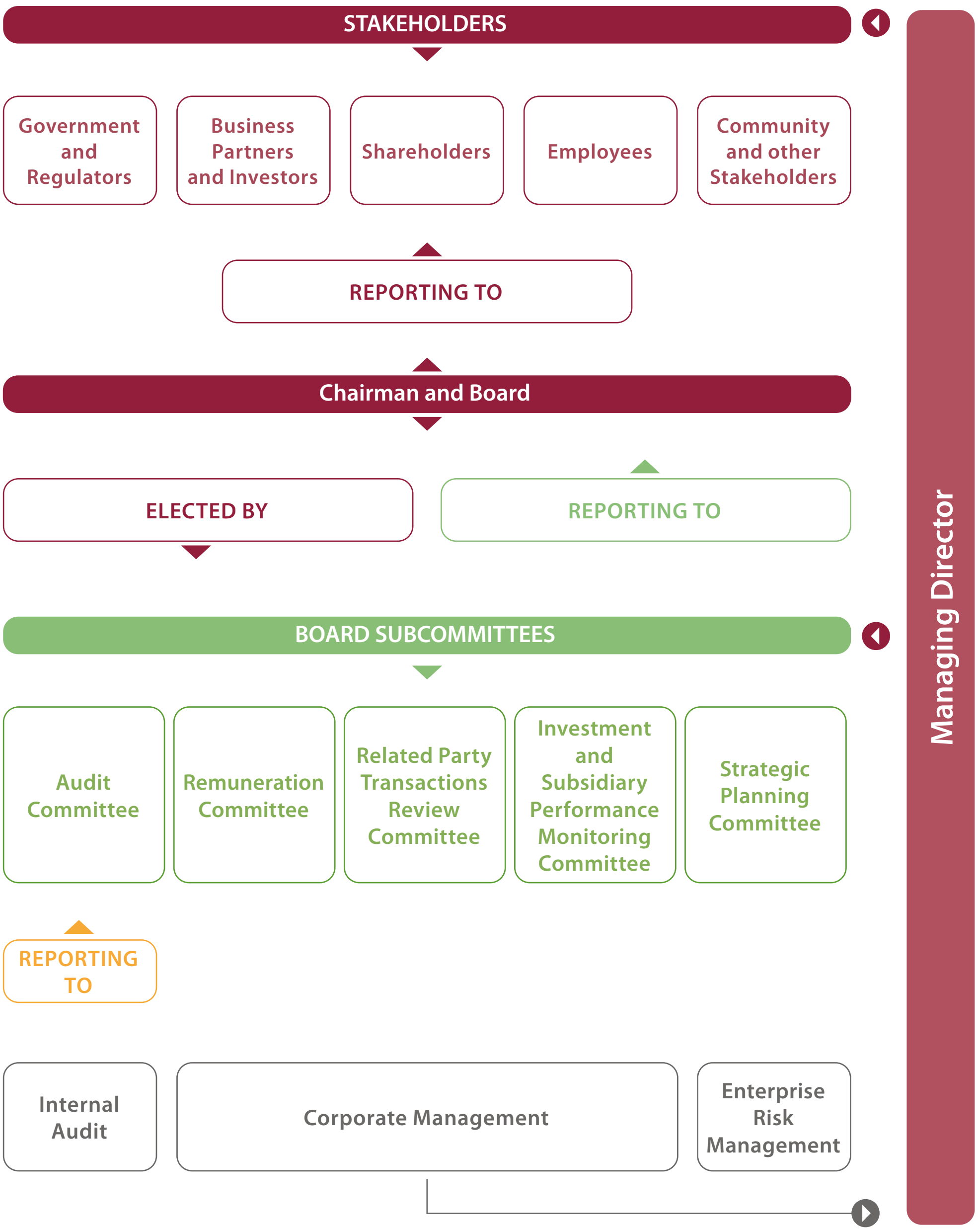
GRI 2-9

ACCESS ENGINEERING'S APPROACH TO GOOD GOVERNANCE

At Access Engineering, we work with the understanding that high standards of corporate governance is fundamental to the sustainability of our business. The belief that good governance is a key enabler of AEL's competitive advantage, underpins our efforts to ensure our decisions and actions are framed by principles of accountability, transparency, ethical management and fairness. In our quest to lead by example in promulgating the principles of good governance, we continually review and update our governance framework and structures to reflect evolving global best practices. In this way we seek to ensure that our business is well governed and supported by effective decision-making in order to fulfill AEL's purpose and meet stakeholder aspirations.

CORPORATE GOVERNANCE FRAMEWORK AND STRUCTURE

AEL's Corporate Governance Framework and multi-layered Governance Structure is designed to ensure that the Company complies with all regulatory requirements and that business activities are always conducted in good faith to safeguard the interests of the Company and all its stakeholders.



Regulatory Requirements

- Companies Act No 7 of 2007
- Listing rules of the Colombo Stock Exchange
- SEC Rules
- Shop and Office Employees (Regulation of Employment and Remuneration) Act, No. 19 of 1954
- Factories Ordinance (No. 45 of 1942)

Internal Frameworks

- Articles of Association
- Board Charter
- TOR of Board Committees
- Board-approved policy frameworks for governance, risk and operational areas

Voluntary Codes and Best Practices

- Code of Best Practice on Corporate Governance
- GRI Standards issued by the Global Reporting Initiative
- IR Framework issued by IIRC
- Sustainable Development Goals (SDG's)

GRI 2-15, 2-17

BOARD OF DIRECTORS

AEL has a unitary Board, where no individual member of the Board has unfettered powers of decision making. The general powers of the Board and the Directors are conferred in the Company's Articles of Association, while the Terms of Reference for the Board are set out in the Board Charter. The Board Charter covers the powers and authority of the Board and provides a clear and concise overview of the responsibilities and accountability of Board members, collectively and individually.

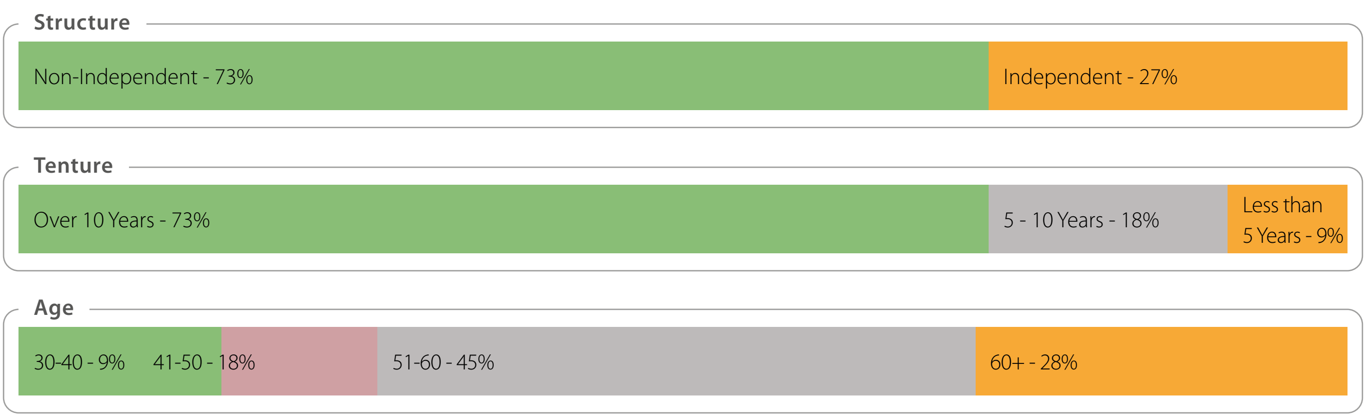
BOARD COMPOSITION

AEL's current Board comprises five (5) Executive Directors and six (6) Non-Executive Directors, of which three (3) function in an independent capacity, thus ensuring no individual or group of individuals is able to dominate the decision-making process.

All Non-Executive Directors are 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 judgement. The Chairman holds separate meetings with the Non-Executive Directors without the presence of the Executive Directors, as and when needed.

In addition, a strong mix of skills, experience and expertise among Board members support the Board in discharging its collective responsibilities. The Chairman with assistance of the Remuneration Committee reviews the quality of the AEL Board on an ongoing basis.

Board Diversity



Managing Conflict of Interest

To ensure conflicts of interest are avoided, all Executive Directors are required to adhere to the provisions of the "Company Policy on Disciplinary Management" regarding the avoidance of any potential conflict of interest. Implementation of this policy is periodically monitored by a five-member committee. Non-Executive Directors are required to submit a dated and signed declaration of independence in line with the criteria for the determination of Directors independence as specified under the Code of Best Practice for Corporate Governance jointly issued by the SEC and the Institute of Chartered Accountants of Sri Lanka. Such declarations are submitted to the Company Secretary who is required to keep the Board aware of all such declarations. A Director deemed to have a conflict of interest is expected to recuse himself from participating in any meetings where the item in which he has an interest is being discussed.

Trait	Number of Directors with Trait
Leadership	11 out of 11
Strategy and Commercial Acumen	11 out of 11
Industry Expertise	8 out of 11
Health and Safety	7 out of 11
Risk Management	8 out of 11
Financial Acumen	8 out of 11
Digital Acumen	9 out of 11

CORPORATE GOVERNANCE

GRI 2-10, 2-12

Full Name	Nature of the Directorship	No of Board Seats held in Listed Companies	No of Board Seats held in Non Listed Companies
Mr. Sumal Joseph Sanjiva Perera	Executive	2	45
Mr. Joseph Christopher Joshua	Executive	2	14
Mr. Dalpadoruge Anton Rohana Fernando	Executive	2	16
Mr. Shevantha Harindra Sudharaka Mendis	Executive	1	9
Mr. Saumaya Dharshana Munasinghe	Executive	2	9
Mr. Ranjan John Suriyakumar Gomez	Non-Executive	1	19
Mr. Suresh Dilhan Perera	Non-Executive	1	24
Mr. Shamal Perera	Non-Executive	1	20
Prof. Kulathilaka Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive	4	-
Mr. Niroshan Dakshina Gunarathne	Independent Non-Executive	1	2
Mr. Dinesh Stephan Weerakkody	Independent Non-Executive	4	5

Directors Training

To ensure that Directors' contribution to the Board/Committees remains relevant, all Board Directors are encouraged to undertake relevant training and knowledge building programmes to augment their knowledge, skills and understanding of the business and operating environment.

Duties and Responsibilities of the AEL Board

As the highest governing body within the organization, the AEL Board is the key custodian responsible for establishing the Company's vision and mission as well as setting corporate values, defining strategic objectives and approving necessary capital allocations to catalyse the stated vision and mission.

Matters such as the appointment and removal of Directors and Board Sub Committee members are managed directly under the purview of the Board of Directors. The Board is also the sole authority responsible for reviewing and updating the Company's governance frameworks, including the terms of reference of Board Sub Committees.

In addition, the Board is accountable for;

Governance

- Review of governance arrangements
- Appointments to and removals from the Board
- Terms of reference for and membership of Board committees

Strategy and direction

- Approval of strategy and annual budgets
- Authorisation of acquisition and disposal activities
- Affirmation of risk management strategies and risk appetite

Risk management, accountability and control

- Approval of financial statements, other updates to the market and recommendations on dividends
- Approval of authority levels, financial and treasury policies
- Review of internal controls and risk management practices
- Approval of Health and Safety policies

Regulatory Compliance

The Board collectively and Directors individually, are expected to act in accordance with the laws of the country, as applicable to the activities of the Company. In executing this responsibility, the Board is responsible for ensuring all relevant procedures and controls are in place to maintain compliance with all applicable laws and regulations.

The Board has appointed a dedicated Compliance Committee to provide oversight and conduct necessary due diligence activities to support the Company's zero tolerance policy for non-compliance of regulatory matters.

Risk Management and Control

The Board, as the ultimate authority for risk oversight, retains the right to establish the Company's appetite and tolerance for risk to support long term strategic objectives.

Refer the Enterprise Risk Management Report on pages 168 to 180 for comprehensive details on AEL's risk management architecture established under the stewardship of the Board.

Financial Reporting and Internal Control Systems

The Board, together with the Board Audit Committee is jointly responsible for the establishment of a proper system of financial and internal controls to support timely, transparent and accurate disclosure of financial results to stakeholders in line with regulatory requirements. The Board approves all financial statements prior to publication. Company's External Auditors - Messrs KPMG Chartered Accountants provide an independent opinion annually to assure the Board and stakeholders that the Company's financial statements reflect a true and fair view of operations.

Ethics and Integrity

The Board sets the tone from the top for promoting the highest standards of ethics and integrity in all business activities. Towards this end, the Board approved Code of Ethics seeks to instill the values of Honesty, Integrity, Discipline and Self Regulation to enable employees to counter corruption at a more personal level. Every member of our AEL family including new recruits and Directors are required to abide by our Code of Ethics.

In addition the Employee Handbook which summarizes the Company's policies, work regulations, guidelines, and benefits also establishes the behavioural norms expected by the Board. AEL's Policy on Disciplinary Management further reinforces the Company's zero tolerance approach towards corruption. The Policy on Disciplinary Management describes acts of misbehaviour that amount to corruption coupled with steps that will be taken in a case of occurrence. Also included in the Policy on Disciplinary Management, is the Directive on managing Conflict of Interest. This directive outlines the many forms of conflicts of interest that may emerge, as well as the actions that may result in the event of violations. The Policy on Disciplinary Management, including the Directive on Conflict of Interest is distributed via mail to all employees and is also accessible to all employees via the intranet.

AEL's Code of Ethics

Honesty

- Conducting business in a professional manner
- Upholding the principles of fair play

Integrity

- Being transparent about business activities
- Serving all stakeholders with honest values

Discipline

- Having Company interest over self interest
- Carrying out work in an orderly manner

Self Regulation

- Recognising the rights of all stakeholders
- Carrying out activities with due consideration to their rights

CORPORATE GOVERNANCE

GRI 2-14

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The Company's Whistleblowing Policy

The Company's Whistleblowing Policy is another important aspect of accountability and transparency and is a mechanism that allows employees to voice concerns in a responsible and effective manner. This policy is intended to assist individuals to report alleged malpractice or impropriety without the fear of reprisal. Whistleblower complaints are reviewed by a five member committee. Throughout the investigation process, two-way communication is maintained to ensure the whistleblower is kept informed of the progress of the investigation. The Whistleblowing Policy can also be accessed through the Company's intranet. Our whistle blowing policy is reviewed regularly to ensure its suitability, adequacy and effectiveness with necessary improvements accordingly.

As part of the annual Audit Plan, the Company's Internal Audit team evaluates business units for corruption, with results discussed with the corresponding business unit along with corrective action to be taken. A subsequent audit verifies the implementation of corrective action. A summary of the same is also presented to the Audit Committee quarterly.

Moreover AEL is also a member of TRACE International, a globally recognised non-profit organization dedicated towards the promotion of anti-bribery compliance and good governance. As a TRACE International member, AEL has adopted the 'TRACE Code of Conduct", and our systems and processes are subject to stringent verification as part of the annual TRACE International certification renewal programme.

IT Governance

IT Governance is ultimately the responsibility of AEL's Board. The Board exercises strict control over IT matters by reviewing the appropriateness of the Company's IT strategy and approving necessary improvements. The implementation of the IT strategy falls under the purview of the Company's IT Department.

Sustainability Governance

As the main governing body within the organization, the AEL Board is charged with overseeing the Company's transition towards sustainable operations. Considering the nature and scale of AEL's operations, the Board provides leadership in framing the Company's Sustainability Policy, with due consideration to material economic, social and environmental impacts. The Policy cascades through to the operational level via specific approaches to address each identified Material Matter. Refer the Material Topics on pages 36 to 41 for comprehensive details on the economic, social and environmental topics deemed important in driving AEL towards becoming a sustainable business entity.

Stakeholder Engagement

The Board assigns high priority to stakeholder engagement. Towards this end a wide range of targeted engagement strategies are adopted in order to maximize the outcomes derived from the engagement process. Refer the Stakeholder Engagement on pages 29 to 35 for comprehensive details on the mechanisms adopted.

Shareholder Relations and Annual General Meeting

The Board plays a vital oversight role in cultivating shareholders relations. Well aware of their fiduciary responsibility towards shareholders, the AEL Board seeks to uphold the principles of timely and accurate disclosure of financial information. Financial disclosures made by the Company are reviewed and approved by the Board prior to publication. These principles are applied to all financial publications, including the quarterly results and the Annual Report.

The Board sets the date for the Annual General Meeting (AGM) after the conclusion of the particular financial year. Notice of AGM, the Annual Report and accounts and any other resolutions together with the corresponding information, are circulated to shareholders a minimum 15 working days prior to the AGM. The Board will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered. Voting procedures at the AGM are also circulated to the shareholders in advance. AEL's next AGM is scheduled to be held on 22nd September 2023.

Division of Responsibility Between the Chairman, Executive Vice Chairman and the Managing Director

The role of the Chairman is separate from that of the Company's Managing Director thus providing the assurance that there is an adequate balance of power and authority and that no individual has unfettered powers of decision and control.

The Chairman who functions in an executive capacity, leads the Board to ensure that the Board fulfills its mandate as outlined by the Board Charter. As such the Chairman is responsible for directing the affairs of the Board while maintaining effective external relationships in line with governance best practices. As the head of the Board, the Chairman is required to encourage active and effective participation of all Directors at Board Meetings. He is also responsible for making the Board Members aware of the importance of creating value to all stakeholders of the Company. Chairman's responsibilities are discussed in detail on page 151 and 152.

The Executive Vice Chairman, as the head of the Corporate Management Team, is accountable to the Board for the day-to-day management of the Company vis-a-vis Board approved strategic objectives and policy frameworks. The MD is responsible for the management of the Company and operations in coordination with the Vice Chairman.

Board Meetings

Board meetings are scheduled well in advance, with all Directors being provided adequate notice. Prior to each Board or Committee meeting, the Company Secretary is required to work with the Chairman to set the agenda for the next scheduled Board meeting. The Company Secretary is further required to compile the Board papers including all matters relevant to the agenda and circulate the same to all Directors 7 working days prior to the meeting.

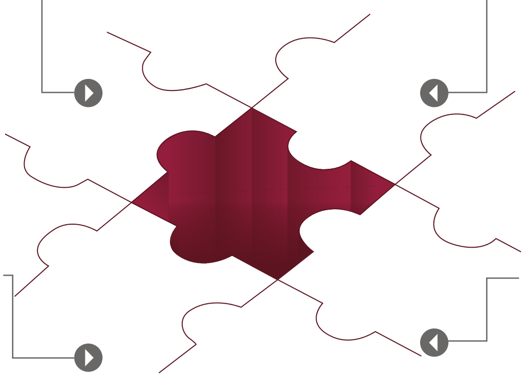
Directors are expected to dedicate sufficient time before a meeting to review Board papers and call for additional information and clarifications and to follow up on issues. In the process of preparing for the meeting, Directors are allowed to reach out to members of the Corporate Management team or seek independent external advice, for which the cost is borne by the Company.

It is mandatory that all Directors attend Board Meetings. Directors are also expected to actively participate at every meeting to ensure their responsibilities are discharged effectively. Members of the Company's Corporate Management may also be invited to attend Board Meetings to provide explanations for various agenda matters. All matters tabled at the Board Meeting are minuted by the Company Secretary.

Meeting minutes, once approved by the Chairman are then circulated among Directors by the Company Secretary not later than 7 working days after the meeting.

	Director Name	Director Statues	Meeting Title			
			Board Meeting	Audit Committee Meeting	Related Party Transactions Review Committee Meeting	Investment & Subsidiary Performance Monitoring Committee Meeting
1	Mr. S J S Perera	ED	4/4	-	-	-
2	Mr. R J S Gomez	NED	0/4	-	-	-
3	Mr. J C Joshua	ED	4/4	-	-	4/4
4	Mr. S H S Mendis	ED	3/4	-	-	-
5	Mr. D A R Fernando	ED	4/4	-	4/4	4/4
6	Mr. S D Munasinghe	ED	3/4	-	-	-
7	Prof. K A M K Ranasinghe	Independent NED	4/4	4/4	4/4	4/4
8	Mr. N D Gunaratne	Independent NED	4/4	4/4	4/4	4/4
9	Mr. S D Perera	NED	4/4	4/4	-	-
10	Mr. D Weerakkody	Independent NED	3/4	3/4	4/4	4/4
11	Mr. Shamal J S Perera	NED	4/4	4/4	-	3/4

Key Focus areas for the Board in FY 2022/23



Strategy and Business

- Approval of the Corporate Strategic Plan
- Continuous review of strategic plan, considering impact of economic crisis on business operations

Governance

- Review of policy frameworks
- Succession planning
- Ensure corruption free business environment

Risk Oversight

- Review of impacts from the operating environment
- Performance review of projects
- Risk Review
- Balance sheet and liquidity management

Control

- Ensure an effective control environment within the business
- Implementation of new controls for the betterment of the business

CORPORATE GOVERNANCE

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Evaluating Board Performance

All Directors individually and the Board collectively carries out a self-evaluation to assess their performance against economic, environmental and social targets/goals set at the beginning of each year. Results of these evaluations are properly minuted for future reference.

Delegation of Authority by the Board

Board Sub Committees

To assist in the discharge of its duties and responsibilities, the Board has appointed a number of Sub Committees. In addition to the mandatory Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, the Board has established two additional Board Sub Committees - the Investment and Subsidiary Performance Monitoring Committee and the Strategic Planning Committee. These Committees help the Board to meet its regulatory commitments while also enabling it to uphold good governance.

Each Committee is chaired by an Independent Non-executive Director and operates as per the Terms of Reference set out by the respective Committee Charter. The TOR includes roles and responsibilities, duties, powers and authority and the composition. Committee TOR's are reviewed on an annual basis by the Board and updated as needed.

Audit Committee

E	NE	INE
None	2	3

Full report on pages 162 and 163.

Related Party Transactions Review Committee

E	NE	INE
1	None	3

Full report on pages 164.

Remuneration Committee

E	NE	INE
None	1	3

Full report on page 165.

Strategic Planning Committee

E	NE	INE
3	None	1

Full report on page 167.

Investment and Subsidiary Performance Monitoring Committee

E	NE	INE
3	None	3

Full report on page 166.

Corporate Management Team

AEL's Corporate Management Team receives their mandate from the Board. The Corporate Management Team is responsible for implementing the objectives, strategies, and policies set forth by the Board and effective functioning of the Company. The Corporate Management team comprises of the Executive Vice Chairman (EVC), Managing Director (MD), Board Members and Senior Management team who meet at regular intervals to discuss the management of business and operating activities. The core of AEL, 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 practical time frames and ensuring any shortfalls or delays are speedily attended to.

Report on Board Subcommittees

Audit Committee

The committee is responsible for the integrity of Financial Statements, risk management, business ethics, internal control, internal audit function, compliance, review External Auditor's performance and Financial Reporting.

Audit Committee has continued to review and report to the Board on the Group's financial reporting, internal control and risk management processes and the performance, independence and effectiveness of the External Auditor, Messrs KPMG, Chartered Accountants. This report describes the Committee's major areas of focus since their last report in financial year 2021/22. The Committee appointed by the Board of Directors 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 Dilan Perera	Non-Executive Director
Shamal J S 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;

GRI 405-1

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 Auditor;
5. Making recommendations to the Board pertaining to appointment, re-appointment and removal of External Auditors and to approve remuneration and terms of engagement of the External Auditor.

Audit Committee Report is given on page 162 and 163.

Remuneration Committee

The committee is responsible for setting up the remuneration policy and making recommendations to the Board on recruitment, remuneration and performance evaluation.

In order 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 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.

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

Related Party Transactions Review Committee

The committee is responsible for ensuring that all related party transactions of the Company are consistent with the regulatory provisions laid down by the Corporate Governance Directions, LKAS 24 and the Listing Rules of the CSE.

The objective of the Related Party Transactions Review Committee is to ensure that the interests of shareholders as a whole are taken into account by a Listed Entity when entering into Related Party Transactions. The Rules set out in this Section further provide certain measures to prevent Directors, Managing Director, or Substantial Shareholders taking advantage of their positions. This Committee comprises Three (03) Independent Non-Executive Directors and One (01) Executive Director of the Board.

Members of the Related Party Transactions Review Committee:

Niroshan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Dinesh Weerakkody	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Dalpadoruge Anton Rohana Fernando (By Invitation)	Managing Director

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. Refer page 164 for the Related Party Transactions Review Committee Report.

Investment and Subsidiary Performance Monitoring Committee

The committee is responsible for assessing and monitoring existing and new investments of AEL and report observations and recommendations to the Board.

Since the investment decisions and performance of previous investment decisions are essential to be reviewed, this Board Subcommittee was set up, comprising Three (03) Independent Non-Executive Directors and Two (02) Executive Directors. The purpose of the Committee is to discuss prospective investments and performance monitoring of subsidiaries/associates prior to discussion of the relevant matters at Board Meetings.

Members of the Committee on Investment and Subsidiary Performance Monitoring:

Prof. Kulathilake Arthanakyake Malik Kumar Ranasighe (Chairman)	Independent Non-Executive Director
Niroshan Dakshina Gunaratne	Independent Non-Executive Director
Dinesh Weerakkody	Independent Non-Executive Director
Joseph Christopher Joshua	Executive Vice Chairman
Dalpadoruge Anton Rohana Fernando	Managing Director
Shamal J S Perera	Non-Executive Director

The Committee's mandate includes:

- Assessment and notification of their recommendations to the Board on major new investments in subsidiaries / associates and capital investments in the parent Company
- Assessment and notification of their recommendations to the Board on divestment of subsidiaries in the parent Company

CORPORATE GOVERNANCE

GRI 2-27, 405-1

- Monitoring the budgets of subsidiaries and associates and submit their observations and recommendations to the Board
- Review the progress of subsidiary companies of AEL
- Advice the Management on what action to be taken in any instances of non-compliance noticed in investment and budgetary monitoring of subsidiaries / associates

Investment and Subsidiary Performance Monitoring Committee Report is given on page 166.

Strategic Planning Committee

The committee is responsible for focusing on planning and setting strategic directions to achieve goals and objectives of the Company.

The Strategic Planning Committee assists the Board with its responsibilities for the Organisation's vision, mission and strategic direction. The Strategic Planning Committee provides a useful forum for Board Members to share views on strategic issues. The Committee addresses strategic issues in detail that require more focused study prior to bringing a matter to the full Board.

Members of the Strategic Planning Committee:

Sumal Joseph Sanjiva Perera (Chairman)	Chairman
Joseph Christopher Joshua	Executive Vice Chairman
Dalpadoruge Anton Rohana Fernando	Managing Director
Prof Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director

Key Responsibilities of the Strategic Planning Committee include –

- Making recommendations to the Board on the organization's vision, mission, strategic initiatives, major programs and services
- Identify critical strategic issues facing the organisation and assisting in analysis of alternative strategic options
- Ensuring management has established an effective strategic planning process with time line targets
- Advising the Board on the trends in organisation's industry, market/ community, and core competencies
- Periodically reviewing the vision, mission and strategic plan, and recommending changes to the Board
- Reviewing and forwarding to the Board, strategic plans of subsidiary organisations to assure they are aligned with the system's strategic direction and goals
- Reviewing major new programmes and services

The Committee met regularly to fulfill the above tasks assigned.

Strategic Planning Committee Report is given on page 167.

Compliance Committee

The Compliance Committee is appointed by the Managing Director and is set-up to further strengthen good governance at the 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 the Code of Conduct based on the recommendations made by the Compliance Committee via the Managing Director. Regular meetings are conducted to discuss the compliance matters and new trends.

Members of the Compliance Committee:

Rohana Fernando (Chairman)	Managing Director
V.K. Manatunge (Convener)	Senior General Manager
Manoaj Jayahsuriya	General Manager (Project Management Division I)
Kosala Wickramasinghe	General Manager (Planning & Development)

The Committee's mandate includes:

1. Establish and monitor whether 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 most economical, efficient and effective use of resources as well as safeguard assets

Beyond the mandatory requirements to set-up the Audit, Remuneration and Related Party Transactions Review Committees, AEL has set-up the Strategic Planning Committee, Compliance Committee and the Investment and Subsidiary Performance Monitoring Committee described above, voluntarily for enhanced transparency and good governance on par with industry practices. Occasionally, where it may be more expedient to do so, the Board may delegate some of its powers to a Subcommittee on an ad hoc basis.

Integrated Management Systems

At AEL, we have established and implemented Quality, Environment and Health and Safety Management Systems which meet the requirements of international standards. Further the Company's Quality, Environment and Health and Safety Management Systems are upgraded and certified to the latest International Standards ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 respectively.

Management systems are driven by risk based thinking and interacts with all activities of the organization, identify context/needs and expectations of interested parties, assessing and managing risk, satisfying interested parties while enabling AEL to improve its processes, reduce environmental impacts, protect the workforce and increase the market share.

The Corporate Management of AEL ensures its commitment and provision of adequate resources for the effective implementation of management systems, while internal audits are carried out to ensure conformance with the management systems and periodically review for continual improvement.

Quality Management System (QMS)

The QMS defines processes which will result in quality of products and services instead of adopting a reactive approach of detecting product and service nonconformance. Further, it establishes policies, objectives, processes and procedures in order to continually improve the effectiveness and efficiency of its performance. It ensures;

- The ability of AEL to deliver the desired product and/or service consistently, while meeting relevant interested parties' needs and expectations and
- That the products and services are produced at an optimum cost with efficient use of the available resources – materials, human, technology and information

Our Quality Policy

- AEL is committed to satisfy customer needs and expectations by providing high quality products & services with effective, efficient and innovative solutions
- The top management determines the context of the organization by strategically analysing and reviewing its internal & external factors to support its strategic direction
- The Company is committed towards the identification of relevant interested parties, their needs & expectations and their fulfillment to enhance the sustainability of the business
- To meet with the above commitment, the Company continually improves its quality management system whilst adhering to the applicable regulatory requirements through cost effective, profitable, safe and sound environmental friendly operations

Environment Management System (EMS)

AEL reflects its green consciousness via the establishment and maintenance of the Environment Management Systems. This enables to eliminate/reduce significant environmental impacts caused by the operations carried out by the organisation. This is done by identifying and assessing environmental impacts, establishing environmental control measures, formulating and implementing management programmes to minimise that impact. This enables to -

- Manage and improve our environmental performance (managing negative impacts) and increase the efficiency of resource utilization (e.g. reduce waste and energy use)
- Comply with environmental laws and regulations
- Improve our standing and reputation among staff, clients, partners and other stakeholders
- Adapt to changing environments (in operations and/or products and services)

Our Environment Policy

- AEL is committed to carry out its operations to have a minimal impact to the environment as its strategic direction for a sustainable business
- The Company analyses the internal and external factors affecting the performance of its EMS
- The Company identifies and reviews the needs and expectations of interested parties including compliance obligations with regard to the environment, and establishes communication with the relevant interested parties on environmental obligations
- The environmental management system is continually improved by reviewing, assessing and setting targets & objectives for enhancing its performance

Health & Safety Management System

Health and Safety Management System at AEL is a systematic approach that has been put in place to minimize the risk of injury and illness. It involves identifying, assessing and controlling risks to workers in all workplace operations. The core elements of our Health & Safety Management System includes management involvement and commitment, hazard identification and risk assessment, hazard control, training, emergency response, incident reporting & investigation and communication. The system enables us to protect our workforce, comply with laws and regulations, reduce cost, enhance employee relations and create an incident free workplace.

Our Health & Safety Policy

Access Engineering PLC is committed to ensuring the health and safety of staff and workers, contractors, suppliers, visitors and other stakeholders via an effective health and safety management system to manage health and safety risks, and eliminate hazards that could result in injury or disease.

- The Company consults the staff, workers, contractors and other stakeholders to enhance the effectiveness of the Health and Safety Management System and provides appropriate training, information, instruction, equipment and supervision for them to work safely
- The Company will meet these commitments by providing necessary resources and adopting safe work practices and procedures, which comply with or exceed the requirements of all Acts, Regulations and other statutory provisions governing Occupational Health and Safety
- Health and safety objectives, are established to maintain and continually improve the health and safety at workplace and work environment

External Frameworks

The main external frameworks that govern the system of corporate governance at AEL include The Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC). Company’s compliance with each of these provisions is given in pages 161, 148 to 150 respectively.

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Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance

Principal	Description	Comment/Reference	Compliance Status
CSE Listing Rule 7.6 – Contents of Annual Report			
(i)	Names of persons who during the financial year were directors of the Entity	Board of Directors	Complied
(ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein	Notes to the Financial Statements	Complied
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Investor Capital	Complied
(iv)	The Public Holding percentage	Investor Capital	Complied
(v)	A statement of each Director's holding and Chief Executive Officer holding in shares of the Entity at the beginning and end of each financial year	Investor Capital	Complied
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Enterprise Risk Management	Complied
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	During 2022/23 there were no material issues pertaining to employees and industrial relations of the Company	
(viii)	Extents, locations, valuations and the number of buildings of the Entity's land holdings and investment properties	Annual Report of the Board of Directors on the affairs of the Company	Complied
(ix)	Number of shares representing the Entity's stated capital	Annual Report of the Board of Directors on the affairs of the Company	Complied
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Investor Capital	Complied
(xi)	Financial ratios and market price information	Investor Capital	Complied
(xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	Notes to the Financial Statements	Complied
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	In 2022/23 no funds were raised through a public issue, rights issue or a private placement.	
(xiv)	Employee Share Option Schemes and Employee Share Purchase Schemes	The Company does not have any Employee Share Option Schemes or Employee Share Purchase Schemes	
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules	↘ Board of Directors ↘ Compliance with Code of Best Practice on Corporate Governance jointly issued by Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka ↘ Annual Report of the Board of Directors on the affairs of the Company ↘ Notes to the Financial Statements ↘ Audit Committee Report ↘ Remuneration Committee Report	Complied
(xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	↘ Related Party Transactions Review Committee Report ↘ Notes to the Financial Statements	Complied

Statement of Compliance under Section 7.10 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance

Principal	Description	Comment/Reference	Compliance Status
CSE Listing Rule 7.10 – Corporate Governance			
a. and b.	Compliance with corporate governance rules	Annual Report of the Board of Directors on the affairs of the Company	Complied
CSE Listing Rule 7.10.1 – Non-Executive Directors			
a., b.and c.	Composition of the Non-Executive Directors	Board of Directors	Complied
CSE Listing Rule 7.10.2 – Independent Directors			
a.	Composition of the Independent Directors	Board of Directors	Complied
b.	Signed and dated declaration of each Independent Director	Compliance with Code of Best Practice on Corporate Governance jointly issued by Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka	Complied
CSE Listing Rule 7.10.3 – Disclosures Relating to Directors			
a. and b.	Determination of independence or non-independence of each NED	Board of Directors Compliance with Code of Best Practice on Corporate Governance jointly issued by Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka	Complied
c.	A brief Résumé of each Director	Board of Directors	Complied
d.	Brief Résumé of newly appointed Director/s	During 2022/23 no Director was appointed to the board as a Non-Executive Director	
CSE Listing Rule 7.10.4 – Criteria for Defining 'Independence'			
a. to h.	Criteria to meet to be an Independent Director	Compliance with Code of Best Practice on Corporate Governance jointly issued by Chartered Accountants of Sri Lanka and Securities and Exchange Commission of Sri Lanka	Complied
CSE Listing Rule 7.10.5 – Remuneration Committee			
a.	Composition	Corporate Governance	Complied
b.	Functions	Corporate Governance	Complied
c.	Disclosures in the Annual Report	↘ Annual Report of the Board of Directors on the affairs of the Company ↘ Notes to the Financial Statements ↘ Remuneration Committee Report	Complied
CSE Listing Rule 7.10.6 – Audit Committee			
a.	Composition	Audit Committee Report	Complied
b.	Functions	Audit Committee Report	Complied
c.	Disclosures in the Annual Report	Audit Committee Report	Complied

CORPORATE GOVERNANCE

THE 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.

Principal	Comment	Compliance Status
A	**Directors**	
A.1	**The Board**	
A.1	The Company is headed by a Unitary Board comprising of eleven members. The 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. The Board regularly monitors the performance of the Company against goals and targets set on a periodic basis and discusses the same at Board meetings in great detail. Composition of the Board is set out on page 139. All Executive Directors are a part of the Company's Corporate Management Team. The Board consists of professionals from diverse fields such as Engineering, Accounting, Finance, Business Development, Human Resources and Consultancy, bringing independent judgment and perspectives for the efficient functioning of the Board and discharge of duties. 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 adequate levels 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. There are five Subcommittees of the Board of which three are mandatory and two is voluntary. These Committees ensure the Company's adherence to best practices of corporate governance in conducting business.	Complied
A.1.1	During the year, four scheduled Board meetings were conducted, all of which were well planned and informed in advance and all Members were eligible to attend. Attendance of Members at meetings is given on page 143. As and when the need arises Special Board meetings are also conveyed though no such meeting was held during the year under review. In addition to the above, the Board Subcommittees also met at various frequencies to discuss matters under their purview as elaborated in detail under their respective Reports.	Complied
A.1.2	A brief profile of each member of the Board of directors and Corporate Management team is given on pages 130 to 137.	Complied
A.1.3	The Board collectively and the Directors individually, have recognized their duty to act in accordance with the prevailing Laws of the Country. The Board has put in place the Compliance Committee, which is headed by the Managing Director to ensure compliance with all necessary rules and regulations applicable to the Company. The Board also complies with the sound framework of business practices in place, which further strengthens compliance with existing laws and regulations. In matters of strategic importance to the Company, the Board obtains independent professional advice, if it deems necessary, at the expense of the Company.	Complied
A.1.4	All Directors had access to the services of a professional Company secretarial body, 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 the Company's Annual Report to its shareholders.	Complied

GRI 2-11

Principal	Comment	Compliance Status
A.1.5	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. The vast experience and knowledge they possess in their specialized fields ensure the execution of this judgment. Transparency of the judgments is further enhanced with the existence of three Independent Non-Executive Directors who continue to critically evaluate the decisions of the Executive Directors. The Board has put in place a culture of accepting the contribution of each member and all Directors have an equal opportunity to express their views and ideas. The composition of the Board is sufficient enough to ensure balance of power and no Director dominates the conduct of meetings or the Board's decision-making process.	Complied
A.1.6	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	One third of the directors could request for a resolution to be presented to the Board for the best interest of the Company.	Complied
A.1.8	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. Knowledge sharing among members, attending seminars organized by relevant professional bodies, participating in industry advancement sessions and policy making initiatives are some of the methods adopted during the year with respect to training and development.	Complied
A.2	**Chairman and Chief Executive Officer (CEO)**	
A.2	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 and authority. The Managing Director is supported by the Corporate Management 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
A.2.1	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. Day-to-day affairs of the Company are headed by the Executive Vice Chairman (EVC) who is supported by the Managing Director (MD). The EVC and MD give leadership to the Corporate Management team who is collectively responsible for the conduct of day-to-day operations.	Complied
A.3	**Chairman's Role**	
A.3	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 to enable them to take accurate decisions about the Company, facilitates discussions at the meetings to include the views of all Members, encourages participation of all members in the decision-making process and ensures accurate recording of proceedings via minutes through the Company Secretary. He is responsible for ensuring that the objectives of the meeting are achieved and adequately discussed among its members. The Chairman is also responsible for the composition and the structure of the Board, representing the views of the Company to the public, maintaining relationships with shareholders and overseeing the self-evaluation of Board members performance.	Complied

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
A.3.1	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. Agenda for each Board Meeting is finalized by the Chairman in consultation with the Company Secretary and where necessary, feedback from the other Members is taken.	Complied
(A.4)	Financial Acumen	
A.4	A brief profile of each member of the Board of directors is given on pages 130 to 133.	Complied
A.5	Board Balance	
A.5	The Board compromises of eleven Directors of which five are Executive Directors and six are Non-Executive. This ratio was maintained throughout the Financial Year. Composition of the Board is set out on page 139 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. Non-Executive Directors are also veterans in their respective fields both academically and professionally thus deemed suitable to hold office.	Complied to 2013 Code
A.5.1	55% of the Board of Directors of the Company operates in a Non-Executive capacity. Every Non-Executive Director on the Board has excelled in his 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	The Board of Directors of the company comprises six Non-Executive Directors out of which three are Independent. Composition of the Board is set out on page 139 (six NED in which four should be independent)	Complied to 2013 Code
A.5.3	Three Independent 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 Non-Executive Director 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 Non-Executive Directors for the financial year 2022/23, they were considered as continuing to be independent.	Complied
A.5.4	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. While this declaration fulfilled the requirements of Schedule K of this Code, no circumstance rose for the determination of independence by the Board outside the criteria set out by the Code.	Complied
A.5.5	Based on the declarations submitted to the Board and other information available, the following Non-Executive Directors' of the Board were decided to be independent as at the end of the Financial Year. ↘ Mr. D S Weerakkody ↘ Prof. K A M K Ranasinghe ↘ Mr. N D Gunaratne The Board considered the annual declaration made by the Non-Executive Directors' to be a fair representation of their independence.	Complied
A.5.6	This is not applicable as there are no Alternate Directors in the Company.	N/A
A.5.7	This is not applicable as the Chairman of the Company is not the CEO.(There should be a SID because Chairman is not an independent director)	Complied to 2013 Code
A.5.8	Please refer comment under A.5.7.	Complied to 2013 Code

GRI 2-10

Principal	Comment	Compliance Status
A.5.9	The Chairman holds meetings with the NEDs' without the presence of Executive Directors as and when necessary. During the year no need arose for such meeting.	Complied
A.5.10	During the year, there were no matters of the Company that the Board was unable to resolve unanimously. However, in the event such matter arises, the Company Secretary records 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 was provided with timely information by way of Management Reports, Proposals and Board Papers during the year. The information was made available by the Company Secretary along with the agenda at least seven 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	Members of the Board (mainly Executive) are provided with Management Reports, Proposals and Project Performance Reports on a monthly basis, both in a quantitative and qualitative manner. 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. 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. The Chairman ensured that all Board Members were briefed sufficiently on any matter/s arising from the meeting/s. Any Director who was unable to attend a particular Board meeting is briefed on the proceedings before the next meeting by the Chairman and through the minutes of the meeting.	Complied
A.6.2	As a norm, all Board papers are circulated to the Board members 10 working days before hand for them to study the materials and prepare themselves for the meeting and within two weeks of the meeting the decisions taken and the discussion points are minuted and circulated for their review/comments and finalization.	Complied
A.7 Appointments to the Board		
A.7	All Board appointments are based on the capacity of the individual concerned to pass the 'fit and 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	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.	Complied to 2013 Code
A.7.2	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	No new Director was appointed during the year 2022/23, and where necessary 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

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
A.8 Re-Election		
A.8	Directors are re-elected with the sanction of the shareholders at the Annual General Meeting of the Company. The Articles of Association of the Company requires one NED to appear for re-election every year and as such 2022 saw the re-election of Company Professor K A M K Ranasinghe who retired by rotation. Generally, Directors who retire are the ones who have held office for the longest period since election and reappointment. Recommendations on the re-election of Directors are given by the Company Secretary and the same is reviewed by the Board. In terms of the Articles of Association of the Company Shamal J S Perera will retire by rotation and being eligible will offer him-self for re-election at the forthcoming Annual General Meeting.	Complied
A.8.1	In terms of the Articles of Association of the Company, one NED is required to retire by rotation every year. The re-election of NEDs' is sanctioned by the shareholders at the AGM of the Company.	Complied
A.8.2	No directors were newly appointed during the year (2022/23). 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.8.3 Resignation		
A.8.3	Before the formal resignation the Directors explain their reasons for the resignation decision and the same is being minuted under the Board meeting minutes. Also when Directors send their resignation letters, they explain the decision factors in the resignation letter for the documentary purposes. During the Financial Year 2022/23, there was no resignation of Directors.	N/A. No resignation of directors during the year
A.9 Appraisal of Board Performance		
A.9	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	In order to retain the enthusiasm in company operations overall the Board members meet the Chairman and conduct face to face discussions on the members anticipated suggestions for the betterment of the Company and the Chairman addresses the performance remarks of the individual Board members that he has observed during the year.	Complied
A.9.2	Members of the Board and Board Committees carried out self-assessments of their performance for the FY 2022/23 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 2023/24 were identified. Each individual Director was satisfied of his performance in the FY 2022/23. Over the years, both individual and collective performance appraisal of the Board has facilitated continuous development and improvement.	Complied
A.9.3	When a member's name is up for re-election the rest of the Board members discuss the value addition brought by that particular member to the Board and the contribution made thereof. And based on the discussion points the decision is made as to re-elect the member or not to. The discussion points are minuted under the Board meeting minutes.	Complied
A.9.4	The performance of the Board has been appraised though a formalized process of individual appraisal by enabling each member to self-appraise on an anonymous basis	Complied
A. 10 Disclosure of Information in Respect of Directors		
A.10	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
A.10.1	Please refer the following pages 130 to 133 for the information relating to Directors of the Company.	Complied
A.11 Appraisal of Chief Executive Officer		
A.11	Not applicable as the Company doesn't have a CEO.	N/A
A.11.1	Not applicable as the Company doesn't have a CEO.	N/A
A.11.2	Not applicable as the Company doesn't have a CEO.	N/A

Principal	Comment	Compliance Status
B	**Directors' Remuneration**	
B.1	**Remuneration Procedure**	
B.1	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	The Remuneration Committee is responsible for recommending the remuneration payable to Executive Directors. The Committee makes recommendations to the Board, which is responsible for the final determination.	Complied
B.1.2	The Remuneration Committee appointed by the Board consisted of four Non-Executive Directors out of which three were independent.	Complied
B.1.3	Details of the Remuneration Committee are given in page 165 of this Report.	Complied
B.1.4	Remuneration payable to the Non-Executive Directors is decided by the Board as a whole. The Non-Executive Directors are paid a monthly fee for being a Member of the Board and its Sub-committees. Since the Non-Executive Directors are not involved in the day-to-day affairs of the Company they are not entitled to any performance incentives.	Complied
B.1.5	The Remuneration Committee consulted the Chairman and the Vice Chairman in providing recommendations regarding the remuneration of other Executive Directors. The Chairman and the Vice Chairman are not remunerated by the Company.	Complied
B.2 Level and Make Up of Remuneration		
B.2	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. The Board is aware of the fact that the level of remuneration should be sufficient enough to attract and retain Directors of high calibre to direct the Company. 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 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	As the remuneration of the key personnel are decided and approved by the Board based on the evaluation and recommendation made by the Remuneration committee in parity with the current market rates and packages provided, the Executive Directors' remuneration also follows by the same process, providing specific targets in the ED's TOR which directs the ED in achieving the organizational performance goals overall.	Complied
B.2.3	The Committee conducts an analysis of other companies in the industry in deciding the levels of remuneration of the Company. If the need arises the Company carries out an annual salary survey in determining the level of remuneration of key positions and their increment.	Complied
B.2.4	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.	Complied
B.2.5	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.2.6	Not applicable as there are no Executive share options in the Company.	N/A

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
B.2.7	Provisions of Schedule E of the Code were followed in designing schemes of performance related remuneration.	Complied
B.2.8	There are no compensation commitments (including pension contributions) in Directors contracts of service.	N/A
B.2.9	Not applicable as the Company's objective is to avoid early termination by all means.	Complied
B.2.10	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	Compensation paid to Key Management Personnel is given in page 255 of this Report. Remuneration committee Report is given in the page no. 165.	Complied
B.3.1	Names of the members of the Remuneration Committee and the compensation paid to Key Management Personnel are given in pages 145 & 255 of this Report respectively.	Complied
C Relations with Shareholders		
C.1 Constructive Use of the Annual General Meeting (AGM) and conduct of General Meetings		
C.1	The Company considers the AGM as the primary tool of communication with shareholders. The Notice of Meeting inviting all shareholders is given on page 281 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. Usual proposals adopted at the AGM include the Annual Report and the Accounts, reappointment of Directors and Auditors and any other matter that require shareholder approval as per the provisions of the Articles Association of the Company.	Complied
C.1.1	All related papers and the Notice of Meeting are sent to the shareholders 15 days before the AGM through the Company Secretary.	Complied
C.1.2	To receive and consider the Annual Report and Accounts is the first resolution adopted at every AGM. Further, the Company proposes separate resolutions on each substantially separate issue. Hence shareholders are given the opportunity to vote separately on each substantial issue.	Complied
C.1.3	The secretariat and admin teams have strict follow up from the day the notice of the meeting along with the Annual report is sent to the shareholders. They track the appointed proxies at the time of the registration of the AGM and the Secretary team do note the casted votes in favor of the passed resolutions accordingly.	Complied
C.1.4	Before the AGM date, the Company Board and the respective sub committees meet and organize how the AGM should process and run through the possible questions that the management may face. Accordingly all the committee heads are prepared in an instance where a related question is posted to answer them.	Complied
C.1.5	The notice of meeting and related documents are circulated to the Shareholders 15 working days prior to the AGM. Summary of the procedures governing voting at the AGM is provided in the proxy form, which is circulated to Shareholders together with the notice of meeting 15 working days prior to the AGM. The Board encourages all Shareholders to attend and actively participate in the AGM. The Shareholders may raise any queries they have with the Directors.	Complied

Principal	Comment	Compliance Status
C.2 Communication with Shareholders		
C.2	The AGM, Annual Report and other General Meetings (as and when required) 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	Refer comment given under C.2	Complied
C.2.2	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. Hence the Company focuses on accurate, timely, relevant and open information dissemination and communication so as to avoid any market malpractice or doubt.	Complied
C.2.3	The Company has disclosed the contact information in all their publications and always encourage our shareholders to connect with us. Apart from that in our website we have allocated a separate page indicating Investor information such as the market price per share	Complied
C.2.4	The point of contact is given in page 07 of this Report	Complied
C.2.5	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 email that could be equally utilized by any shareholder to correspond.	Complied
C.2.6	Both the Company Secretary as well as members of the Board act as contact points in relation to shareholder matters.	Complied
C.2.7	Responses for shareholder queries directly sent to individual members of the Board are sent by the respective members. Queries directed to the Company Secretary are responded by the Directors via the Company Secretary.	Complied
C.3 Major and Material Transactions		
C.3	Refer the Related Party Transactions Review Committee Report on page 164 and Note 29 of Notes to the Financial Statements.	Complied
C.3.1	Refer the Related Party Transactions Review Committee Report on page 164 and Note 29 of Notes to the Financial Statements.	Complied
C.3.2	Refer the Related Party Transactions Review Committee Report on page 164 and Note 29 of Notes to the Financial Statements.	Complied
D Accountability and Audit		
D.1 Financial Reporting		Complied
D.1	The Annual Report of the Board of Directors on the Affairs of the Company making the relevant declarations is given on pages 182 to 187 of this Report.	Complied
D.1.1	All related papers and the notice of the meeting are sent to the shareholders 15 days before the AGM through the company secretaries.	Complied
D.1.2	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. In these aspects the Company complied with the requirements of the Companies Act No. 07 of 2007, Registrar of Companies, Department of Inland Revenue and Sri Lanka Accounting Standards and reporting requirements of the Colombo Stock Exchange and the Securities and Exchange Commission of Sri Lanka.	Complied

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
D.1.3	The Financial statements itself has the respective declaration stating that all standards, legal requirements are met with and the General Manager – Finance and the Managing Director signs the financial statements below that declaration. Apart from that an annual declaration is also signed by the GM – Finance and the MD confirming the same.	Complied
D.1.4	The Annual Report of the Board of Directors on the Affairs of the Company making the relevant declarations, is given on pages 182 to 187 of this Report.	Complied
D.1.5	'Directors responsibility for Financial Reporting', 'Statement of Auditors' and the 'Directors Statement on Internal Control' are given on pages 184, 190 to 195 and 189 respectively.	Complied
D.1.6	'Management Discussion and Analysis' is given on pages 83 of this Report	Complied
D.1.7	Not applicable as there was no serious loss of capital during the year.	N/A
D.1.8	The Company has set in place an effective and comprehensive system of internal control for identifying, recording and disclosing related party transactions. This system ratified by the Board ensures that there is no conflict of interest when transacting with related parties and that there will be no bias favorable treatment. All related party transactions as defined in Sri Lanka Accounting Standards – LKAS 24 'Related Party Transactions' are disclosed in Note 29 to the Financial Statements.	Complied
D.2 Risk Management and Internal Controls		
D.2	The Company operates with a sound system of internal control within an integrated risk management framework that is formulated and ratified by the Board. This system ensures that shareholders interests and Company assets are safeguarded. The Board Audit Committee is responsible to the Board for ensuring the effective operation of the system of internal controls to achieve objectives of the Company.	Complied
D.2.1	The Board is responsible for formulating and implementing appropriate systems of internal control for the Group and in turn assessing its effectiveness. The Group's internal audit division assists the Board of Directors and the Audit Committee in carrying out the above task. Any internal control system has its inherent limitations. The Board is aware of the inherent limitations and has taken appropriate steps to minimize same. The Directors' responsibility for maintaining a sound system of internal control is given in the Board of Directors' Statement on Internal Control on pages 189.	Complied
D.2.2	The confirmation of the Risk assessment conducted and the principal risks faced by the Company are disclosed in the Enterprise Risk Management report is given on pages 168 to 180 of this Report.	Complied
D.2.3	The Company has an Internal Audit Function headed by the 'Head of Internal Audit' and overseen by the Board Audit Committee.	Complied
D.2.4	Operation and review of internal controls is done by the Internal Audit function as a continuous and ongoing process including internal control over financial reporting. These reports are forwarded to the Audit Committee for review to ensure that the system of internal control and the risk management process are effective. The Board is responsible for making disclosures on internal controls. In 2022/23 the Board was satisfied with the effectiveness of the system of internal control in place within the Company.	Complied
D.2.5	Refer page 189 for the 'Directors Statement on Internal Controls'.	Complied
D.3 Audit Committee		
D.3	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.	Complied
D.3.1	The Audit Committee comprises three Independent Non-Executive Directors and two Non-Executive Director of the Board. The Chairman of the Committee is an Independent Non-Executive Director	Complied

Principal	Comment	Compliance Status
D.3.2	AEL has developed a Charter for the Audit Committee clearly defining the objective/ Duties of the Committee, each member's duties and responsibilities and administrative arrangements etc.	Complied
D.3.3	The Audit committee report enhances a descriptive note regarding the Audit committee and how they discharge their duties and also show how they have allocated their valuable time by participating to the meetings and decision making. (Ref. Page No. 162 and 163)	Complied
D.4 Related Party Transaction Review Committee		
D.4	As a group norm when transacting with Related parties of the group, the responsible parties stress on the price at which the transaction takes place to make sure that neither the buyer nor the seller will make extra ordinary gain through the same.	Complied
D.4.1	Company has considered the guidelines provided in the LKAS 24 in defining the Related parties, in developing the charter for the Related Party Transaction committee.	Complied
D.4.2	In compliance with the requirements of the voluntary code of the Corporate Governance the Related Party Transaction Review Committee comprise of three Non-Executive Directors who are also independent. Also the Managing Director attends the meetings upon invitation by the committee.	Complied
D.4.3	Company has developed a Charter for the Related Party Transaction Review Committee clearly defining the objective/ Duties of the Committee, each member's duties and responsibilities and administrative arrangements etc.	Complied
D.5 Code of Business Conduct and Ethics		
D.5	Refer page 139 of this Report. – Corporate governance – Board of Directors.	Complied
D.5.1	AEL has a Code of Ethics which includes the code of conduct and is circulated to Directors and all employees. The Board ensures that the Directors and the employees strictly adhere to the Code of Ethics of the Company in their duties so as not to adversely affect the brand of access in any manner. The violation of the code of ethics is an offence which is subject to disciplinary action.	Complied
D.5.2	The price sensitive transactions relating to Investments are monitored through the Investment Evaluation and Monitoring committee and through the Audit Committee. Significant matters are informed to the board for further action	Complied
D.5.3	Refer the report of the Related Party Transaction Review Committee on page no 164	Complied
D.5.4	Refer page 139 of this Report – Corporate governance – Board of Directors.	Complied
D.6 Corporate Governance Disclosures		
D.6	This Report on the Company's compliance with the CA Sri Lanka/SEC 'Code of Corporate Governance' meets this requirement.	Complied
D.6.1	Same as D.5	Complied
E Institutional Investors		
E.1 Shareholder Voting		
E.1	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	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

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
E.2 Evaluation of Governance Disclosure		
E.2	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	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. This Integrated Report prepared by the Company gives sufficient information to shareholders to carry out their own analysis of the Company and its operations.	Complied
F.2 Shareholder Voting		
F.2	The Company encourages individual shareholders to participate in Annual General Meetings and exercise their voting rights.	Complied
G Internet of things and cyber security.		
G.1	Refer Risk Management on page 178 of this Annual Report (Information & Technology Risk)	Complied
G.2	The functions of the CISO is carried out by the Manager IT reporting to the Senior General Manager. The Manager IT is responsible for assessing various Internet of things and Cyber security requirements and to implement necessary strategies, which is discussed with the Senior General Manager to aid in handling unforeseen events such as data loss, data and security breaches.	Complied
G.3	Relevant risks are discussed at Internal Audit Report and reported the same to Audit Committee. The Audit Committee along with the Manager IT reviews potential and ongoing cyber security risks and strategizes a course of action. High risk matters are referred to the Board for further actions.	Complied
G.4	Issues are addressed at the Integrated Risk Management audit annually carried out by an independent third party and identified issues are reported through the management letter. The audit findings are thoroughly and periodically reviewed in order to mitigate any potential or ongoing risks as, Internet of Things and Cyber security has become an essential part of the business model due to the ongoing global conditions.	Complied
G.5	The Company adheres to the required level of cyber security by analysing the gravity of the requirement and the IT department does continuous monitoring to mitigate the identified risk.	Complied
H Environment, Society and Governance (ESG)		
H.1.1Reporting of ESG Factors	Refer Page 106 to 122 of the Annual Report - Social and Environmental Capital for this requirement	Complied
H.1.2 Environmental Factors	Refer Page 106 to 122 of the Annual Report - Social and Environmental Capital for this requirement	Complied
H.1.3 Social Factors	Refer Page 106 to 122 of the Annual Report - Social and Environmental Capital for this requirement	Complied
H.1.4 Governance	Refer Page 138 to 167 of the Annual Report – Corporate Governance for this requirement	Complied
H.1.5 Board's role on ESG Factors	AEL Engineering understands its role and responsibility in ESG reporting and ensure that the company adheres to the ESG reporting requirements.	Complied

Statement of Compliance under Section 168 of Companies Act No. 7 of 2007

Principal	Description	Comment	Compliance Status
Section 168 – Contents of Annual Report			
(1) (a)	The nature of the business of the Group and the Company together with any change thereof during the accounting period	Notes to the Financial Statements	Complied
(1) (b)	Signed Financial Statements of the Group and the Company for the accounting period completed	Financial Statements	Complied
(1) (c)	Auditor's Report on the Financial Statements and any group Financial Statements	Independent Auditors' Report	Complied
(1) (d)	Change in accounting policies made during the accounting period	Notes to the Financial Statements	Complied
(1) (e)	Particulars of entries in the interests register made during the accounting period	Annual Report of the Board of Directors	Complied
(1) (f)	Remuneration and other benefits of Directors during the accounting period	Notes to the Financial Statements	Complied
(1) (g)	Total amount of donations made by the Company during the accounting period	Annual Report of the Board of Directors	Complied
(1) (h)	Names of the persons holding office as Directors of the Company as at the end of the accounting period and the names of any persons who ceased to hold office as Directors of the Company during the accounting period	Board of Directors	Complied
(1) (i)	Amounts payable by the Company to the person or firm holding office as Auditor of the Company as audit fees and as a separate item, fees payable by the Company for other services provided by that person or firm	Notes to the Financial Statements	Complied
(1) (j)	Particulars of any relationship (other than that of Auditor)which the Auditor has with or any interests which the Auditor has in, the Company or any of its subsidiaries	Annual Report of the Board of Directors	Complied
(1) (k)	Be signed on behalf of the Board by two Directors of the Company	Financial Statements	Complied

AUDIT COMMITTEE REPORT

The Committee was established under the Corporate Governance rules of Section 7. 10. 6 of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka. The Committee continued to review and report to the Board on the Group's financial reporting, internal control and risk management processes and the performance, independence and effectiveness of External Auditors.

ROLE OF THE AUDIT COMMITTEE

The role of the Audit Committee is to oversee and report to the Board on the Group's financial reporting system, compliance with legal and regulatory requirements, internal control mechanism, risk management process, internal audit function and review of independence and performance of External Auditors, with a view to safeguarding the interests of the shareholders and all other stakeholders.

COMMITTEE COMPOSITION

The Committee continued to comprise five Non-Executive Directors as set out below. To ensure compliance with the requirements of the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and Securities Exchange Commission of Sri Lanka, Committee membership comprises three (3) Independent Non-Executive Directors and two (2) Non-Executive Directors of the Board.

Category	Number of Directors
Independent Non-Executive Directors	3
Non-Executive Directors	2

The brief profiles of the existing members of the Committee are given on pages 130 to 133 of the Annual Report.

MEETING ATTENDANCE

The Committee met on the following occasions (physically or virtually as required) to discuss matters relating to the financial year of which the members' attendance was as follows:

Name of Directors	12.05.2022	10.08.2022	10.11.2022	09.02.2023
Mr. N D Gunaratne	✓	✓	✓	✓
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. D S Weerakkody	✓	✓	✓	✓
Mr. S D Perera	✓	✓	✓	✓
Mr. Shamal J S Perera	✓	✓	✓	✓

In addition to the Committee members, the meetings were attended by the Managing Director, GM-Finance and the Head of Internal Audit on invitation. The Company Secretaries were also present at every meeting.

TERMS OF REFERENCE

The Audit Committee has its terms of reference, dealing with its authority and duties, which is established for the purpose of assisting the Board in fulfilling their oversight responsibilities that include the integrity of the Financial Statements, risk management, business ethics, internal control, compliance with legal and regulatory requirements, review of Independent External Auditors' performance and the Internal Audit.

COMPLIANCE

FINANCIAL REPORTING AND SIGNIFICANT JUDGEMENT

The Committee is responsible for reviewing whether suitable accounting policies have been adopted and whether Management has made appropriate estimates and judgments in the preparation of the Financial Statements. As part of its review the Committee considers the clarity and completeness of disclosures in the Financial Statements to assess whether these have been set appropriately in the context. The Committee also keeps under review the impact of any actual or expected changes to accounting standards applicable to the Group and provides general oversight in relation to the financial policies of the Group.

The Audit Committee reviewed the quarterly and annual Financial Statements prior to its publication and the review included:

- Appropriateness and changes in accounting policies
- Significant estimates and judgments made by the Management
- Compliance with relevant accounting standards and applicable regulatory requirements
- Impairment of assets
- Issues arising from the internal audit and independent external audit
- The Group's/Company's ability to continue as a going concern

LAWS AND REGULATIONS

The Audit Committee reviewed the reports submitted by the Management and the Head of Internal Audit on compliance with applicable laws and regulations. The Committee is satisfied that laws and regulations are duly complied with and statutory payments have been made on a timely basis.

Audit & Accountability

Internal Controls

The Committee is satisfied that an effective system of internal control is in place to provide reasonable assurance on safeguarding the Company's assets and reliability of Financial Statements.

Effectiveness of the Company's system of internal controls is evaluated through reports provided by the Management, Internal Auditors and Independent External Auditors.

INTERNAL AUDIT

The Committee is responsible for reviewing the role and effectiveness of the internal audit function by monitoring the results of its work and the responses of Management to its recommendations. The Audit Committee meets the Internal Auditors on a quarterly basis and reviews their findings in order to identify risks attached to different areas of operation and effectiveness of internal controls.

The Committee reviewed and approved the 2022/23 Internal Audit Plan and continued to monitor progress against this Plan during the year. Results and management action arising from the reviews undertaken in 2022/23 were discussed in detail at each of the Committee's meetings. The Head of Internal Audit attended all of the Committee's meetings during 2022/23 and held discussions with the Committee in the absence of the Management.

WHISTLE-BLOWING

The Audit Committee evaluates various issues reported by the employees or stakeholders relating to doubtful or certain, unethical or unlawful matters. The Group's/Company's Code of Ethics ensures that each employee is aware of the whistle-blowing policy and is encouraged to resort to the relevant whistle-blowing protocols, in case of any incident. The prevalence and effectiveness of the whistle-blowing policy are constantly monitored by the Audit Committee and the incidents reported are investigated thoroughly. The whistle-blowing policy in place always ensures strict anonymity of the whistle-blower's identity.

INDEPENDENT AUDITORS

The Audit Committee reviewed the independence and objectivity of the Independent External Auditors, Messrs KPMG Sri Lanka, and Chartered Accountants. The Audit Committee has met with the External Auditors to review their audit plan and any observations made by them. The Committee has received a declaration from the External Auditors, confirming that they do not have any relationship or interest in the Company or its subsidiaries. The Committee reviewed the non-audit services and its impact on the independence of the External Auditors. The Audit Committee has recommended to the Board that Messrs KPMG be reappointed as the Independent External Auditor and that the reappointment be included in the agenda of the Annual General Meeting.

POTENTIAL FINANCIAL IMPLICATION ARISING CURRENT ECONOMIC CRISIS

The Committee regularly monitored the Group's/Company's known and emerging exposures in relation to the changes in the external regulatory and political environment, including the possible impact on the Group's/Company's risk management activities and the implications of the recent economic crisis in Sri Lanka.

The Committee reviewed the risk and going concern assessment carried out by the Management after considering the existing and potential financial impact of the economic crisis in the budget, cash flow projections and funding arrangements. Further, the Committee is satisfied that the Group and the Company is able to continue as a going concern and adequate disclosures have been made in these Financial Statements.

CONCLUSION

The Audit Committee is satisfied that the effectiveness of the organizational structure of the Group and of the implementation of Group's/Company's accounting policies and operational controls provide reasonable assurance that the affairs of the Group are managed in accordance with Group policies and that the Group assets are properly accounted for and adequately safeguarded. The Committee is also satisfied that the Company and its subsidiaries are able to continue as a going concern.

N D GUNARATNE
Chairman
Audit Committee

29 August 2023

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The Related Party Transactions Review Committee was established to advise the Board in relation to transactions with the related parties as defined by LKAS 24. The Committee also exercises oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka. The Committee has also adopted best practices as recommended by The Institute of Chartered Accountants of Sri Lanka.

ROLE OF THE COMMITTEE

The role of the Committee is to ensure that the interests of shareholders as a whole are taken into account by a listed entity when entering into related party transactions.

COMPOSITION

There were no changes to the composition of the Committee as at 31 March 2022. The Committee continued to comprise of three Independent Non-Executive Directors and the Managing Director, who were appointed by resolution at a Board meeting. To ensure compliance with the requirements of the Section 9. 2. 2 of Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and Securities Exchange Commission of Sri Lanka, the Committee comprised of the following members:

Category	Number of Directors
Independent Non-Executive Directors	3
Executive Directors/ MD	1

The brief profiles of the existing members of the Committee are given on pages 130 to 133 of the Annual Report.

MEETING 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 of Directors	12.05.2022	10.08.2022	10.11.2022	09.02.2023
Mr. N D Gunaratne	✓	✓	✓	✓
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. D Weerakkody	✓	✓	✓	✓
Mr. D A R Fernando	✓	✓	✓	✓

TERMS OF REFERENCE

The Committee is governed by the written terms of reference, approved by the Board of Directors, which is carefully designed to discharge the Committee's purpose, duties and responsibilities. The Committee's duties and responsibilities are set out in accordance with requirements stipulated by the Code of Best Practices on Related Party Transactions published by the Securities and Exchange Commission of Sri Lanka, regulations issued by the Colombo Stock Exchange and LKAS 24. Terms of reference of the Committee includes:

- Review in advance all proposed Related Party Transactions of the Company except those explicitly exempted by the Code.
- Determine whether related party transactions that are to be entered into by the Company require the approval of the Board or shareholders of the Company.
- Ensure that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such a Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.
- To recommend the creation of a special committee to review and approve the proposed related party transaction, in the event of any potential conflict of interest.
- Establishing guidelines to be followed by the Management in the event related party transactions are ongoing. Thereafter, the Committee, on an annual basis, shall review and assess ongoing relationships and transactions with the related party to determine whether they are in compliance with the Committee's guidelines and that the related party transaction remains appropriate.

POLICIES AND PROCEDURES

As per the existing practice, all related party transactions must be reported to the Audit Committee and referred for approval by the Committee in accordance with this Policy. Such transactions are also disclosed to stakeholders through the Company's Financial Statements. In case of frequent/repetitive/regular transactions which are in the normal course of business of the Company, the Committee may grant standing pre-approval.

PERFORMANCE REVIEW DURING THE YEAR

During the year, the Committee reviewed the related party transactions and their compliances of the Company and communicated same to the Board. The Committee in its review process recognized the adequacy of the content and the quality of the information forwarded to its members by the management. All disclosures as per Section 9.3 of the Listing Rules of the Colombo Stock Exchange and details of other related party transactions entered into by the Company/Group during the year are disclosed in Note 29 to the Financial Statements.

DECLARATION

NON-RECURRENT-RELATED PARTY TRANSACTION

There were no non-recurrent-related party transactions that exceeded the respective thresholds mentioned of the Rule 9.3.2 in the Listing Rules of the Colombo Stock Exchange, requiring disclosure in the Annual Report.

RECURRENT-RELATED PARTY TRANSACTION

There were no recurrent-related party transactions that exceeded the respective thresholds mentioned of the Rule 9.3.2 in the Listing Rules of the Colombo Stock Exchange, requiring disclosure in the Annual Report.

N D GUNARATHNE
Chairman
Related Party Transactions Review Committee

29 August 2023

REMUNERATION COMMITTEE REPORT

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Remuneration Committee was established to ensure compliance with the requirements of Section 7. 10. 5 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practices on Corporate Governance issued jointly by the Institute of Chartered Accountants of Sri Lanka and the Securities Exchange Commission of Sri Lanka.

ROLE OF THE COMMITTEE

The role of the Remuneration Committee is to set up the remuneration policy for the Management and make recommendations to the Board on recruitment, remuneration and performance evaluation of the Management including Executive Directors of the Company.

Responsibilities include:

- Preparation of the remuneration framework
- Review compensation surveys
- Recommend to the Board on the remuneration payable to the Executive Directors and the Management
- The evaluation of performance of the Management
- Preparation of performance based remuneration plans including performance incentives
- Making amendments to the remuneration policy

The Committee is authorized by the Board to seek appropriate professional advice inside and outside the Company as and when it considers necessary.

COMPOSITION

Composition of the Board-appointed Remuneration Committee is comprised of three (3) Independent Non-Executive Directors and One (1) Non-Executive Director. There were no changes to the composition of the Committee during 2022/23.

Category	Number of Directors
Independent Non-Executive Directors	3
Non-Executive Directors	1

The Committee's composition met the requirements of the Rule 7. 10. 5 of Listing Rules of the Colombo Stock Exchange. The brief profiles of the existing members of the Committee are given on pages 145 and 130 to 133 of the Annual Report.

REMUNERATION POLICY

The Remuneration Committee of the Board, approved the remuneration philosophy, strategy, and the rewards policy of the Company. The Company's remuneration philosophy is anchored on the total reward approach. The remuneration strategy's main aim is to enable the Company to develop, motivate, maintain and retain an internal talent pipeline, and when necessary attract the requisite skills from the labour market to support the Company's growth strategy. The remuneration policy codifies the remuneration principles, processes, practices and procedures to give effect to the Company's remuneration philosophy and strategy. The pay mix may comprise a combination of guaranteed pay (fixed pay and bonus) and variable pay (short-term incentives) depending on the level in the organizational hierarchy and performance. With the unveiling of the economic crisis the Company reviewed the workforce and employee planning, management, performance, health and safety and experience strategies in 2022/23.

DINESH WEERAKKODY
Chairman
Remuneration Committee

29 August 2023

INVESTMENT AND SUBSIDIARY PERFORMANCE MONITORING COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

The Investment and Subsidiary Performance Monitoring Committee was established as a Board subcommittee to provide the Executive Directors and the Independent Non-Executive Directors with an opportunity to discuss prospective investments and performance monitoring of subsidiaries prior to discussion of relevant matters at Board meetings.

ROLE OF THE COMMITTEE

- Making an assessment and notifying their recommendations to the Board on major new investments in subsidiaries, associates, joint ventures and capital investments in the parent Company
- Making an assessment and notifying their recommendations to the Board on divestment of subsidiaries in the parent Company
- Monitoring the budgets of subsidiaries, associates and joint ventures which are approved by relevant responsible person/persons such as the Board of Directors, Managing Director or the nominated Head of the Business Unit and ratified by the Chairman or Managing Director
- Reviewing the progress of subsidiary companies and sub subsidiaries
- Advising the Management on what action should be taken for non-compliances noticed in investments

COMPOSITION

Composition of the Investment and Subsidiary Performance Monitoring Committee is comprised of three (3) Independent Non-Executive Directors and two (2) Executive Directors as set out below:

Category	Number of Directors
Independent Non-Executive Directors	3
Executive Directors	3

The brief profiles of the existing members of the Committee are given on pages 130 to 133 of the Annual Report.

MEETING 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 of Directors	05.05.2022	03.08.2022	04.11.2022	02.02.2023
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. N D Gunaratne	✓	✓	✓	✓
Mr. D S Weerakkody	✓	✓	✓	✓
Mr. J C Joshua	✓	✓	✓	✓
Mr. D A R Fernando	✓	✓	✓	✓
Mr. Shamal J S Perera	✓	✓	✓	✓

SUMMARY OF ACTIVITIES

During the year, the Committee comprehensively reviewed the new investment/divestment decisions of the Company and monitored budgets of subsidiaries/associates/joint ventures of the Company. The Committee decisions and discussions of the meetings were recorded and forwarded to the Board of Directors of the Company for further action.

PROF. MALIK RANASINGHE
Chairman
Investment and Subsidiary Performance Monitoring Committee

29 August 2023

STRATEGIC PLANNING COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

Strategic Planning Committee was established to focus on planning and setting strategic directions to achieve goals and objectives of the Company. During the year, the Committee has continued to review and report to the Board on the Company's strategic direction, trends and issues in achieving its goals and objectives.

ROLE OF THE COMMITTEE

The role of the Committee is to assist the Board with its responsibilities for the Company's vision, mission and strategic direction. The specific responsibilities of the Strategic Planning Committee includes:

- Periodically reviewing the Company's vision, mission, strategic initiatives, major programmes and services and making recommendations to the Board
- Identifying critical strategic issues facing the Company and assisting in the analysis of alternative strategic options
- Ensuring that the Management has established an effective strategic planning process with time lines and targets
- Advising the Board on trends in the industry, market, community and core competencies
- Reviewing and forwarding to the Board, strategic plans of subsidiary companies to assure that they are aligned with the Company's strategic direction and goals
- Reviewing major new programmes and services
- Developing criteria for the Management to use in evaluating potential strategic investments

COMPOSITION

The Committee comprised of three (3) Executive Directors and One (1) Independent Non-Executive Director of the Board. There were no changes to the composition of the Committee during 2022/23.

Category	Number of Directors
Executive Directors	3
Independent Non-Executive Directors	1

The brief profiles of the existing members of the Committee are given on pages 146 and 130 to 133 of the Annual Report.

MEETINGS

The Strategic Planning Committee meets as and when necessary at the call of the Committee Chair at dates and times which are specified in advance.

The Committee met several times during the year to discuss the Company's strategic direction and its major strategic issues.

CONCLUSION

The Strategic Planning Committee is satisfied with the effectiveness of the strategic initiatives taken during the year and discussed the preventive measures to be taken for issues identified in achieving overall goals and objectives of the Company.

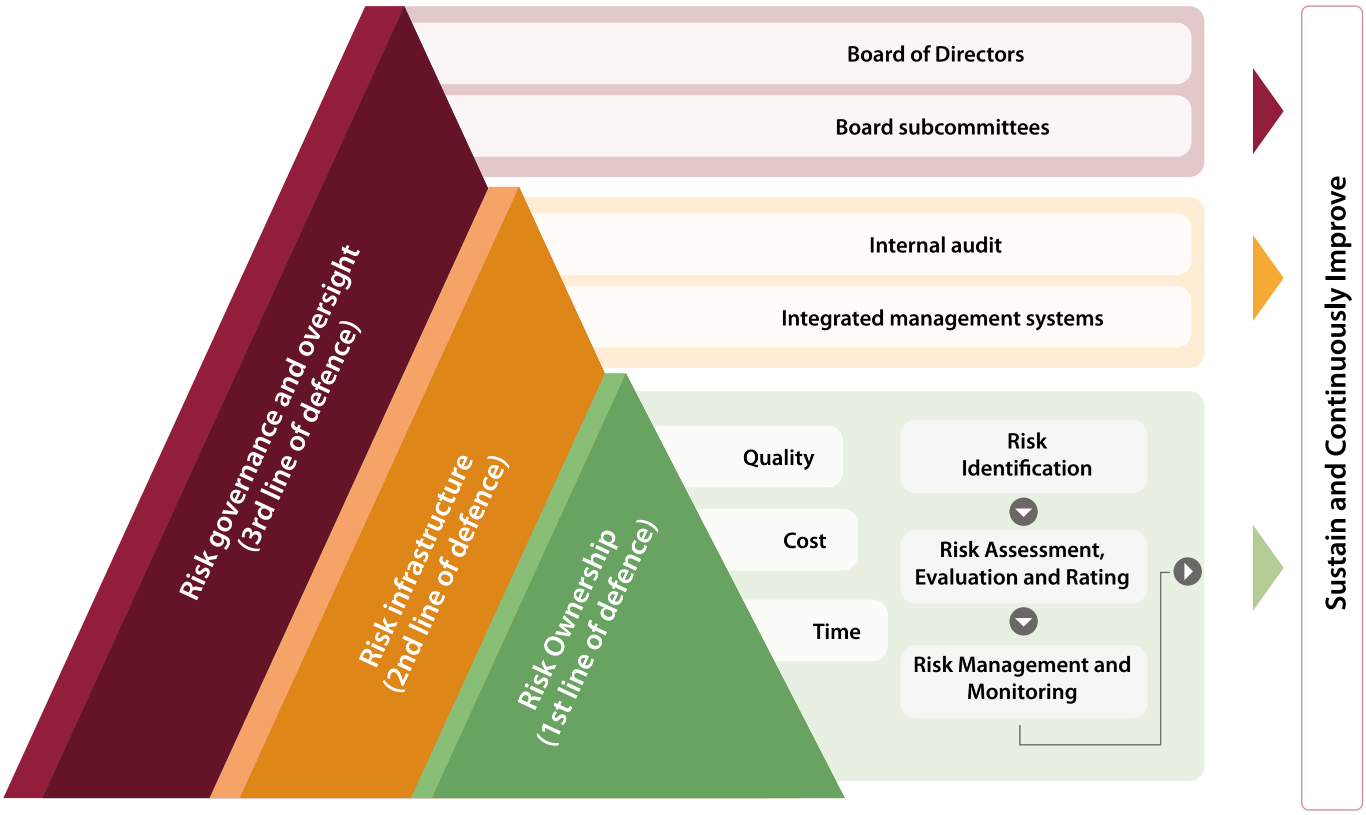
SUMAL PERERA
Chairman
Strategic Planning Committee

29 August 2023

MANAGING KEY RISKS

Risk management processes of AEL continue to evolve to ensure it is reflective of the shape of the business and its operations. The Internal Audit function has been founded to be fully aligned with the Board and Board Sub Committees to further sharpen focus on the Company's internal risk and control environment. The Company recognizes that a consistent, agile and responsive approach to risk management is crucial to the sustainable delivery of its business objectives. Our approach to risk management has enabled us to strengthen our overall responsibility for managing risks, adopt industry best practices and improve our internal control frameworks.

The functions that enable AEL to effectively control its risks have been assigned to 3 levels. The first line of defence consists of operational managers who own and manage risks. They also are responsible for implementing corrective actions to address process and control deficiencies. The second line of defence consists of functions that monitor the implementation of effective risk management practices by operational managers, assist risk owners in defining the target risk exposure and report adequate risk-related information throughout the Company. The third line of defence provides the governing body and the Corporate Management a comprehensive assurance based on the highest level of independence and objectivity within the organization, by the Internal Audit Function.



Risk Governance & Oversight

To meet the requirements of corporate governance (voluntary & mandatory) and other regulatory bodies, the Board accepts overall responsibility for risk management and determines the nature and extent of the principal risks to be taken and assesses the effectiveness of the risk management and internal control systems that are in place to mitigate impacts. The risk governance and oversight function ensures that appropriate Board Subcommittees are involved in the oversight of risk processes coming under their purview and that the full Board is actively engaged in a robust dialogue about critical risks.

Board of Directors

The Board is responsible for maintaining a sound risk management framework and internal control system to safeguard the shareholders' investments and the Company assets, identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with corporate governance principles. The ultimate responsibility for setting the risk appetite for the effective management of risk rests with the Board.

Board Subcommittees

Board Subcommittees are responsible for overseeing the development and implementation of policies relevant to their areas of scope, identification of emerging risks and monitoring the ongoing effectiveness of Company procedures. Acting within the authority delegated by the Board, the Strategic Planning Committee and the Audit Committee review specific risk profiles and receive regular reports on risk management, which include the Company's portfolio trends, policies, standards and soundness of internal controls, infrastructure and regulatory compliance. These Committees are authorized to investigate or seek any information relating to an activity within the terms of reference.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's Financial Statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent external audit, compliance with legal and regulatory requirements, and policies and ethics established by the Company.

Related Party Transactions Review Committee

The objective of the Committee is to ensure that the interests of shareholders are taken into account when entering into related party transactions and to enhance corporate transparency and promote fair transactions between the Company, its Subsidiaries and other related parties. The Committee also performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Remuneration Committee

The Remuneration Committee assists the Board to discharge its responsibility by overseeing remuneration policies and practices of the Company. The Committee's main roles are:

- To review and make recommendations to the Board in relation to the individual remuneration levels of Directors (Executive & Non-executive), Senior Executives, other Executives and other persons whose activities in the Committee's opinion affect the financial soundness of the Company
- To oversee general remuneration practices across the Company and make appropriate recommendations.

Investment and Subsidiary Performance Monitoring Committee

The purpose of the Committee is to evaluate prospective investments and to monitor the performance of Subsidiaries/Associates prior to discussion of the relevant matters at Board Meetings.

Strategic Planning Committee

The Committee assists the Board and the Management in fulfilling its oversight responsibilities relating to strategic plans, which identify specific long-term goals and business objectives determined to be in the Company's best interests. This includes helping the Board and the Management identify opportunities such as mergers and acquisitions, joint ventures, new markets or product lines, acquisition or disposition of capital assets, equity and debt funding and modifications of existing capital structure, dividend policy, and stock offerings, repurchase programmes etc. Additionally, the Committee evaluates the progress of execution and effectiveness of the strategic plan and recommends changes to the plan where necessary and evaluates other issues or opportunities.

Compliance Committee

The Compliance Committee assists the Board and the Management in overseeing the Company's efforts with respect to operational compliance. This includes:

(i) Compliance with the laws and regulations applicable to the Company's business;

(ii) Compliance with the Company policies & procedures, standards of business conduct and ethics by employees, officers, Directors and other associates of the Company that are designed to support lawful and ethical business conduct by the Company and its employees and promote a culture of compliance and

(iii) Reviewing the Company's enterprise risk management and practices.

MANAGING KEY RISKS

Risk Infrastructure

Risk infrastructure in place at AEL ensures that it is well prepared to address risks and includes our risk management policies, procedures, risk training and knowledge, databases and information. The internal audit function and the integrated management systems function play a vital role in setting out the risk infrastructure at AEL.

Internal Audit Function

The Company's Internal Audit Department which performs the internal audit function focuses on providing an independent oversight to the Board and the Audit Committee on the processes and controls that help to mitigate major risks.

Integrated Management Systems Function

AEL's integrated management systems consist of the Quality Management System (QMS) which confirms with the requirements of ISO 9001:2015, the Environmental Management System (EMS) which confirms with the requirements of ISO 14001:2015 and the Occupational Health and Safety Management System (OHSAS) which confirms with the requirements of ISO 45001:2018. These integrated management systems are a pivotal component of our risk infrastructure.

These systems are implemented in all Business Units across the Company and they help mitigating risks related to quality, environment and health & safety. All Business Units are regularly audited by the Management Systems' internal audit teams whilst they are bi-annually audited by the Management Systems External Auditor Det Norske Veritas (DNV GL).

Risk Culture

Higher levels of operational expertise, technical skills, compliance to distinctive processes and heightened levels of risk awareness, strengthens the formal components of our risk management framework. Training and developing staff skills, capacity building, the Code of Conduct followed by all employees and an attractive remuneration and compensation framework that rewards and stabilizes the approach to risk, supports the behaviours and shapes our risk culture. Along with the above framework, AEL has also incorporated firm whistleblowing policies to further reinforce its risk culture, this ensures the proper disclosure of misconducts or violations through confidential sources and allows for rectification. Together, these apparatuses emphasize AEL behaviours, attitudes and norms with respect to risk awareness, acceptance and management which are crucial for sustenance and overall growth of the organization. These include the Senior Management discouraging corruption by implementing various types of management strategies.

Integrated Risk Management Report Financial Year 2022/23

- Risk Management Policies
- Corporate and Risk Governance
- Code of Conduct
- Mandatory Training
- Remuneration and Rewards
- Risk Appetite
- Corporate Values

Enforcing an organizational risk culture begins at the level of Personal Predisposition, where the employees introspect and analyse various risk situations at the floor level. The same is then further developed in to various levels such as Person Ethics, Behaviours, and Organizational Culture which altogether enforces the organizations' risk culture.

For the annual year 2022/23, AEL has taken various initiatives to enforce its risk culture which included:

- Awareness programs in order to train and educate the employees regarding the risk culture
- Management clearly specifying a well-defined process in order to report and manage risk
- Leveraging the use of technology in order to assist with the management of risk and to improve the overall transparency of the Companies

Risk Ownership

The risk ownership function at AEL, is responsible for identifying, measuring, monitoring and controlling risks at an operational level. This function also creates adequate risk awareness among the staff.

Each business unit's risk management function is led by the respective Head of the Unit, supported by his senior executive team. Managing Director together with the Corporate Management considers the operational risks that arise from the execution of the Company's business including risks of systems and equipment failure, overcapacity situations, inadequate skilled workforce and adverse climatic conditions. The Company adheres to policies, procedures, quality controls and best practices to ensure that all systems and equipment are functional. The consolidated risks and the mitigating actions are presented to the Strategic Planning Committee and the Audit Committee for review.

Primarily engaged in large scale infrastructure development projects, AEL is constantly challenged by the triple constraints of Time, Cost & Quality. The principle risks we face emanate from them. These risks have been broadly categorized under 13 principle risk drivers as elaborated in the Risk Table and are constantly reported to the Board and its Sub Committees.

At a more operational level, AEL adopts the following approach to managing these risks.

1

Risk identification

Risk Identification is the process of determining risks that could potentially prevent the enterprise from achieving its objectives. It includes documenting and communicating the concern.

2

Risk Assessment, Evaluation and Rating

Risk registers are used to assess and evaluate risks. All identified risks are assessed at three levels (high/medium/low) with reference to the likelihood of occurrence and the potential impact. Tolerance levels and trigger points are also defined for each identified risk. The risk matrix is used by AEL, as a technique for assessing and evaluating their risks. This matrix mainly focuses on risk analysis based on qualitative perception.

3

Risk Management & Monitoring

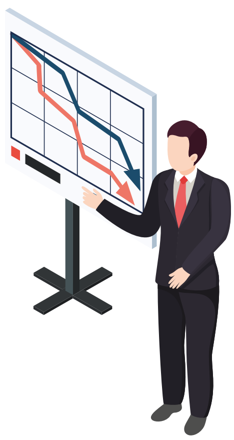
Based on the risk scores derived from the risk register, the respective functions formulate strategies to curtail and mitigate these risk exposures. Risks are monitored at multiple levels within the Organization including at functional level, Board Sub Committee and Board level. Identified risks, the risk registers, mitigation plans and performance of each identified risk are evaluated at these levels throughout the year.

Risk Matrix for Risk Assessment

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

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

Based on likelihood and severity, risks are categorised 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:



MANAGING KEY RISKS

Risk Rating Process

The following diagram summarizes the risk rating process of AEL

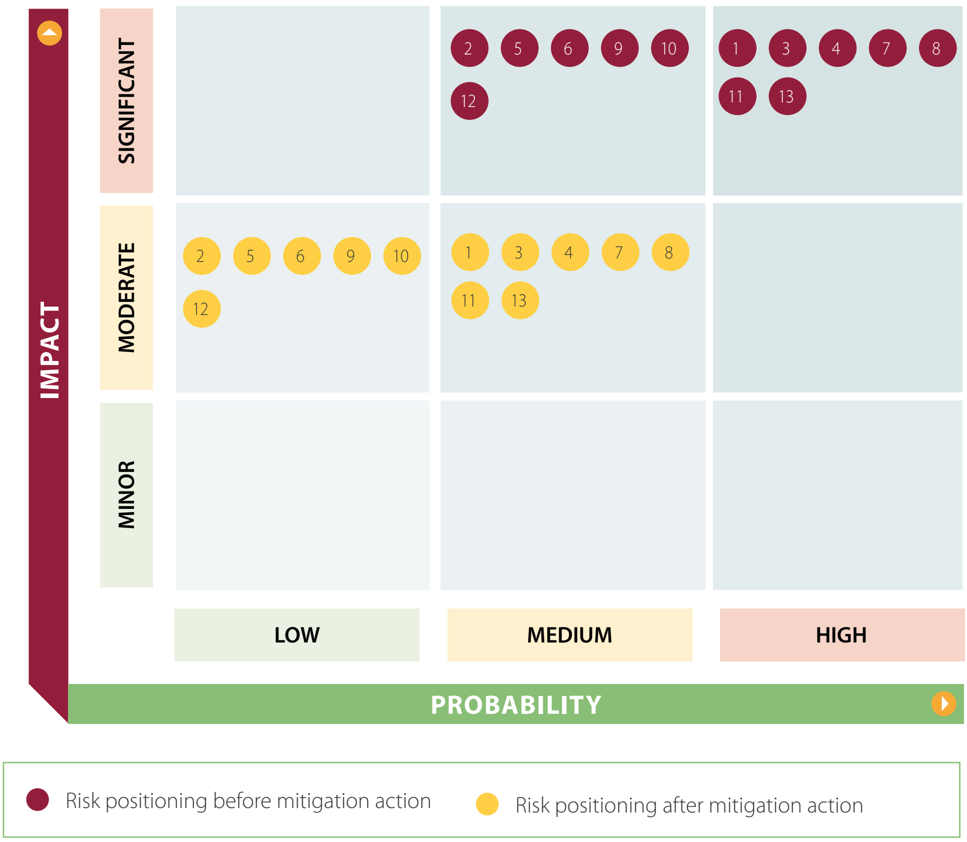
Objectives

- To minimize the risk of not meeting profit expectations
- To comply with the Regulatory Requirements
- To maintain a sound system of internal controls to safeguard shareholders' wealth and Company assets
- To ensure faster response to market opportunities by maintaining a 'sufficient' liquidity position at all times
- To move towards diverse business segments that are synergised with our core business in order to manage our exposure to cyclical downturns in our core business due to external factors
- Continue to be the preferred employer, successful in motivating, developing, retaining and attracting the best of human capital
- To keep pace with the current and new technological developments to safeguard against obsolescence and disruptions to our business
- To achieve cost savings through better management of resources
- To encourage employees to come up with ideas of innovative solutions and new ventures

Our Principle Risk

The Board and the Audit Committee at AEL concluded that the level of risk associated with the Company's principal risks is currently consistent with the Company's overall appetite in relation to these risks. The "heat map" sets out the positioning of our principal risks by impact and probability; both before any mitigation measures are taken into account and after the impacts of mitigation measures are taken into account.

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.



Risk Management & Monitoring

The risk monitoring function at AEL measures the effectiveness of responses given to risks identified while evaluating their implementation against the plan and taking necessary corrective measures where deviations are evident.

Risk Management & Monitoring Report of Access Engineering PLC

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
1. Operating Risk	Risks arising from inadequate or failed internal processes, people and systems, or from external events.	↘ Delays in project deliverables ↘ Operation cost overruns ↘ Unsatisfactory product performance ↘ Quality not meeting specified requirements ↘ Loss of profits, credibility & reputation ↘ Depleting stocks ↘ Missing regular maintenance of the machineries and equipment	Increased	Decreased	↘ Conducted frequent progress review meetings for business units to monitor work progress & budgetary controls and accordingly took precautionary actions when & where necessary ↘ Regular monitoring of company assets Utilization ↘ Internal Audit scope was redirected more towards the safeguarding of assets of the Company and Reviewed the compliance of processes with the Standard Operating Procedure (SOP) ↘ Compliance with Management System Standards (ISO 9001, ISO 14001, ISO 45001)
			During 2022/23, productivity was increased as evident by the improvement in operational margins and efficient Project Management was observed throughout all operational units.		
2. Technological Risk	Risks arising from issues or concerns associated with the technologies involved in the execution methods and operational technology of the project.	↘ Failure to compete in the market as a result of technological obsolescence in the technology and processes used for construction	Unchanged	Unchanged	• Continuously used existing innovative construction technology for greater operational efficiency • Explored sustainable construction technologies to reduce the cost of construction and to maximize the use of scarce construction material and resources • Completed Phase 1 of the research initiative 'Introduction of Fiber Optic Monitoring Technology to Sri Lanka'
			During 2022/23, technological Risk remained unchanged. Technological risk associated with the construction industry does not significantly impact the company.		

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
3. Socio-economic and Political Risk	Risks arising from socio – economic changes, political changes or instability in the country.	↘ Suspension of funding for infrastructure development by multilateral and bilateral funding agencies , local banks and the treasury ↘ Loss of social license to operate as a result of corporate behaviour against the interests of the society ↘ Public unrest and protests negatively affecting the industry ↘ Depreciation of the Rupee negatively affecting the construction industry	Increased During 2022/23, Socio – economic and political risk increased. Economic shocks and Political instability of the country negatively influenced the performance of the Company.	Increased	↘ Severity of the socio-economic and political variables was assessed during the periodic corporate Management meetings ↘ Projects were temporarily put on hold with the turbulent policy changes and until such time a clear direction was visible ↘ Operations of the production plants were limited to strategic geographical locations
4. Human Capital and Labour Risk	Risks arising from the loss of key management resulting in a lack of necessary expertise or lack of continuity in executing strategy.	↘ Significant turnover of staff and labours due to the current economic crisis and migration ↘ Loss of growth opportunity and career advancement due to industry stagnation ↘ Loss of learning and development opportunity for staff	Increased During 2022/2023, Human capital and Labour risk increased. During the year employee turnover ratio was significantly high and training and development hours reduced. Further idling staff increased significantly with the disruption to ongoing projects.	Increased	↘ Developed an operational plan to optimize available resources including staff ↘ Identified idling staff and assigned for alternative projects within the group ↘ Idling staff identified were continued in their service until the expiry of the contract period ↘ Increased the number of meetings pertaining to employee relations and grievances handing

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
5. Quality, Environment, Health & Safety Performance Risk	Risks arising from potential harm to overall product quality, environment performance and employee health and safety	↘ Impact on achieving continual growth of the Company ↘ Damage stakeholder relationships ↘ Impairing Company reputation	Increased	Decreased	↘ Maintained international accreditations: ISO 9001, ISO 14001, and ISO 45001 ↘ Conducted regular management meetings to evaluate performance ↘ Strengthened the internal audit function to monitor the proper implementation of safety standards with the support of Safety Officers attached to each project ↘ Continuous monitoring of interested party complaints
			During 2022/23, Quality, Environment, Health and Safety Performance Risk decreased in tandem with the contraction of the industry and core business.		
6. Compliance Risk	Risks arising from the failure to abide by any law or regulatory requirements applicable to the Company resulting in sanctions by regulatory bodies, penalties and reputational damage.	↘ Risk on going concern of the Company ↘ Impact on continuity and growth of the Company operations ↘ Impairing Company reputation ↘ Reduction in profitability due to legal fees and penalties	Unchanged	Unchanged	↘ Reviewed compliance with the regulatory requirements on a quarterly basis ↘ Conducted periodical assessments on the extent of compliance with the statutory requirements ↘ The Management Systems Team continuously reviewed the changes in regulations and took necessary action to ensure that the Company is in compliance with the regulatory requirements ↘ Strictly followed expert advice on issues related to income and other taxation
			During 2022/2023, compliance risk remained unchanged. AEL adhered to its risk mitigation strategies in order to maintain a high standard of regulatory compliance.		
7. Competition Risk	Risks arising from competitive forces resulting in loss of growth and erosion of margins.	↘ Total revenue growth ↘ Underlying operating margin ↘ Underlying Earnings per share ↘ Work won and secured and probable orders	Unchanged	Increased	↘ Ensured high standards of quality in finished products ↘ Increased efficiency through the adoption of best practices ↘ Diversified business operations to reduce the impact of competition ↘ Utilized company assets more efficiently
			During 2022/2023, competition risk increased due to the limited work available within the industry.		

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
8. Finance Risk	Risks arising from losing money on investments made or inability to provide a reasonable return on business ventures.	↘ Increased cost of funding on the back of rising interest rates ↘ Adverse impact to the group due to volatile foreign exchange rates and restrictions imposed by the Government for imports ↘ Increasing level of debtors negatively affecting cash flows ↘ Unavailability of sufficient working capital, negatively affecting the smooth functioning of day-to-day operations of the Company ↘ Negative impact on profitability ↘ Diminishing Company rating for investors ↘ The risk of default in trade receivables due to the prevailing economic crisis in the country	Increased During 2022/23, Finance Risk increased due to the high cost associated with loan financing, depreciation of the Sri Lankan Rupee, high level of import restrictions and increased risk of procurement activities.	Increased	↘ Restructured the loan portfolio to reduce annual finance cost ↘ Encashment of treasury bonds at the face value ↘ Continuously monitored long outstanding receivables and expedited the collection process ↘ Claimed collateral securities soon after becoming due ↘ Charged interest for long outstanding receivables ↘ Alternative finance arrangements were used as a tool to finance key projects ↘ Encouraged cash sales ↘ Reducing the credit period offered to buyers ↘ Implemented the use of management systems/platforms that maintains accounts and provides crucial information to simplify and diminish potential financial risks

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
9. Reputation Risk	Risks arising from an event or incident could damage the image of the Company.	↘ Diminishing qualifications for bidding ↘ Negative effects on total revenue growth ↘ Underlying operating margin ↘ Underlying Earnings per share ↘ Negative impact on work won and secured and probable orders	Unchanged During 2022/23, reputation risk remained unchanged due to the company policies, procedures, best practices and compliances that were in place.	Unchanged	↘ Continuous use of a budgetary process and a budgetary control mechanism to ensure that the Company's performance is in line with its targets ↘ Adopted stringent quality assurance policies with regard to goods/materials bought from third parties as well as the inputs, processes and outputs of own products ↘ Ensured effective communication with various stakeholders including employees, customers, suppliers, other stakeholders and the community at large ↘ Ensured compliance with relevant laws and regulations ↘ Strict monitoring of the practice of The code of ethics of the Company by employees without any exception ↘ Contractors were systematically screened before on – boarding them and vigorously monitored during the engagement process to offset any delays or defects ↘ The internal technical team monitored contracts to make sure that they are delivered in a timely manner ↘ The senior management consistently monitored and ensured that contractors follow proper operational and working practices

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
10. IT Related Risk	Risks arising from breakdowns and failures in information systems and the use of obsolete systems.	↘ Impact on regulatory reporting deadlines of SEC and CSE ↘ Reduce underlying operating margin due to cost for time and data recovery ↘ Loss of reputation due to loss of credibility	Unchanged During 2022/23, IT related risk remained unchanged due to the continuous monitoring and maintaining of all relevant IT systems by the internal teams.	Unchanged	↘ Maintained a well-established IT governance structure ↘ Maintained a proper "back up" system in order to overcome data loss ↘ Use of password/access control policy ↘ Incorporated necessary validation and verification functions at the information entry level ↘ Carrying out Application Control Audits ↘ Installed a Fire Protection system at the Server Rooms and maintained centralized UPS Rooms and installed Smoke Detectors for the Server Rooms and UPS Rooms ↘ Used various tools such as proxies, firewalls and administrative restrictions to allow for the organization to alleviate or decrease downtime and increase operational efficiency ↘ Carried out an organization-wide awareness on IT, cyber security and training staff on various ways of handling sensitive information ↘ Evaluated IT and cyber security risks and discussed with the management regarding the potential outcomes and created a course of action to minimize the risk ↘ Thoroughly evaluated and regulated external suppliers providing IT infrastructure/services to ensure security and smoothness of operations ↘ Continuously followed up compliance with the IT policy and reviewed same periodically

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
11. Procurement Risk	Risks arising from material and service price variations and Non availability of key material.	↘ Reducing underlying operating margin ↘ Inability to meet the completion targets ↘ Reduction in the ability to procure materials/services due to the ongoing foreign exchange rate risk as vendors may have difficulty in providing supplies ↘ Potential procurement delays incurred due to import restrictions imposed by the Government ↘ Degrading quality standards of works ↘ Impact on foreign currency fluctuation ↘ Potential delays expected in receiving materials and services leading to an overall decline in performances across various business activities ↘ Delays due to import restrictions imposed by the government, affecting the overall operation of the projects and increasing lead times due to the surge in prices of imported raw Materials	Unchanged During 2022/2023, Procurement risk increased due to the restriction of imports, limitations in extending credit by suppliers, unavailability of resources and adverse foreign exchange exposure.	Increased	↘ Established relationships with many global and local suppliers for raw materials and commodities in order to reduce over-dependency on a single supplier/brand ↘ Negotiated with the suppliers for favorable payment terms ↘ Continuous use of the Central Procurement Division with Green Tape e – procurement platform ↘ Conducted regular supplier evaluations to ascertain their financial strength, social & environmental conduct ↘ Consistently analysed the market conditions and existing vendors to evaluate and strategize a path whereby, materials/services are supplied without any disruptions ↘ Worked with vendors to reduce lead time ↘ Frequently communicated with suppliers to assess potential interruptions and devised a strategy to reduce delays or downtimes ↘ Substituted imported raw materials for local raw materials ↘ Followed up with the government and foreign parties to strategize a course of action in order to reduce the lead times

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2021/2022	2022/2023	Risk Mitigation Strategies
12. Fraud Risk	Risks arising from weaknesses in the internal controls which could result in financial losses.	↘ Losing reputation of the Company ↘ Decrease in operating profitability of the Company ↘ Going concern of the Company	Unchanged	Unchanged	↘ The Internal Audit Department conducted audits on a regular basis in areas, which are susceptible to the occurrence of fraud ↘ Authority and approval limits were implemented for all the functions of the Company, making the employees accountable for their actions ↘ Ensured appropriate segregation of duties ↘ Every key activity was subject to the scrutiny of another suitably skilled and authorized employee ↘ Employees are encouraged to report any genuine concerns regarding fraud and malpractice ↘ Use of whistle blowing policy ↘ The company has built, encouraged and observed ethical working practices for employees ↘ Conducted a thorough background check before recruiting an employee whereby, a potential fraud could be mitigated
			During 2022/23, Fraud risk remained unchanged due to various administrative and internal controls that were in place to ensure that the risk associated with frauds are kept in check.		
13. Foreign Currency Risk	Risks arising from foreign currency shortages and foreign currency loss.	↘ Increasing construction and construction related material prices ↘ Shortages of materials, due to the significant increase in imported material prices	Increased	Increased	↘ Maintained a healthy balance in the revenue mix between local and foreign currency
			During 2022/2023, foreign exchange risk increased due to the steep devaluation of the Sri Lankan Rupee.		

AGILE

FINANCIAL REPORTS

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Board of Directors of Access Engineering PLC has pleasure in presenting the Annual Report of the Company, together with the Audited Financial Statements of the Company and its subsidiaries for the year ended 31 March 2023. This Report covers Chairman's Message, Corporate Governance and Management Structure, Enterprise Risk Management, Auditors Report Independent Assurance on Non –Financial Reporting and all other relevant information for the year ended 31 March 2023, in addition to the Audited Financial Statements.

The Company's Board of Directors is responsible for confirming that the information stated in the Annual Report 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 Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

GENERAL

Access Engineering PLC was incorporated in terms of the Companies Act No.17 of 1982 on 31 July 2001 and was re-registered as per the Companies Act No.7 of 2007 on 6 February 2008 with PB200 as the new number assigned to the Company. Thereafter, the Company obtained a listing on the DiriSaviBoard of the Colombo Stock Exchange on 27 March 2012 and changed its name to Access Engineering PLC on 12 June 2012. The registration number of the Company changed to PB 200 PQ.

Access Engineering PLC is now listed on the Main Board of the Colombo Stock Exchange with effect from 8 January 2013. ICRA Lanka has also reaffirmed the issue Rating of [SL]A+ assigned to the Company's Senior Unsecured Redeemable Listed Debenture Programme, revising the outlook from Stable to Negative.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY AND THE GROUP

Access Engineering PLC is a holding company and manages a portfolio of diverse range of business including Construction, Construction-Related Material, Property and Automobile. Refer Note 32 to the Financial Statements on page 258 for a brief description of the principal activities of the Company and subsidiaries.

SUBSIDIARY INVESTMENT ACTIVITIES DURING THE YEAR

The Company has further invested in 100% share capital of Access Logistics Park Ekala (Private) Limited amounting of LKR 5,873 Mn. In addition to the company further invested a amounting of LKR 83 Mn in the share capital of Access Logistic (Private) Limited respectively, which are fully owned subsidiaries of the company

REVIEW OF THE PERFORMANCE OF THE COMPANY AND THE GROUP

Review of the financial and operational performance of the Company and the Group are described in the joint statements of Executive Vice Chairman and Managing Director and under the review of business operations in Page 16 to 20 The Segment-wise contribution to Group revenue, results, assets and liabilities are provided in Note 4 (page 206) to the Financial Statements.

FINANCIAL STATEMENTS`

The preparation of the Group and Company Financial Statements are been carried out in accordance with Sri Lanka Accounting Standards (SLFRSs/LKASs), which is issued by The Institute of Chartered Accountants of Sri Lanka, complying with the requirements of the Companies Act No. 07 of 2007 and the Listing Rules of the Colombo Stock Exchange inclusive of specific disclosures, duly signed by two Directors on behalf of the Board and the Auditors are included on pages 190 to 195 of this Annual Report.

FINANCIAL RESULTS AND APPROPRIATIONS

Revenue

Revenue generated by the Group amounting to LKR 20,565 Mn (2022 – LKR 39,630 Mn). Similarly the Company revenue amounted to LKR 17,556 Mn (2022 – LKR 33,337 Mn). A detailed revenue analysis is presented in Note 5 (Page 208) to the Financial Statements.

Profits and appropriations

Group profit after tax and Group profit attributable to equity holders of the Parent for the year depicted a figure of LKR 2,436 Mn (2022 – LKR 5,130 Mn) and LKR 2,482 Mn (2022 – LKR 5,110 Mn) respectively. In addition, the profit after tax of the Company was LKR 1,444 Mn (2022 – LKR 2,580 Mn).

Furthermore, the Group total comprehensive income attributable to parent was LKR 2,718 Mn (2022 – LKR 5,214 Mn). The Company's total comprehensive income for the year was LKR 1,516 Mn (2022 – LKR 2,676 Mn).

Access Engineering PLC for the year ended 31 March

	2023 LKR'000	2022 LKR'000
Balance brought forward from the previous year	14,322,381	12,646,119
Surcharge tax adjustment	(596,919)	
Balance brought forward from the previous year (Adjusted)	13,725,462	
Profit after tax	1,444,473	2,579,902
Other adjustments	(7,450)	96,360
Amount available for appropriation	15,162,485	15,322,381
1st interim dividend	Nil	(250,000)
2nd interim dividend	Nil	Nil
Final dividend	Nil	(750,000)*
Balance carried forward to the following year	15,162,485	14,322,381

* In accordance with LKAS 10 – Events after the Reporting Period, the final dividend (2021/22) has not been recognized as liability in the financial statements as at 31 March 2022.

Dividends

The Final dividend of LKR 750 Mn for the financial year 2021/22 has been declared on 17 May 2022 and paid on 13 June 2022.

There were no dividends declared for the financial year 2022/23.

Revenue Reserves

The Revenue reserves of the Group and the Company as at 31 March 2023 amounted to LKR 20,557 Mn (2022 – LKR 18,589 Mn) and LKR 15,492 Mn (2022 – 15,323 Mn) respectively. The movement during the year is disclosed in the Statement of Changes in Equity on page 198.

Accounting policies

The significant accounting policies disclosed in note 2.8 adopted in the preparation of Financial Statements of the Group and the company is given on pages 203 to 205 o 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 202 to 276 Figures pertaining to the previous period have been re-stated where necessary to conform to the presentation for the year under review.

Donations

As at 31 March 2023 total donations made by the Group and the Company amounted to LKR 2,619,306 (2022 – LKR 3,388,605) and LKR 982,905 (2022 – LKR 2,103,344) respectively. Related details are disclosed in note 8.1 (page 211)

Corporate social responsibility

Due to the contraction in the core business activities that was experienced during 2022/23, the company did not carry out any Corporate social responsibility projects.

Property, plant and equipment (PPE) and intangible assets

The capital expenditure on property, plant, and equipment in terms of the Group and the Company equalled to LKR 495 Mn (2022 – LKR 2,561 Mn.) and LKR 269 Mn (2022 – LKR 2,355 Mn.) respectively. Related information and movements have been disclosed in Note 11 (pages 218 to 225)to the Financial Statements.

In addition to No intangible assets of the Group and the Company additions during the year amounted to LKR Nil (2022 – LKR 45.9 Mn.) and LKR Nil (2022 – LKR 43.9 Mn.) respectively. All other related details to intangible assets are disclosed under the Note 14 (page 230) to the Financial Statements.

MARKET VALUE OF PROPERTIES

Market value of property, plant and equipment

Freehold land and buildings owned by the Group companies were revalued as at 31 March 2023 and the carrying value was adjusted accordingly. The information relating to freehold land and buildings are enclosed in Note 11.3 (page 224) to the Financial Statements.

LAND HOLDINGS

The extents, locations and valuations of the Group's freehold land holdings are given below:

Location	Extent			Carrying value of Land
	A	R	P	LKR
Access Engineering PLC				
No. 336/1, Low Level Road, Jalthara, Ranala	-	3	38.4	80,000,000
No. 267, Dehiwala Road, Maharagama	-	3	1	300,000,000
No. 278, Alubogahalanda, Jalthara, Ranala	3	2	39.42	140,000,000
No. 117, Dehiwala Road, Boralasgamuwa	-	2	35.5	365,000,000
Dickowita – Hendala	2	3	10.18	18,007,200
Weliwita – Kaduwela	2	-	-	64,000,000
Divigalahena – Hakmana	10	-	-	10,000,000
Dombawinne Estate, Heeralugedara, Kotadeniyawa	50	1	8.7	412,201,450
Access Realties (Private) Limited				
No 266, 268 & 278 Dr Colvin R De Silva Mawatha Union Place - Colombo 02	-	2	20.22	1,100,000,000
No 116 & 118 Dawson Street, Colombo 02	-	2	5.43	768,870,000
Sathosa Motors PLC				
Peliyagoda - Leasehold land (99 years)	2	-	23.93	4,828,654
No. 86, Vauxhall Street, Colombo 02	-	2	3.07	868,000,000

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Location	Extent			Carrying value of Land
	A	R	P	LKR
Access Projects (Private) Limited				
No. 278, Kekulanvila Road, Jaltara, Ranala	2	1	38.38	82,000,000
No. 281, Kekulanvila Road, Jaltara, Ranala	-	-	20	5,000,000
No. 301/1/D, Jaltara, Ranala.		3	26	8,750,000
WUS Logistics (Private) Limited				
No. 540, MaligagodellaWatta, Aswedduma Junction, Aluthapola, Negombo	41	2	27.45	2,200,000,000
Kimbulapitiya, Negombo	-	3	16.25	13,008,718
Harbour Village (Private) Limited				
No. 250, Srimath Ramanathan Mawatha, Kotahena, Colombo 15	5	-	-	2,400,000,000
Access Logistics (Private) Limited				
Kimbulapitiya South, Kimbulapitiya, Negombo	1	3	31.3	89,784,950

INVESTMENT PROPERTIES

The investment properties of business units, when significantly occupied by Group companies, are classified as PPE in the consolidated Financial Statements in compliance with LKAS 40.

The Group revalued its investment properties in line with the policies adopted by the Group and the carrying value at Group and Company level is LKR 21,308 Mn (2022 – LKR 17,831 Mn.) and LKR 1,196 Mn (2022 – LKR 1,026 Mn) respectively. All information related to revaluation of the investment properties are provided in Note 13 (page 228) to the Financial Statements.

INVESTMENTS

A detailed description of the Company's investment in quoted shares held as at 31 March 2023 is given in Note 21 (page 240) to the Financial Statements.

Additionally, a detailed description of the Company's fixed deposits held as at 31 March 2023, are disclosed in Note 22 (page 240) to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company is LKR 9, 000 Mn representing 1,000 Mn ordinary shares. (2022 – LKR 9,000 Mn representing 1,000 million ordinary shares). Details are given in Note 24 (page 241) to the Financial Statements.

DEBENTURE

The total amount raised through the Debenture issued in November 2015 was LKR 5 Bn. Type 01 of the debenture issue, amounting to LKR 4.998 Bn, Type 02 of the debenture issue, amounting to LKR 1 Mn and Type 03 of the debenture issue, amounting to LKR 0.02 Mn matured and fully paid in November 2020,November 2021 and November 2022 respectively. The outstanding capital as of date is LKR. 540,000. as given in Note 26.1 (page 244) to the Financial Statements. Said Listed Debentures rating of [SL] A+ reaffirmed outlook revised to Negative from Stable by ICRA Lanka Limited.

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 26.1 to the Financial Statements on Page 244.

SHARE INFORMATION

Shareholders

Nine thousand nine hundred sixty six shareholders were registered as at 31 March 2023 (9,795 shareholders as at 31 March 2022). Detailed analysis of the same is given on page 110 of this Annual Report.

Major shareholders, distribution schedule and other information

Information on the distribution of shareholding, analysis of shareholders, market values per share, earnings, dividends, net assets per share, twenty largest shareholders of the Company, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on Pages 110 to 112 under Investor Capital.

THE BOARD OF DIRECTORS

Directors' responsibility for Financial Reporting

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

Further information pertaining to the Directors' Responsibility is enclosed in the Statement of Directors' Responsibility on page 188.

The names of the Directors who held office as at the end of the accounting period are given as follows and their respective profiles are displayed on pages 130 to 133.

For the year ended 31 March 2023	Executive	Non-Executive	Independent Non Executive
Mr. S J S Perera (Chairman)	✓		
Mr. J C Joshua (Executive Vice Chairman)	✓		
Mr. D A R Fernando (Managing Director)	✓		
Mr. S H S Mendis	✓		
Mr. S D Munasinghe	✓		
Mr. R J S Gomez *		✓	
Mr. S D Perera		✓	
Mr. Shamal J S Perera		✓	
Prof. K A M K Ranasinghe			✓
Mr. N D Gunaratne			✓
Mr. D S Weerakkody			✓

*Mr. R J S Gomez, Non-Executive Director resigned from the board with effect from 11 May 2023

Retirement and re-election of directors

In terms of Article 88(i) of the Articles of Association, Shamal J S Perera 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 the page 280 of this Annual Report.

Review of the performance of the board

The performance of the Board has been appraised through a formalized process of individual appraisal by enabling each member to self-appraise on an anonymous basis and it is mentioned in Page 154.

BOARD COMMITTEES

The Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, Investment and subsidiary performance monitoring committee and Strategic Planning Committee function as Board Sub Committees, with Directors, who possess the requisite qualifications and experience. The number of board meetings held and the number of meetings attended by the Directors is given on pages 162 to 167. The composition of the said Committees as at 31 March 2023 is as follows.

Audit Committee

Mr. N D Gunaratne - Chairman
Prof. K A M K Ranasinghe
Mr. S D Perera
Mr. D S Weerakkody
Mr. Shamal J S Perera

Remuneration committee

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

Related party transactions review committee

Mr. N D Gunaratne - Chairman
Prof. K A M K Ranasinghe
Mr. D S Weerakkody
Mr. D A R Fernando

Investment & Subsidiary Performance Monitoring Committee

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

Declaration under rule 9.3.2 (D) listing rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining a Relate Party Transactions during the Financial Year ended 31 March 2023.

Interest register

The Company maintains an Interests Register in terms of the Companies Act, No. 7 of 2007, which is deemed to form part and parcel of the 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 31 March 2023 as recorded in the Interests Register are given in this Report under Directors' shareholding.

EMPLOYEE SHARE OWNERSHIP PLANS

The Group does not operate any share option scheme.

Related party transactions

The Company's transactions with Related Parties, given in Note 29 (page 251)to the Financial Statements

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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NON-RECURRENT RELATED PARTY TRANSACTIONS

There were no non-recurrent related party transactions of which aggregate value exceeded 10% of the equity or 5% of the total assets of the Company during the year as per Audited Financial Statement as at 31 March 2022, which require specific disclosures in the Annual Report as required by Listing Rule 9.3.2 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions which in aggregate exceeded 10% of the consolidated revenue of the Group as per 31 March 2022 Audited Financial Statements, which required additional disclosures in the 2022/23 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 29.6 to the Financial Statements on page 255.

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 29 (page 251) to the Financial Statements, the Company did not carry out any transaction with any of the Directors.

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company as at 31 March 2023 and 31 March 2022 are as follows.

	Shareholding as at 31/03/2023	Shareholding as at 31/03/2022
Mr. S J SPerera	250,000,000	250,000,000
Mr. J C Joshua	101,000,000	101,000,000
Mr. R J S Gomez	Nil	Nil
Mr. D A R Fernando	24,300,000	24,300,000
Mr. S H S Mendis	24,300,000	24,300,000
Mr. S D Munasinghe	24,300,000	24,300,000
Mr. S D Perera	2,000,000	2,000,000
Mr.N D Gunaratne	Nil	Nil
Prof. K A M K Ranasinghe	100	100
Mr. D S Weerakkody	60,597	10,597
Mr. Shamal J S Perera	51,159,365	50,811,814

*Mr. R J S Gomez, Non-Executive Director resigned with effect from 11 May 2023

CORPORATE GOVERNANCE

The Board of Directors confirms that they are in compliance with section 7.10 of the Listing Rules of the CSE. The Chairman, the Board of Directors and the Key Management Personnel is dedicated towards upholding an effective Corporate Governance Framework in compliance with the Code of Business Conduct, Ethics of the Company and in implementing systems and structures required to ensuring best practices within the Company.

The corporate governance of the Company reflects the efforts taken to enhance and protect the interests of the stakeholders of the Company. Prudent internal controls ensure professionalism, integrity and commitment of the Board of Directors, Management and employees.

The Corporate Governance Statement on pages 138 to 161 explains the measures adopted by the Company during the year of review.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance,inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

SUSTAINABILITY

The Group pursues its business goals based on a model of stakeholders' governance. Finding of the continuous internal stakeholder engagements have enabled the Group to focus on material issues highlighted by other stakeholders such as employees, customers, suppliers and the community. These steps have been encapsulated in a group-wide strategy focused on sustainable development which is continuously evolving based on the above mentioned stakeholder engagements. Capital Formation and Distribution on page 85.

EMPLOYMENT POLICY

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

At Company level as at 31 March 2023 a total of 1,094 Persons were in employment (2,854 persons as at 31 March 2022). Refer Human Capital on Pages 98 to 105 for more information.

SUPPLIER POLICY

AEL relates an overall policy of agreeing and clearing communicating terms of payment as per the commercial agreements approved upon and pays for all items in accordance with the same. As at 31 March 2023 the trade and other payables in terms of the Group and the Company amounted to LKR 26,096 Mn (2022 – LKR 25,162 Mn) and LKR 12,111 Mn (2022 – LKR 14,066 Mn) respectively. Details of the same are given on Note 28 on page 250.

AEL further makes every effort in order to follow the value of effective stakeholder engagement in order to establish an enhanced value added model as a result.

ENVIRONMENTAL PROTECTION

The Group complies with appropriate environmental laws and regulations to fulfill the best practices applicable in the country of operation. 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. Refer Natural Capital on Pages 115 to 122 for more information.

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 Group and the Company and all other known statutory dues as were due and payable by the Group and the Company as at the Statement of Financial Position date have been paid or, where relevant provided for, except as specified in Note 30 (Page 256) to the Financial Statements covering commitments and contingencies.

CONTINGENT LIABILITIES

Except as disclosed in Note 30 (Page 256) to the Financial Statements, there were no material Contingent liabilities as at the reporting date.

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 and the Group on a quarter basis. The Directors review this process through the Audit Committee, to identify the competence and success of internal controls.

Specific steps taken by the Company in managing the risks are detailed in the section on Enterprise Risk Management on Pages 168 to 180.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Except for the matters disclosed in Note 31 (Page 258) to the Financial Statements, there were no material events as at the date of the Auditor's Report, which require adjustment to or disclosure in the Financial Statements.

GOING CONCERN

The Financial Statements are prepared on going concern principles. After making adequate enquires from the Management, the Directors are satisfied that the Company and it's subsidiaries have adequate resources to continue its operations in the foreseeable future.

INDEPENDENT AUDITORS' REPORT

The Report of the Independent Auditor on the Financial Statements of the Company is given on Page 190 to 195.

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 LKR 4,657,000 is payable by the Company to the Auditors for the year under review comprising LKR 3,957,000 as audit fees and LKR 700,000 for non-audit services.[on Note 8 of page 211]

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

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors, the Group/Company has not engaged in any activity, which contravenes laws and regulations of the country.

ANNUAL REPORT

The Board of Directors approved the consolidated Financial Statements on 29 August 2023 and appropriate number of copies submitted to the Colombo Stock Exchange and to the Sri Lanka Accounting and Auditing Standards Monitoring Board as required.

ANNUAL GENERAL MEETING

The Twelfth Annual General Meeting will be held on 22 September 2023 at 2.00 p.m.

The notice of the Annual General Meeting appears on page 281.

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

D A R Fernando
Managing Director

S D Munasinghe
Executive Director

P W CORPORATE SECRETARIAL (PRIVATE) LIMITED
Secretaries

29 August 2023
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY

This Statement sets out the responsibility of the Board of Directors in respect to the Financial Statements of the Company and its subsidiaries. The responsibility of the Auditors in relation to the Financial Statements of the Company and its subsidiaries is specified in the "Independent Auditors' Report" given in pages 190 to 195.

The Directors are responsible for the proper recording and maintenance of the books of all accounts of all transactions of the Company and its subsidiaries under the Sections 150(1), 151, 152(1) and 153 of the Companies Act No. 07 of 2007.

Under Section 148, the Directors are responsible for preparing the Company Financial Statements that give a true and fair view of the State of the Affairs of the Company and its subsidiaries at the reporting date of each financial year. The prepared Financial Statements consist of the Statement of Comprehensive Income giving a true and fair view of the profit or loss of the Company along with its subsidiaries for the financial year ending. The Statement of Financial Position giving a true and fair view of the State of Affairs of the Company and its subsidiaries at the end of the financial year. Also contains the Statement of Changes in Equity, Statement of Cash Flows and Notes thereto.

During the course of preparation for the Financial Statements the Directors confirm 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 (SLFRSs/LKASs) and reasonable and prudent judgments and estimates have been made so that the form and substance of transactions are properly reflected;
- Financial Statements provide 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.

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

As required by the Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfied the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No.07 of 2007, and have obtained a certificate from the Auditors, prior to declaring all dividends. The Directors are of the view that they have discharge their responsibilities as set out in this Statement.

The External Auditors, Messrs KPMG who were deemed re–appointed in terms of Section 158 of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 190 to 195 sets out their responsibilities in relation to the Financial Statements.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge 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 30 (page 256) to the Financial Statements covering commitments and contingencies.

By Order of the Board,

P W CORPORATE SECRETARIAL
(PRIVATE) LIMITED
Secretaries

29 August 2023
Colombo

DIRECTORS' STATEMENT ON INTERNAL CONTROL

The following Statement fulfils the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance 2017 jointly issued by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

The Board of Directors is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Company's assets. The Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Company and Group. This process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the Board.

The Board of Directors 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.

Following features of the system of Internal Control that have been introduced by the Board to obtain reasonable assurance that proper system are in place:

- Committees appointed by Board to assist them in ensuring the effectiveness of Company's daily operations and to ensure that these daily operations are within the corporate objectives, strategies and annual budget ratified by the Board.
- The Head of Internal Auditor who heads the Internal Audit Department bears the responsibility of carrying 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 Board of Audit Committee for their review on a quarterly basis. In addition special audits are conducted as and when the need arises and findings of the same are submitted to the Board of Audit Committee for their review.
- The Board of 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 further review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Board of Audit Committee meetings are tabled at the Board meetings of the Company.
- In accordance, with Sri Lankan Accounting Standards comprising SLFRS and LKAS, processes that are required to comply with requirements of recognition, measurement, presentation and disclosures were introduced and implemented. Consistent and continuous monitoring is in progress to enhance the system's effectiveness and efficiency.
- The comments made by External Auditors in relation with the internal control system during the financial year 2022/23 were taken into significant consideration and the necessary steps have been taken to incorporate them where applicable.

CONFIRMATION STATEMENT

The Board having implemented the above is aware that such systems are designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatements of loss.

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 Lankan Accounting Standards (SLFRSs/ LKASs), requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. The Consolidated Financial Statements for the year ended 31 March 2023 have been audited by Messrs KPMG, Chartered Accountants.

S J S Perera
Chairman

D A R Fernando
Managing Director

N D Gunaratne
Chairman, Audit Committee

29 August 2023

INDEPENDENT AUDITORS' REPORT

GRI 2-5

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
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To the Shareholders of Access Engineering PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the 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 31 March 2023, 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 notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 202 to 276.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2023, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Recognition of Revenue

Refer note 5 to the consolidated financial statements

Risk description	Our response
The major components of the Group's revenue comprises of revenue recognized overtime from construction contracts amounting to Rs. 10.04 Bn for the year ended 31 March 2023. Construction revenue is recognised overtime by reference to the Group's progress toward completing the contracts. Management judgment is required to estimate the total construction costs, variations or claims recognised as contract revenue, and provision for liquidated damages that will affect the measure of progress and revenue and profit margins recognised from construction contracts. We identified construction revenue recognised overtime as a key audit matter because of the revenue recognition is inherently subjective and requires significant management judgment and errors in the recognition of revenue could have a material impact on the Group profit for the year.	Our audit procedures included, • Obtaining an understanding and assessing the design, implementation and operating effectiveness of the management's key internal controls over revenue recognition. • Discussing with the Group management and project managers the performance of the major contracts in progress during the year and comparing the contract revenue recognised for a sample of contracts in progress during the year with interim payment certifications from quantity surveyors appointed by the customers or interim payment applications from the in-house surveyor. • On a sample basis, inspecting of project contract agreements with customers and subcontractors to identify key terms and conditions, including contracting parties, contract period, contract sum, scope of the work and evaluating whether these key terms and conditions had been appropriately reflected in the total estimated revenue and cost to complete under the forecasts of contracts. • Assessing the adequacy of financial statements disclosure as per the required accounting standards.

Valuation of Investment Properties

Refer note 13 to the consolidated financial statements

Risk description	Our response
The Group investment properties are stated at their fair value in the amount of Rs. 21.3 Bn as at 31 March 2023. Management's assessment of fair value of investment property is based on valuations performed by a qualified independent property valuer in accordance with recognised industry standards. Further, the prevailing uncertain and volatile macro-economic environment introduced significant estimation uncertainty in relation to the measurement of the market value of investment properties. We identified fair valuation of Investment properties as a key audit matter due to the use of significant estimates such as per perch price and value per square foot involved in assessing the fair value of the investment property.	Our audit procedures included, • Assessing the objectivity, independence, competence and qualifications of the external valuers. • Assessing the key assumptions applied and conclusion made by the external valuer in deriving the fair value of the Investment properties and comparing the same with evidence of current market values. • Challenging how valuers had assessed the impact of the prevailing uncertain and volatile macro-economic environment to assess whether that it was appropriately considered in the measurement in valuing properties to determine the fair value of the investment property. • Assessing the adequacy of disclosure in relation to fair value of investment property in the financial statements.

INDEPENDENT AUDITORS' REPORT

KPMG

Impairment assessment of Goodwill and Investments in Subsidiaries

Refer note 14 and 15 to the consolidated financial statements

Risk description	Our response
As at 31 March 2023, the goodwill and investment in subsidiaries amounting to Rs. 525.4 Mn and Rs. 26.8 Bn respectively. Management allocated goodwill to the respective cash-generating units ("CGU") and the recoverable amounts of the identified CGUs have been determined based on value-in-use calculation. Management performed the impairment assessment for subsidiaries with indicators of impairment and determined their recoverable amounts based on value-in-use calculations Further, uncertainty on the impact of the prevailing volatile macro-economic environment introduced significant estimation uncertainty in relation to the management's assumptions and estimation of future cash inflows and outflows when preparing cash flow projections. We have identified the assessment of impairment of goodwill and impairment of investments in subsidiaries as a key audit matter because judgment is required in identifying indicators of impairment and required the management to make various assumptions in the underlying cash flow forecasts.	Our audit procedures included, • Obtaining an understanding of management's impairment assessment process. • Evaluating the reasonableness of the Group's key assumptions for its cash flow projection by considering prevailing uncertain and volatile macro-economic environment such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of historical forecasts. • Obtaining the Company's cash flow projections covering a period of 12 months from the reporting period end date and challenging these key assumptions used in preparing the projections. • Considering the adequacy of the Group disclosures in the financial statements in respect of impairment testing.

KPMG

Recoverability of Trade Receivables

Refer note 19 to the consolidated financial statements

Risk description	Our response
The Group trade receivables are stated in the financial position at their fair value less any provision for irrecoverable amounts. As at 31st March 2023 net of trade receivables were Rs. 9.3 Bn after provisions of Rs. 541.6 Mn. There are inherent risks relating to customer's credit risk profile which varies due to the size of each customer and the industries that the customers operate in. The risk is whether the trade receivables are recoverable and determining an appropriate provision for potentially impaired trade receivables requires significant management judgment. Impairment allowances represent management's best estimate of the losses expected within receivables as at the financial position date. Management has assessed the receivable balances individually based on the age of debts to identify any objective evidence of impairment. The prevailing uncertain volatility of macro-economic environment introduced significant estimation uncertainty in relation to the measurement of the Group's allowance for doubtful debts. The rapidly evolving consequences of the prevailing uncertainty of macro-economic environment and government, business and consumer responses could result in significant adjustments to the allowance within the current financial years. Given the level of subjectivity nature of significant management judgments involved and transition adjustments are likely to be subject to scrutiny from investors/ regulators resulted in impairment of trade receivables being considered as a key audit matter.	Our audit procedures included, • Understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade debtors, which included credit control procedures and the application of the Group's doubtful debt provisioning policy. • On sample basis, circularized trade receivables confirmations to verify existence and tested the reconciliations where discrepancies were identified and testing the subsequent collections for outstanding trade receivables, where applicable. • Assessing, on a sample basis, whether items in the trade debtors' ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with underlying documentation, which included sales invoices and goods delivery notes. • Assessing how management had assessed the impact of prevailing uncertain macro-economic environment within the credit losses model to assess whether that it was appropriately considered in the measurement of doubtful debts at year end. In particular, we reviewed management's assessment of the likelihood of economic downturn caused by prevailing uncertain macro-economic environment at the reporting date with reference to the reasonable and supportable information available to management at that date. • Assessing the adequacy of financial statements disclosure as per the required accounting standards.

INDEPENDENT AUDITORS' REPORT

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

KPMG

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

29 August 2023

GRI 207-4

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Revenue	5.1	20,564,633,275	39,629,621,775	17,556,370,250	33,336,537,165
Cost of sales		(14,705,842,008)	(34,317,835,707)	(13,370,299,376)	(29,673,376,893)
Gross profit		5,858,791,267	5,311,786,068	4,186,070,874	3,663,160,272
Other income	6.1	1,351,258,534	1,116,542,042	2,772,325,772	1,437,024,525
Change in fair value of investment property	6.2	3,466,984,624	3,157,849	169,091,350	-
Administrative expenses		(2,128,777,926)	(2,173,839,561)	(999,088,977)	(1,125,933,058)
Other expenses		(714,586,536)	(45,929,888)	(617,387,734)	(35,949,828)
Operating profit		7,833,669,963	4,211,716,510	5,511,011,285	3,938,301,911
Finance Cost	7.1	(4,757,027,406)	(1,537,453,871)	(4,401,125,112)	(1,418,913,457)
Finance Income	7.1	893,701,601	503,809,844	809,206,821	468,547,838
Share of results of equity-accounted investees, net of tax	16.2	406,927,909	1,435,066,924	-	-
Profit before tax		4,377,272,067	4,613,139,407	1,919,092,994	2,987,936,292
Income tax (expense) / reversal	9.1	(1,940,924,967)	517,073,784	(474,620,160)	(408,034,408)
Profit for the period		2,436,347,100	5,130,213,191	1,444,472,834	2,579,901,884
Profit attributable to:					
Equity holders of the parent		2,481,965,080	5,110,445,938	1,444,472,834	2,579,901,884
Non-controlling interest		(45,617,980)	19,767,253	-	-
Profit for the period		2,436,347,100	5,130,213,191	1,444,472,834	2,579,901,884
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods					
Remeasurement of defined benefit liability	27.1	58,637,124	125,237,627	46,697,984	112,046,294
Revaluation of Land and Buildings	11.1/11.2	237,691,252	-	79,019,133	-
Related tax	9.1	(61,318,460)	(17,623,445)	(54,147,790)	(15,686,481)
Items that will be reclassified to profit or loss in subsequent periods					
Foreign currency translation difference of foreign operations		1,275,688	(3,530,876)	-	-
Other comprehensive income for the period, net of tax		236,285,604	104,083,306	71,569,327	96,359,813
Total comprehensive income for the period, net of tax		2,672,632,704	5,234,296,497	1,516,042,161	2,676,261,697
Total comprehensive income attributable to;					
Equity holders of the parent		2,718,127,763	5,213,985,669	1,516,042,161	2,676,261,697
Non-controlling interest		(45,495,059)	20,310,828	-	-
Total comprehensive income for the period, net of tax		2,672,632,704	5,234,296,497	1,516,042,161	2,676,261,697
Basic earnings per share	10	2.48	5.11	1.44	2.58
Dividend per share	24.3			0.75	0.75

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

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

GRI 207-4

As at 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Assets					
Non-current assets					
Property, plant and equipment	11.1/11.2	5,569,748,043	6,159,302,689	3,349,081,908	3,975,160,691
Right of use assets	12.1	2,674,642,709	2,736,746,067	203,942,586	124,743,049
Right of use assets - prepayment	12.1.1	1,237,084,632	444,264,831	1,237,084,632	444,264,831
Investment properties	13.1	21,307,743,685	17,831,487,464	1,195,500,000	1,026,408,650
Investment properties- work in progress	13.3	11,720,990,970	1,768,828,208	-	-
Intangible assets and goodwill	14.1	578,329,784	1,257,774,793	43,588,155	58,026,814
Investments in subsidiaries	15	-	-	26,772,923,813	21,426,091,615
Equity-accounted investees	16.1	971,511,970	2,245,154,983	655,465,410	1,255,465,410
Non-current financial assets	17	510,000	510,000	510,000	510,000
Deferred tax assets	9.4	351,274,159	1,121,731,724	-	-
		44,411,835,952	33,565,800,759	33,458,096,504	28,310,671,059
Current assets					
Inventories	18.1	15,945,251,765	14,619,851,673	2,844,782,987	3,881,321,447
Trade and other receivables	19.1	12,812,888,021	25,160,628,086	9,215,075,944	21,854,323,383
Amount due from related parties	29.2	82,238,504	8,339,101	4,144,219,498	350,947,740
Current tax assets	9.3	52,426,627	53,920,346	-	-
Other current financial assets	20	3,220,199,784	3,557,423,609	2,907,793,820	3,309,006,015
Short term investments	21	151,027,060	536,892,942	151,027,060	536,892,942
Short term deposits	22	2,569,299,538	2,136,020,085	1,693,917,249	1,691,482,324
Cash and cash equivalents	23	696,144,034	2,208,007,038	137,489,717	898,392,700
		35,529,475,333	48,281,082,880	21,094,306,275	32,522,366,551
Total assets		79,941,311,285	81,846,883,639	54,552,402,779	60,833,037,610
Equity and liabilities					
Equity					
Stated capital	24.1	9,000,000,000	9,000,000,000	9,000,000,000	9,000,000,000
Other components of equity	24.2	815,586,406	576,619,466	329,293,246	250,274,113
Retained earnings		19,741,338,842	18,610,155,988	15,162,484,603	15,072,380,079
Equity attributable to equity holders of the parent		29,556,925,248	28,186,775,454	24,491,777,849	24,322,654,192
Non-controlling interests	34	2,415,064,093	2,460,559,152	-	-
Total equity		31,971,989,341	30,647,334,606	24,491,777,849	24,322,654,192
Non-current liabilities					
Government grants	25	4,826,544	5,045,931	-	-
Loans and borrowings	26	12,786,649,626	18,846,956,594	12,692,992,379	18,640,420,000
Lease liabilities	12.2	222,215,070	127,338,944	100,061,541	1,828,144
Employee benefit liabilities	27	260,979,068	323,511,702	196,653,438	242,663,826
Deferred tax liabilities	9.4	2,958,595,374	2,116,602,374	382,723,649	185,861,816
		16,233,265,682	21,419,455,545	13,372,431,007	19,070,773,786
Current liabilities					
Bank overdraft	23	1,761,142,207	130,864,408	1,553,000,662	-
Trade and other payables	28	26,095,814,875	25,161,709,167	12,111,492,173	14,065,939,280
Amount due to related parties	29.3	70,733,664	71,465,679	229,089,551	191,298,506
Loans and borrowings	26	3,452,178,411	4,199,917,268	2,547,248,406	3,122,040,105
Lease liabilities	12.2	41,325,560	134,932,777	6,662,782	17,903
Current tax liabilities		250,452,558	44,934,182	221,044,343	41,977,711
Unclaimed dividends		64,408,986	36,270,007	19,656,006	18,336,127
		31,736,056,261	29,780,093,488	16,688,193,923	17,439,609,632
Total liabilities		47,969,321,943	51,199,549,033	30,060,624,930	36,510,383,418
Total equity and liabilities		79,941,311,285	81,846,883,639	54,552,402,779	60,833,037,610
Net asset per share		29.56	28.19	24.49	24.32

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.7 of 2007.

N Iddagodage
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.

D A R Fernando
Managing Director

S D Munasinghe
Executive Director

29 August 2023
Colombo.

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the parent						
	Stated capital LKR	Revaluation reserve LKR	Foreign currency translation reserve LKR	Retained earnings LKR	Total LKR	Non–controlling interests LKR	Total equity LKR
Balance as at 1 April 2021	9,000,000,000	580,150,342	-	14,245,340,560	23,825,490,902	2,689,322,057	26,514,812,959
Profit for the year	-	-	-	5,110,445,938	5,110,445,938	19,767,253	5,130,213,191
Other comprehensive income for the year, net of tax	-	-	(3,530,876)	107,070,607	103,539,731	543,575	104,083,306
Total comprehensive income for the year	-	-	(3,530,876)	5,217,516,545	5,213,985,669	20,310,827	5,234,296,497
Cash dividends (Note 24.3)	-	-	-	(750,000,000)	(750,000,000)	-	(750,000,000)
Acquisition of NCI - Harbour Village (Private) Limited				(102,701,117)	(102,701,117)	(249,073,733)	(351,774,850)
Balance at 31 March 2022	9,000,000,000	580,150,342	(3,530,876)	18,610,155,988	28,186,775,454	2,460,559,151	30,647,334,606
Adjustment for Surcharge Tax (Note 9)				(597,977,967)	(597,977,967)		(597,977,967)
Balance at 1 April 2022 (Adjusted)	9,000,000,000	580,150,342	(3,530,876)	18,012,178,021	27,588,797,488	2,460,559,152	30,049,356,638
Profit for the year	-	-	-	2,481,965,080	2,481,965,080	(45,617,981)	2,436,347,099
Other comprehensive income for the year, net of tax	-	237,691,252	1,275,688	(2,804,259)	236,162,681	122,922	236,285,603
Total comprehensive income for the year	-	237,691,252	1,275,688	2,479,160,822	2,718,127,761	(45,495,059)	2,672,632,701
Cash dividends (Note 24.3)	-	-	-	(750,000,000)	(750,000,000)	-	(750,000,000)
Balance at 31 March 2023	9,000,000,000	817,841,594	(2,255,188)	19,741,338,842	29,556,925,249	2,415,064,093	31,971,989,341

Company	Share capital LKR	Revaluation reserve LKR	Retained earnings LKR	Total equity LKR
Balance as at 1 April 2021	9,000,000,000	250,274,113	13,146,118,382	22,396,392,495
Profit for the year	-	-	2,579,901,884	2,579,901,884
Other comprehensive income for the year, net of tax	-	-	96,359,813	96,359,813
Total comprehensive income for the year	-	-	2,676,261,697	2,676,261,697
Cash dividends (Note 24.3)	-	-	(750,000,000)	(750,000,000)
Balance at 31 March 2022	9,000,000,000	250,274,113	15,072,380,079	24,322,654,192
Adjustment for Surcharge Tax (Note 9)			(596,918,504)	(596,918,504)
Balance at 1 April 2022 (Adjusted)	9,000,000,000	250,274,113	14,475,461,575	23,725,735,688
Profit for the year	-	-	1,444,472,834	1,444,472,834
Other comprehensive income for the year, net of tax	-	79,019,133	(7,449,806)	71,569,327
Total comprehensive income for the year	-	79,019,133	1,437,023,028	1,516,042,161
Cash dividends (Note 24.3)	-	-	(750,000,000)	(750,000,000)
Balance at 31 March 2023	9,000,000,000	329,293,246	15,162,484,603	24,491,777,849

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 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Cash flows from operating activities					
Profit before tax		4,377,272,067	4,613,139,407	1,919,092,994	2,987,936,292
Adjustments for:					
Depreciation of property plant and equipment	11.1/11.2	1,235,167,671	1,162,641,716	970,083,257	894,444,701
Depreciation of right- of - use assets	12.1	109,219,719	47,185,993	9,882,334	2,114,289
Amortisation and impairment of intangible assets	14.1	22,828,883	23,203,354	14,438,659	14,874,073
Provision for employee benefits	27.1	82,073,484	57,176,463	67,318,526	40,896,434
Impairment losses/ write-off of trade and other receivables/ inventories		201,011,521	318,106,883	145,609,350	220,502,423
Increase in fair value of investment properties	13.1	(3,466,984,624)	(3,157,849)	(169,091,350)	-
Impairment of Investment in Subsidiaries		-	-	609,097,792	-
Impairement of Goodwill		656,616,126	-	-	-
Gain on disposal of property, plant and equipment	6.1	(75,649,931)	(77,779,076)	(31,343,908)	(55,911,022)
Loss on asset write off		46,238,186	867,424	518,880	867,424
Amortisation of government grant	25	(219,387)	(219,387)	-	-
Share of results of equity-accounted investees, net of tax	16.2	(406,927,909)	(1,435,066,924)	-	-
Dividend income from investments in subsidiaries	6.1	-	-	(1,657,237,732)	(983,565,499)
Net finance cost	7.1	3,863,325,805	1,033,644,027	3,591,918,291	950,365,619
Operating profit before working capital changes		6,643,971,611	5,739,742,031	5,470,287,094	4,072,524,734
Changes in:					
Inventories		(1,332,924,730)	(5,921,408,474)	1,036,538,460	(1,813,422,840)
Trade and other receivables		12,273,882,308	(11,389,295,240)	12,613,602,364	(10,355,966,805)
Other current financial assets		337,223,825	(547,197,639)	401,212,195	(539,893,900)
Amounts due from related parties		(73,899,403)	10,342,406	(3,793,271,758)	(238,720,071)
Trade and other payables		940,706,538	7,815,851,756	(1,996,188,653)	3,107,983,968
Amounts due to related parties		(732,015)	42,747,887	37,791,045	67,321,149
Cash generated from/ (used in) operating activities		18,788,228,134	(4,249,217,273)	13,769,970,747	(5,700,173,765)
Finance cost paid		(4,278,267,474)	(1,001,310,071)	(3,909,226,304)	(941,695,116)
Income tax paid	9.3	(181,482,843)	(709,747,436)	(152,322,890)	(701,685,979)
Surcharge tax paid		(597,977,967)	-	(596,918,504)	-
Gratuity paid	27	(85,968,994)	(34,588,246)	(66,630,930)	(19,886,830)
Net cash flows generated from/ (used in) operating activities		13,644,530,856	(5,994,863,026)	9,044,872,119	(7,363,441,690)

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Cash flow from investing activities					
Purchase of property, plant and equipment	11.1/11.2	(495,356,632)	(2,560,733,666)	(268,901,800)	(2,354,930,285)
Right of use assets-prepayment		(792,819,801)	(444,264,831)	(792,819,801)	(444,264,831)
Purchase of intangible assets	14.1	-	(45,872,811)	-	(43,993,336)
Purchase of investment properties	13.1	(9,271,597)	(439,867,128)	-	(412,201,450)
Purchase of investment properties - work in progress	13.3	(9,952,162,762)	(1,102,265,286)	-	-
Proceeds from sale of property, plant and equipment		116,846,604	144,837,226	34,741,486	60,601,159
Investment in equity securities		-	(399,999,925)	-	(399,999,925)
Investment in non-current financial assets	17	-	(510,000)	-	(510,000)
Divestment in equity-accounted investees		600,000,000	-	600,000,000	-
Investment in subsidiary		-	-	(5,955,929,990)	(2,428,018,118)
Investment/Withdrawal in short term deposits		(258,617,638)	(337,178,122)	157,361,541	(206,268,886)
Proceed from maturity on quoted debt investment		-	100,000,000	-	100,000,000
Dividend income from investments in subsidiaries		-	-	577,776,117	503,804,781
Dividend income from equity-accounted investees		1,079,461,615	479,760,718	1,079,461,615	479,760,718
Finance Income received		539,143,448	128,915,419	481,754,387	107,348,203
Net cash flows used in investing activities		(9,172,776,763)	(4,477,178,406)	(4,086,556,444)	(5,038,671,969)
Cash flows from financing activities					
Dividends paid to equity holders of the parent		(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)
Acquisition of non-controlling interests		-	(351,774,850)	-	(351,774,850)
Proceeds from loans & borrowings	26.2	14,991,946,368	42,173,992,817	13,501,923,826	32,863,360,000
Repayment of loans & borrowings	26.2	(21,799,972,193)	(28,089,240,432)	(20,024,123,146)	(19,159,486,728)
Repayment of Debenture	26.1	(20,000)	(1,030,000)	(20,000)	(1,030,000)
Payment of lease liabilities		(55,849,073)	(2,328,577,439)	-	-
Net cash flows generated from/ (used in) financing activities		(7,613,894,898)	10,653,370,096	(7,272,219,319)	12,601,068,422
Increase in cash and cash equivalents		(3,142,140,803)	181,328,663	(2,313,903,645)	198,954,763
Cash and cash equivalent at the beginning of the year		2,077,142,630	1,895,813,967	898,392,700	699,437,937
Cash and cash equivalent at 31st March	23	(1,064,998,173)	2,077,142,630	(1,415,510,945)	898,392,700

The Accounting Policies and Notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

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NOTES TO THE FINANCIAL STATEMENTS

GRI 207-4

1. CORPORATE AND GROUP INFORMATION

This section provides Corporate and Group information about Access Engineering PLC, its subsidiaries, joint venture and associate.

1.1. Reporting Entity

Access Engineering PLC ("Company") is a public limited liability company, incorporated on 31 July 2001 and domiciled in Sri Lanka. The Company was re-registered under the Companies Act No. 07 of 2007 on 06 February 2008. The ordinary shares of the Company are listed at the Colombo Stock Exchange. The Company's registered office and the principal place of business are located at "Access Towers", 278, Union Place, Colombo 02.

The principal activities and nature of operations of the Company, its subsidiaries and equity accounted investees are given on Note 15 and Note 16 to the Financial Statements.

Access Engineering PLC does not have any identifiable parent of its own. The Company is the ultimate parent of the Group.

1.2. Consolidated Financial Statements

The Financial Statements for the year ended 31 March 2023 comprise "the Company" referring to Access Engineering PLC as the holding Company and "the Group" referring to companies that have been consolidated therein together with the Group's interests in Equity-accounted Investees.

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

1.3. Approval of Financial Statements

The Consolidated Financial Statements of Access Engineering PLC and its subsidiaries (collectively the Group) for the year ended 31 March 2023 were authorised for issue by the Board of Directors on 29 August 2023.

1.4. 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 for Financial Statements as set out in the "Statement of Directors' Responsibility for Financial Statements", 'Annual Report of the Board of Directors' and in the statement appearing with the Statement of Financial Position of this Annual Report.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Financial Statements of the Company and the Consolidated Financial Statements of the Group comprise 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) which 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. 7 of 2007, provide appropriate disclosures as required by Listing Rules of Colombo Stock Exchange.

These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

The tax liability arising from the Surcharge Tax Act No: 14 of 2022 has been accounted as recommended by the (Addendum to) Statement of Alternative Treatment (SoAT) issued by the Institute of Chartered Accountants of Sri Lanka.

The Group did not adopt any inappropriate accounting treatments which are not in compliance with the requirements of SLFRSs and LKASs, regulations governing the preparation of Financial Statements.

2.2. Basis of Measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items.

- Lands and buildings which are recognised as property plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.
- Lands and buildings which are recognised as investment property which are measured at cost on initial recognition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Employee benefit liability recognised based on actuarial valuation
- Lease liabilities measured at amortised cost using effective interest method where appropriate, the specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Financial Statements.
- Fair value through other comprehensive income financial assets which are measured at fair value

2.3. Functional and Presentation Currency

Items included in these Financial Statements are measured using the currency of primary economic environment in which the Company operates (functional currency).

Each entity in the Group determines its own functional currency and items included in the Financial Statements of these entities are measured using that functional currency. There were no change in the Group's presentation and functional currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

The following subsidiary company is using different functional currency other than Sri Lankan Rupees (LKR):

Country of incorporation	Functional Currency	Name of the Subsidiary
Republic of Kenya	Kenyan Shilling	AEL East Africa Limited

2.4. Materiality and Aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

Notes to the Financial Statements are presented in a systematic manner that ensure the understandability and comparability of Financial Statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

Offsetting

Assets and liabilities or income and expenses are not setoff unless required or permitted by a Sri Lanka Accounting Standards.

2.5. Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

2.6. Summary of Significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, Management has made various judgments. Those which Management has assessed to have the most significant effect on the amounts recognized in the Consolidated Financial Statements have been discussed in the individual Notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual Notes of the related Financial Statement line items below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 March 2023 is included in the following notes.

Accounting Policies	Note
Revenue recognition	Note 5
Revaluation of Property plant and equipment	Note 11
Fair value of the investment property	Note 13
Impairment of non financial assets: key assumption underlying recoverable amount	Note 2.8.5
Measurement of defined benefit obligation: key actuarial assumptions	Note 27
Measurement of ECL allowance for trade receivables	Note 19
Fair value measurement of financial instruments	Note 36
Impairment of financial assets: key assumption underlying recoverable amount	Note 35
Income Tax (current tax and deferred tax)	Note 9
Recognition and measurement of provisions and contingencies: key assumption about the likelihood and magnitude of an outflow of resources	Note 30

2.7. Going concern

The Directors have made an assessment of the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence and ability to continue as a going concern for the foreseeable future.

The ongoing economic crisis in the country has increased the estimation uncertainty in the preparation of Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, increasing material prices, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

Furthermore, changes in underlying economic factors have fluctuated the prices of inputs and outputs of the automobile industry.

Having evaluated the future outlook of the Group, the Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirmed that they do not intend either to liquidate or to cease operations of the Group.

Furthermore, management is not aware of any material uncertainties relating to event or condition that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

2.8. Summary of significant accounting policies

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

2.8.1 Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company, its subsidiaries and the Group's interest in equity accounted investees (associates and joint ventures). Subsidiaries and equity accounted investees are disclosed in Note 15, Note 16 and Note 33 to the Financial Statements respectively.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has

NOTES TO THE FINANCIAL STATEMENTS

the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee. (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

"If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.8.2 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non current assets and liabilities.

2.8.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. The amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use are completed.

2.8.4 Foreign currencies

2.8.4.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.8.4.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. On consolidation, the assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income and presented in the foreign currency translation reserve in equity except to the extent the translation difference is allocated to the non-controlling interest. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is reclassified to income statement as part of the gain or loss on disposal.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.8.5 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 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.

2.8.6 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 - "Statement of Cash Flows", whereby operating activities, investing activities and financing activities are separately recognised. Cash and cash equivalent comprise cash in hand, cash at bank and short term investments that are readily convertible to known amounts 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 flows and interest paid is classified under the operating cash flows for the purpose of presentation of Statement of Cash Flows.

Cash and cash equivalent includes bank overdrafts that are repayable on demand and form on integral part of the Group's cash management.

2.9. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company has consistently applied new and amended standards from 1 April 2022, but do not have a significant impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

3. STANDARDS ISSUED BUT NOT EFFECTIVE AS AT THE REPORTING DATE

Following amendments to Sri Lanka Accounting Standards issued not yet effective as at the reporting date have not been applied in preparing the Consolidated Financial Statements. These amendments and improvements are not expected to have a significant impact on the Group's financial statements. The Group plans to apply these amendments to the standards from their effective dates.

3.1 Amendments to LKAS 1 - Classification of Liabilities as Current or Non current

The amendment aims to promote consistency in applying the requirements by helping companies to determine. Whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments clarify:

* What is meant by a right to defer settlement
* That a right to defer must exist at the end of the reporting period
* That classification is unaffected by the likelihood that an entity will exercise its deferral right
* That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

3.2 Amendments to LKAS 1 and SLFRS Practice Statement 2 - Disclosure of Accounting Policies

Amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to LKAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

3.3 Amendments to LKAS 8 – Definition of Accounting Estimates

In February 2021, the IASB issued amendments to LKAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group.

3.4 Amendments to LKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments clarify that where payments that settle a liabilities are deductible for tax purposes it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability

The amendments apply for annual reporting periods beginning on or after 1 January 2023.

4. SEGMENT INFORMATION

Accounting policy

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. 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.

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

As such for Management purposes, the Group is organized into business units based on their products and services and has four operating Business Segments as follows:

Business Segment	Operations
Construction	Process of constructing buildings and other infrastructures.
Construction-Related Materials	Production and supply of construction related material such as asphalt product, quarry products, crusher products, ready-mix concrete and other construction material.
Property	Development of residential and commercial property for leasing, renting or sale in whole or part.
Automobile	Importing and distribution or sale of three branded motor vehicles, spare parts and operates of work shops.

4.1 Business segment

For the year ended 31 March 2023	Construction LKR	Construction–related material LKR	Property LKR	Automobile LKR	Adjustments & eliminations LKR	Group Total LKR
Revenue						
External customers	9,866,774,321	7,379,598,083	1,396,865,114	1,921,395,757	-	20,564,633,275
Inter-segment	1,735,078,160	851,178,053	102,642,014	9,585,728	(2,698,483,955)	-
Total revenue	11,601,852,481	8,230,776,136	1,499,507,128	1,930,981,485	(2,698,483,955)	20,564,633,275
Segment operating profit	2,993,361,025	2,409,826,797	4,336,075,134	134,187,878	(2,039,780,871)	7,833,669,963
Net finance income / (cost)	(2,318,821,728)	(1,408,008,899)	60,614,490	(210,699,484)	13,589,818	(3,863,325,804)
Share of results of equity-accounted investees, net of tax (Note 16.2)	-	-	-	-	406,927,909	406,927,909
Income tax expense	(359,415,931)	(117,356,360)	(1,485,725,089)	21,572,413	-	(1,940,924,967)
Segment profit	315,123,366	884,461,537	2,910,964,534	(54,939,193)	(1,619,263,144)	2,436,347,100
Capital expenditure	99,235,277	223,093,762	10,171,993,264	144,680,953	(182,212,264)	10,456,790,990
Depreciation and amortisation	776,033,852	280,706,394	56,227,581	128,326,148	16,702,578	1,257,996,553
As at 31 March 2023						
Segment assets	51,944,741,695	5,330,140,747	50,908,138,352	3,584,463,206	(31,826,172,712)	79,941,311,285
Segment liabilities	29,405,333,005	2,633,035,175	19,494,220,030	1,480,605,695	(5,043,871,960)	47,969,321,943

For the year ended 31 March 2022	Construction LKR	Construction–related material LKR	Property LKR	Automobile LKR	Adjustments & eliminations LKR	Group Total LKR
Revenue						
External customers	20,058,443,648	15,678,458,278	771,214,464	3,121,505,385	-	39,629,621,775
Inter-segment	276,359,962	1,974,780,226	69,844,645	72,425,237	(2,393,410,070)	-
Total revenue	20,334,803,610	17,653,238,504	841,059,109	3,193,930,622	(2,393,410,070)	39,629,621,775
Segment operating profit	1,979,222,705	2,147,721,119	985,065,093	106,919,861	(1,007,212,268)	4,211,716,510
Net finance income / (cost)	(574,091,467)	(393,030,013)	13,723,261	(96,898,273)	16,652,465	(1,033,644,027)
Share of results of equity-accounted investees, net of tax (Note 16.2)	-	-	-	-	1,435,066,924	1,435,066,924
Income tax expense	(186,517,947)	(228,642,225)	944,753,382	(12,519,426)	-	517,073,784
Segment profit	1,218,613,291	1,526,048,881	1,943,541,736	(2,497,838)	444,507,121	5,130,213,191
Capital expenditure	2,214,818,179	718,622,880	1,575,821,982	95,731,087	(11,990,407)	4,593,003,721
Depreciation and amortisation	751,339,942	233,984,866	50,846,808	135,170,876	14,502,578	1,185,845,070
As at 31 March 2022						
Segment assets	52,187,251,719	12,201,262,365	34,261,976,796	4,065,065,428	(20,868,672,669)	81,846,883,639
Segment liabilities	35,804,048,735	3,303,488,605	11,133,045,876	1,906,380,066	(947,414,249)	51,199,549,033

In addition to the segment results, income tax expense and net finance income/ (cost) have been allocated to other segments on a reasonable basis, for better presentation.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

Accounting policy

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

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Timing of transferring the goods and services to the customer is determined based on judgments taking into the consideration of the nature of the goods and services that offers to the customers.

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

Construction contracts

Revenue from construction related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of construction contract can not be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. By considering loss making contracts, a provision is immediately made in profit or loss for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price when the forecast costs are greater than the forecast revenue.

Sale of goods

The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts and rebates).

Rendering of services

Revenue from rendering of services is recognised in the Statement of Profit or Loss when each performance obligations are satisfied by transferring promised service to the customer.

Rental Income

Rental income arising from operating lease on investment properties is accounted for on a straight-line basis over the lease term and incurred in revenue in the Statement of Profit or Loss due to its operating nature.

Agency Services

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

5.1 Revenue

For the year ended 31 March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Roads and highways construction	1,477,688,734	3,375,697,913	1,477,688,734	3,375,697,913
Water and drainage construction	130,089,585	1,491,433,828	130,089,585	1,491,433,828
Bridge construction	1,334,513,403	3,201,704,916	1,334,513,403	3,201,704,916
Building and other construction	6,995,705,659	11,931,969,846	6,695,473,589	9,597,624,968
Design income	99,150,386	6,619,650	102,150,386	19,619,650
Sale of construction-related material	6,352,773,355	15,657,756,383	6,657,357,430	15,575,933,159
Hiring income	681,400,297	71,185,477	961,973,578	72,120,103
Fabrication income	175,050,985	533,913	197,123,545	2,402,628
Vehicle sales and after sales services	1,921,395,757	3,121,505,385	-	-
Rental income	1,396,865,114	771,214,464	-	-
	20,564,633,275	39,629,621,775	17,556,370,250	33,336,537,165

5.1.1 Timing of revenue recognition

For the year ended 31 March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Revenue recognised at a point in time	10,527,485,507	19,622,195,622	7,816,454,553	15,650,455,890
Revenue recognised over time	10,037,147,768	20,007,426,153	9,739,915,697	17,686,081,275
	20,564,633,275	39,629,621,775	17,556,370,250	33,336,537,165

5.2 Contract Balances

Contract assets

Contract assets are entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, when that right is conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

Contract liability

The contract liabilities are entity's obligation to transfer goods and services to a customer for which the entity has received consideration (or the amount is due) from the customer. The contract liabilities primarily relate to the advance consideration received from customers for goods or services provided, for which revenue is recognised over the time.

Detail of contract assets, contract liabilities and amount recognised during the year as revenue are disclosed in the Note 19.5 and Note 28.1 respectively.

6. OTHER INCOME

Accounting policy

Income earned in other sources, which are not directly related to the ordinary course of business are recognized as other income.

The following specific criteria are used for the purpose of recognising income.

Gain on disposal of property, plant and equipment

The gain on disposal of property, plant and equipment is determined as the difference between the carrying amount of the property, plant and equipment at the time of disposal and the proceeds from disposal net of expenses incurred in disposal.

Dividends

Dividends income is recognised when the Group's/ Company's right to receive the payment is established.

Rent Income

Rent income is accounted for on a straight-line basis over the lease term.

Foreign Exchange Gain

All monetary assets and liabilities in foreign currencies at the reporting date are translated in to Sri Lankan Rupee using the year end exchange rate. Difference arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

Restaurant and membership income

Restaurant and Membership income recognized on accrued basis

Sundry income

Sundry income includes the repair maintenance income,miscellaneous income and creditor write off on accrued basis.

Change in fair value of investment property

Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in Statement of profit or loss. Details of Investment properties are disclosed in the Note 13.1.

6.1 Other Income

For the year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Dividend income from investments in subsidiaries		-	-	1,657,237,732	983,565,499
Rent income		31,573,817	21,545,707	48,298,172	30,566,347
Gain on disposal of property, plant and equipment		75,649,931	77,779,076	31,343,908	55,911,022
Foreign exchange gain		1,118,234,174	525,057,793	1,002,946,531	339,889,908
Sundry income		113,101,892	468,995,236	32,499,429	27,091,749
Restaurant and membership income		12,698,720	23,164,230	-	-
		1,351,258,534	1,116,542,042	2,772,325,772	1,437,024,525

6.2 Change in fair value of investment property

For the year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Gain on fair value changes of investment property	13.1/13.2	3,466,984,624	3,157,849	169,091,350	-
		3,466,984,624	3,157,849	169,091,350	-

NOTES TO THE FINANCIAL STATEMENTS

7. NET FINANCE INCOME / (COST)

Accounting policy

Finance income

Finance income comprises of interest income on funds invested, staff loan, retention receivable, contract liability and dividend income, gains on the disposal of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Interest income is recorded using the Effective Interest Rate (EIR) method, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance costs

Finance costs comprise interest expense on borrowings, staff loan, retention receivable, contract liability and fair value losses on financial assets at fair value through profit or loss, are recognised in the Statement of Profit or Loss.

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

7.1 Net finance cost

For the year ended 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Finance income				
Interest income on fixed deposits	341,579,541	112,486,909	269,441,785	98,964,414
Interest income on repurchase agreements	59,611,246	254,670	59,025,584	254,670
Interest income on debenture	-	2,525,484	-	2,525,484
Other interest income	121,862,138	13,148,862	110,090,776	7,714,966
Reversal of interest income on related party loan	-	-	-	(1,309,732)
Interest Income on Promissory note	46,389,448	-	46,389,448	-
Interest Income on long outstanding debtors	-	11,963,098	-	-
Dividend income on financial assets at fair value through profit or loss	6,235,613	9,244,474	6,235,613	9,244,474
	575,677,986	149,623,497	491,183,206	117,394,276
Interest income on retention receivable	138,127,277	184,975,327	138,127,277	181,942,542
Interest income on staff loans	12,240,370	8,915,219	12,240,370	8,915,219
Interest income on contract liability	167,655,968	160,295,801	167,655,968	160,295,801
Total finance income	893,701,601	503,809,844	809,206,821	468,547,838
Finance cost				
Interest on finance leases	(49,966,258)	(27,146,684)	(16,167,380)	(185,734)
Interest on bank overdraft	(247,568,515)	(21,010,762)	(212,195,006)	(4,199,705)
Interest on debenture	(60,493)	(129,689)	(60,493)	(129,689)
Interest on bank loan	(3,706,615,225)	(1,009,123,201)	(3,428,030,809)	(937,387,579)
Interest on related party loan	(61,676,389)	-	(53,530,899)	-
Net change in fair value of financial assets at fair value through profit or loss	(265,298,814)	(82,581,652)	(265,298,814)	(82,581,652)
Promissory note discounting expense	(65,020,670)		(65,020,670)	
	(4,396,206,364)	(1,139,991,988)	(4,040,304,071)	(1,024,484,359)
Unwinding of prepaid retention receivable expenses	(138,127,277)	(184,975,327)	(138,127,277)	(181,942,542)
Unwinding of prepaid staff loan expenses	(12,240,370)	(8,915,219)	(12,240,370)	(8,915,219)
Unwinding of significant financing component	(210,453,395)	(203,571,337)	(210,453,394)	(203,571,337)
Total finance cost	(4,757,027,406)	(1,537,453,871)	(4,401,125,112)	(1,418,913,457)
Net finance cost	(3,863,325,805)	(1,033,644,027)	(3,591,918,291)	(950,365,619)

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8. PROFIT BEFORE TAX

Accounting policy

Expenditure recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. 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 the Statement of Profit or Loss.

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 enterprise's performance; hence such presentation method is adopted.

8.1 Profit before tax is stated after charging all expenses including following:

For the year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Auditors' remuneration - statutory audit & related services		12,861,938	12,472,356	3,957,000	3,412,000
Auditors' remuneration - non-audit services		763,005	1,656,857	700,000	1,310,333
Net change in fair value of financial assets at fair value through profit or loss		265,298,814	82,581,652	265,298,814	82,581,652
Write-off/ provision for / (reversal of) of trade receivables		151,542,636	312,347,755	136,276,910	187,207,661
Provision for / (reversal of) of related party receivables		-	-	5,081,375	-
Provision for / (reversal of) of retention receivables		36,862,872	(10,268,365)	4,251,065	41,366,505
Provision for/ (reversal of) write off of inventories		7,524,639	16,027,493	7,512,599	(8,071,743)
Donations		2,619,306	3,388,605	982,905	2,103,344
Staff expenses	8.1.1	2,541,314,317	4,084,034,876	1,841,480,795	3,389,984,023
CSR expense		1,810,683	20,088,697	906,146	18,012,771
Depreciation of property, plant and equipment	11.1/11.2	1,235,167,671	1,162,641,716	970,083,257	894,444,701
Amortisation and impairment of intangible assets	14.1	22,828,883	23,203,354	14,438,659	14,874,073
Amortisation of right-of-use-assets	12.1	109,219,719	47,185,993	9,882,334	2,114,289
Loss on asset write-off		46,238,186	867,424	518,880	867,424
8.1.1 Staff expenses					
Defined benefit plan costs - Gratuity	27.1	82,073,484	57,176,463	67,318,526	40,896,434
Defined contribution plan costs - EPF		137,003,624	173,495,116	91,827,220	126,712,445
Defined contribution plan costs - ETF		33,875,814	45,334,875	22,966,567	31,674,289
Directors' emoluments and fees	29.6	93,804,125	120,209,192	41,159,375	68,125,000
Staff cost		2,194,557,270	3,687,819,230	1,618,209,107	3,122,575,855
		2,541,314,317	4,084,034,876	1,841,480,795	3,389,984,023

As at 31 March	Group		Company	
	2023	2022	2023	2022
Number of employees	1,751	3,530	1,094	2,854

NOTES TO THE FINANCIAL STATEMENTS

9. INCOME TAX

Accounting policy

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in Other Comprehensive Income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes and therefore accounted for them under LKAS 37 - "Provisions , Contingent Liabilities and Contingent Assets".

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Current tax relating to items recognised directly in equity is recognised in equity and not in the statement of Profit or Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

IFRIC 23 -"Uncertainty over income tax treatments"

IFRIC 23 - 'Uncertainty over income tax treatments' provides guidance on determining taxable profits, tax bases, unused tax credits and tax rates when there is an uncertainty over the income tax treatment and Group adopted above interpretation from 01 April 2019.

No provision has been recognised to the financial year 2021/22 and 2022/23.

Deferred taxation

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in Subsidiaries, Associates and Joint Arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversal of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Significant judgments relating to deferred taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Transfer pricing

As prescribed in Inland Revenue Act No. 24 of 2017 and gazette notification on transfer pricing Group and Company have complied with the arm's length principles relating to transfer pricing.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Surcharge Tax

Surcharge Tax Act No. 14 of 2022 was enacted on 8th April 2022 and is applicable to the Group as the collective taxable income of companies belonging to the Group, calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeds Rs. 2,000 million, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries and deemed to be an expenditure in the financial statements in the year of assessment which commenced on 1 April 2020.

The Total Surcharge Tax liability amounted of LKR 597,977,967/- and LKR 596,918,504/- have been recognised for the Group and Company as an opening adjustment to the 1 April 2022 retained earnings in the statement of Changes in Equity as per the Addendum to the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

9.1 The major components of income tax expense for the years ended 31 March 2023 and 2022 are:

For the year ended 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Consolidated statement of profit or loss					
Current income tax:					
Current income tax charge	9.2	389,432,881	434,421,459	331,906,117	418,431,650
Adjustments in respect of current income tax of previous year		-	3,944,200	-	-
Deferred tax:					
Relating to origination and reversal of temporary differences		973,336,968	(955,439,443)	(40,714,221)	(10,397,242)
Impact on changes in tax rates		578,155,118	-	183,428,264	-
Income tax expense/(reversal) reported in the Statement of Profit or Loss		1,940,924,967	(517,073,784)	474,620,160	408,034,408
Consolidated statement of other comprehensive income					
Deferred tax related to items recognised in other comprehensive income during in the year:					
Net loss/ (gain) on actuarial gains and losses		17,591,137	17,623,445	14,009,395	15,686,481
Net loss/ (gain) on revaluation of land and building		23,689,303		(29,201,705)	
Impact on changes in tax rates		20,038,020	-	69,340,100	-
Deferred tax charged to Comprehensive Income	9.4	61,318,460	17,623,445	54,147,790	15,686,481

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9.2 Reconciliation between accounting profit and current tax expense

For the year ended 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Accounting profit before tax		4,377,272,067	4,613,139,407	1,919,092,994	2,987,936,292
Aggregate non-deductible expenses		2,923,405,468	2,548,288,662	2,396,723,116	1,943,239,476
Aggregate allowable items		(2,947,963,454)	(7,625,003,392)	(1,273,595,005)	(1,367,619,774)
Current year tax losses not utilized		28,336,533	4,593,362,015	-	-
Tax losses set-off against the current taxable income	9.2.1	(849,615,121)	(205,319,058)	-	-
Total statutory income		3,531,435,493	3,924,467,634	3,042,221,105	3,563,555,994
Exempted income		(1,696,783,492)	(1,020,012,356)	(1,696,783,492)	(988,237,153)
Taxable income		1,834,652,001	2,904,455,278	1,345,437,613	2,575,318,841
Taxable income at 2%		300,598,344	269,751,861	-	-
Taxable income at 14%		239,582,936	1,194,906,062	239,582,936	1,157,553,062
Taxable income at 18%		76,140,798	1,256,505,097	76,140,798	1,256,505,097
Taxable income at 24%		430,432,560	97,003,427	345,932,349	76,268,084
Taxable income at 30%		765,771,908	1,296,233	661,656,083	-
Dividend tax at 14%		18,024,375	84,992,598	18,024,375	84,992,598
Dividend tax at 15%		4,101,080		4,101,072	
		1,834,652,001	2,904,455,278	1,345,437,613	2,575,318,841
Tax @ 2%		6,011,967	5,395,037	-	-
Tax @ 14%		33,541,611	167,286,849	33,541,611	162,057,429
Tax @ 18%		13,705,344	226,170,917	13,705,344	226,170,917
Tax @ 24%		103,303,814	23,280,822	83,023,764	18,304,340
Tax @ 30%		229,731,572	388,870	198,496,825	-
Dividend tax @ 14%		2,523,413	11,898,964	2,523,412	11,898,964
Dividend tax @ 15%		615,160		615,161	
Current income tax charge		389,432,881	434,421,459	331,906,117	418,431,650

9.2.1 Tax loss reconciliation

As at 31st March	Group 2023 LKR	Group 2022 LKR
Tax losses brought forward	5,399,611,283	942,493,498
Adjustments to tax loss brought forward and tax losses arising during the year	87,783,079	4,662,436,843
Utilization of tax losses	(849,615,121)	(205,319,058)
Tax losses carried forward	4,637,779,241	5,399,611,283

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9.3 Current tax liabilities / (assets)

As at 31st March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year		(8,986,164)	257,228,390	41,977,711	325,232,040
Provision made during the year	9.2	389,432,881	434,421,459	331,906,117	418,431,650
Adjustments for the prior year		-	3,559,312	-	-
Payments made during the year		(181,482,843)	(709,747,436)	(152,322,890)	(701,685,979)
WHT recoverable		(937,943)	5,552,111	(516,595)	-
Balance at the end of the year		198,025,931	(8,986,164)	221,044,343	41,977,711
Made-up as follows					
Current tax assets		(52,426,627)	(53,920,346)	-	-
Current tax liabilities		250,452,558	44,934,182	221,044,343	41,977,711
		198,025,931	(8,986,164)	221,044,343	41,977,711

9.4 Deferred tax liabilities / (assets)

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	994,870,650	1,932,804,748	185,861,816	180,572,577
Expense for the year recognized in profit or loss	1,551,492,086	(955,439,443)	142,714,043	(10,397,242)
Expense for the year recognized in OCI	61,318,460	17,623,445	54,147,790	15,686,481
Expense for capitalized during year	(359,981)	-	-	-
Exchange difference on translation	-	(118,100)	-	-
Balance at the end of the year	2,607,321,215	994,870,650	382,723,649	185,861,816
Made-up as follows				
Deferred tax assets	(351,274,159)	(1,121,731,724)	-	-
Deferred tax liabilities	2,958,595,374	2,116,602,374	382,723,649	185,861,816
	2,607,321,215	994,870,650	382,723,649	185,861,816

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

As at 31st March	2023		2022	
	Temporary difference LKR	Tax effect on temporary difference LKR	Temporary difference LKR	Tax effect on temporary difference LKR
Group				
Accelerate depreciation for tax purpose	1,302,736,205	390,820,860	1,494,506,234	236,023,585
Revaluation of land and building to fair value	8,849,629,221	2,655,225,942	8,377,150,358	1,978,383,154
Revaluation of investment land to fair value	645,195,420	193,558,626	501,402,620	50,140,262
Leasehold land and buildings (right-of-use-assets)	153,877,089	46,163,127	65,388,929	3,193,343
Provision for impairment of trade & retention receivables	(637,236,870)	(191,171,061)	(449,338,912)	(66,847,909)
Provision for impairment of related party receivable	(5,081,375)	(1,524,413)	-	-
Provision for inventories	(33,242,290)	(9,972,684)	(47,447,813)	(11,387,475)
Defined benefit obligation	(260,979,068)	(78,630,898)	(318,966,013)	(48,894,803)
Lease liability	(116,625,386)	(34,987,616)	-	-
Unutilized tax losses	(1,205,769,309)	(361,730,793)	(4,773,914,616)	(1,145,739,507)
	8,692,503,638	2,607,751,090	4,848,780,787	994,870,650
Company				
Accelerate depreciation for tax purpose	1,038,943,808	311,683,142	1,144,691,080	160,256,751
Revaluation of land and building to fair value	223,990,314	67,197,094	321,329,332	44,986,107
Revaluation of investment land to fair value	614,599,500	184,379,850	470,806,700	47,080,670
Leasehold land and buildings (right-of-use-assets)	203,942,586	61,182,776	125,000,000	17,500,000
Lease liability	(106,724,323)	(32,017,297)	-	-
Provision for impairment of trade & retention receivables	(497,271,568)	(149,181,470)	(357,062,683)	(49,988,776)
Provision for impairment of related party receivable	(5,081,375)	(1,524,413)	-	-
Defined benefit obligation	(196,653,438)	(58,996,033)	(242,663,827)	(33,972,936)
	1,275,745,505	382,723,649	1,462,100,602	185,861,816

Impact on rate changes- Deferred tax

Deferred tax liability has been computed taking into consideration the tax rate of 14% applicable for the company as per the new Inland Revenue Act No. 24 of 2017 until September 30, 2022. Deferred tax is provided at 30% w.e.f 1 Oct 2022 as per the Inland Revenue (Amendment) Act No. 45 of 2022.In addition to company provided additional deffered tax provision amounting of LKR 252,768,364/= due to rate changes.

Unutilized tax losses

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available in the foreseeable future, against which such deductible temporary timing differences could be utilised. The deferred tax effect on undistributed reserves of subsidiaries has not been recognised where the parent can control the timing of the reversal of these temporary differences.

9.6 Applicable rates of income tax

Company

Corporate Income Tax of Company has been computed in accordance with the Inland Revenue Act No. 14 of 2017 and its amendments there to.

The Company has used the new tax rate introduced by the Inland Revenue (Amendment) Act No. 45 of 2022 certified on 19 December 2022, (with retrospective effect from 1 October 2022) for income and deferred taxation. Accordingly, income tax rates of, 14% for Construction income profits, 18% for Construction related material income profits, and 24% for construction services and other income profits have been used for the first six months (2022/23) and a standard rate of 30% has been used for profits of all segments for the second six months with effect from 1 October 2022. The Rate of 30% has been used for Deferred Tax. The resultant impact has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Subsidiaries

Access Realties (Private) Limited

As per the agreement entered in to with the Board of Investment (BOI) of Sri Lanka, under Section 17 of the BOI Act No. 04 of 1978, the Company is exempted from Income Tax for the period of seven (07) years from the year of assessment in which the enterprise commences to make profit in relation to the transaction in that year or any year of assessment not later than five (05) years reckoned from the date of its operations whichever year is earlier. Accordingly, the seven (07) years Income Tax exemption period has commenced on 1 April 2003.

In accordance with the agreement entered in to with the BOI of Sri Lanka the Company is liable for Income Tax at 2% on its revenue for next fifteen (15) years immediately following the Seven (07) years Tax exemption period. On that basis, the revenue arising from the business shall be taxed at 2% during the concessionary period covering 01 April 2010 to 31 March 2025.Other income of Company is taxable at 24% for the first six months (2022/23) and 30% applied for next six months with effect from 1 October 2022.

As per the provisions of new Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company has recognised Deferred Tax Liability on business assets (Land and Buildings) at 30% amounting to LKR 1,119,420,524/- as at 31 March 2023 because the management is under the impression that the assets will not be disposed prior to the expiration of BOI Tax exempted period.

Access Realties 2 (Private) Limited

As per the Agreement entered into with the Board of Investment of Sri Lanka under Sec. 17 (A) of Inland Revenue (Amendment) Act No. 08 of 2012, the Company shall qualify for a tax exemption period of twelve (12) years subject to the condition that over of LKR 2,500 Mn is made in the project within a period of three (03) years from the date of 04 April 2013.

Further insertion of New Section under 48 D of Inland Revenue (amendment) Act 09 to 2015, if the approval of Board of Investment was granted prior to 31 October 2014 and the Company which invested in such undertaking is unable to complete the required investment prior to 01 April 2015 and to commence commercial operations prior to 01 April 2016 due to practical reasons depending on the nature of the business, such period shall be extended up to 01 April 2018.

The aforesaid tax exemption period shall be reckoned from the year in which the enterprise commences to make profits or any Year of Assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever year is earlier as determined by Commissioner General of Inland Revenue.

Accordingly, the profit arising from the business is exempt from income tax for the period covering 01 April 2017 to 31 March 2029.

Other income of Company is taxable at 24% for the first six months (2022/23) and 30% applied for next six months with effect from 1 October 2022.

As per the provisions of new Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company has recognised Deferred Tax Liability on business assets (Building) at 30% amounting to LKR 1,409,074,294/- as at 31 March 2023, because the management is under the impression that the asset will not be disposed prior to the expiration of BOI tax exempted period.

ARL Elevate (Private) Limited

In accordance with the provision in the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company is liable for income tax at 24% for first six month (2022/23) and 30% for next six months with effect from 1 October 2022.

Deferred tax asset has not been recognized in the Financial Statements as at 31 March 2023 because the Board of Directors of ARL Elevate (Private) Limited is of the opinion that the deferred tax asset would not be crystalized in the foreseeable future.

Sathosa Motors PLC and its Subsidiary

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 24% for the first six months (2022/23) and 30% for the next six months with effect from 1 October 2022.Deferred tax rate is 30%.

Sathosa Motors PLC has recognized LKR 48 Mn as a deferred tax asset on the deductible temporary differences arising from tax losses, defined benefit obligations, obsolete stocks, debtor impairment and right of use assets.

Access Projects (Private) Limited

Under the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for income tax at the rate of 14% for the first six months (2022/23) and 30% for the next six months with effect from 1 October 2022. Deferred tax rate is 30%.

Access Projects (Private) Limited has recognised a LKR.3,584,073/- as a deferred tax asset on the deductible temporary differences as at 31 March 2023.

Harbour Village (Private) Limited

The Company has entered into an agreement with BOI for ten (10) years tax holiday period during the year ended 31 March 2017, and the provisions of the Inland Revenue Act No. 24 of 2017 relating to the imposition, payment and recovery of income tax in respect of the profits and income of the enterprise shall not apply to the profits and income of the enterprise for the year ended 31 March 2023.

For the above purpose the year of assessment shall be commencing from the year of assessment in which the enterprise commences to make a profit or any year of assessment not later than two years reckoned from the date of commencement of commercial operations or production whichever is earlier.

In accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company is liable for other income at a rate of 24% for first six months (2022/23) and 30% next six months with effect from 1 October 2022. Deferred tax rate is 30%.(2021/22-24%)

Deferred tax liability on Business Assets has been recognized as at reporting date because the management is under the impression that the asset will not be disposed prior to the expiration of BOI exemption period.

Starting with the capitalization under project WIP of Gratuity provision from the financial year 2021 it has become a permanent difference and therefore Gratuity balance as at 31 March 2023 is not considered for deffered tax computation.

The Company has made provisions on the Deferred Tax Liability for the revaluation of

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Business Asset (Land) and the temporary differences arising on employee benefits. Deferred tax asset amounting to LKR. 43,041,819/- (2021/22 - LKR. 44,326,898/-) has not been recognized for deductible temporary difference as the management is of the opinion that the reversal of taxable asset will not be crystalized in the BOI exemption period.

WUS Logistics (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax rate at 24% for first six month and 30 % for the next six months with effect from 1 October 2022 on its taxable profit. Deferred tax rate is 30%.(2021/22-24%)

The Company has recognised a LKR 785,422,588/- as a deferred tax expenses during 2022/23 period and It set off with brought forward tax loss. Cumulative deferred tax asset amounting of LKR 295,005,485/= as at 31 March 2023.

The Company entered in to an Agreement with the Board of Investment of Sri Lanka as per the section 17 of Board of Investment law number 4of 1978 . As per the Inland Revenue act number 24 of 2017 the Company shall qualify for a 100% enhance capital allowance and any unrelieved loss can be deducted when computing income from business for ten succeeding years.

Lanka AAC (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax rate at 18% for first six month (2022/23) and 30 % for the next six months with effect from 1 October 2022 on its taxable profit. Deferred tax rate is 30%. (2021/22-24%)

Access Logistics (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax rate at 24% for first six month (2022/23) and 30 % for the next six months with effect from 1 October 2022 on its taxable profit. Deferred tax rate is 30%. (2021/22-24%).

Access Logistics Park Ekala (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 24% for first six month (2022/23) and 30 % for the next six months with effect from 1 October 2022 on its taxable profit. Deferred tax rate is 30%. (2021/22-24%).

The Company entered in to an Agreement with the Board of Investment of Sri Lanka as per the section 17 of Board of Investment law number 4of 1978 . As per the Inland Revenue act number 24 of 2017 the Company shall qualify for a 100% enhance capital allowance and any unrelieved loss can be deducted when computing income from business for ten succeeding years.

AEL East Africa Limited

Companies incorporated and operating outside Sri Lanka are liable for income tax in accordance with the provisions of the foreign jurisdictions applicable to the respective companies. As per the relevant foreign jurisdiction the Company is liable for Income Tax at 30% on its taxable profit. Deferred tax rate is 30%.

10. EARNINGS PER SHARE

Accounting policy

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic earning per share calculation.

	Group		Company	
For the year ended 31 March	2023	2022	2023	2022
Profit attributable to ordinary equity holders of the parent (LKR)	2,481,965,080	5,110,445,938	1,444,472,834	2,579,901,884
Weighted average number of ordinary shares of the parent	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Basic earnings per share (LKR)	2.48	5.11	1.44	2.58

10.1 Diluted earnings per share

Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent (after adjusting outstanding share option scheme and warrants) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

There were no potentially dilutive ordinary share outstanding at any time during the year/ previous year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these Financial Statements.

11. PROPERTY PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purpose and are expected to be used during more than one period. The Group applies the requirements of LKAS 16 in accounting of property, plant and equipment.

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.

Items of property, plant and equipment including construction in progress are stated at cost/ revaluation less accumulated depreciation and accumulated impairment losses, if any.

Owned assets

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost. Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent cost. The cost of self-constructed assets includes the cost of materials, direct labor, and any other costs directly attributable to bringing the asset to the working condition for its intended use. This also includes the cost of dismantling and removing the items and restoring in the site on which they are located and borrowing costs on qualifying assets.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

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

When significant part of property, plant and equipment are required to be replaces at intervals, the Group derecognised the replaced part and recognises the new part with its own associated useful life and depreciation. Likewise when a major inspection is performed, its cost is recognised in the carrying amount of plant and equipment as a replacement if the recognistion criteria are satisfied, All other repair and maintenance costs are recognised in the profit or loss as incurred.

Leased assets

Leases of property, plant and equipment that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

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 Group and its cost can be measured reliably. The costs of day to day repair and maintenance are recognised in the Statement of Profit or Loss as incurred.

The carrying value of property plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognized. Gains are not classified as revenue.

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 or when there is a substantial difference between the fair value and the carrying amount, to ensure that the fair value does not differ materially from its carrying amount.

A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

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
Freehold building	5 - 50 years
Leasehold building	8-20 years
Plant and machinery	3 - 15 years
Motor vehicles	4 - 10 years
Leasehold Motor vehicles	5 years
Office equipment	3 - 12 years
Furniture & fittings	3 - 13 years
Tools	3 - 8 years
Other construction equipment	5 years

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to extent that an amount is included in the revaluation surplus for that property, the loss is recognized in OCI and reduces the revaluation surplus within the equity.

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Reconciliation of beginning and ending balances by classes of assets

11.1 Group

	Freehold				
	Land	Building	Plant and machinery	Motor vehicles	Office equipment
	LKR	LKR	LKR	LKR	LKR
Cost or Valuation					
Balance at 01 April 2021	1,438,047,290	756,075,378	5,758,700,091	1,344,545,913	628,699,408
Additions	-	30,784,904	1,254,976,390	363,001,465	126,144,568
Transfers	(837,404,080)	(42,426,049)	2,500,000	-	-
Disposals/derecognition	(11,000,000)	-	(39,448,342)	(69,136,556)	(6,441,481)
Exchange difference on translation	-	-	-	1,429,275	300,253
Balance at 31 March 2022	589,643,210	744,434,233	6,976,728,139	1,639,840,097	748,702,748
Additions	-	19,309,018	238,488,531	11,800,000	63,829,400
Disposals/derecognitions and adjustments	-	-	(134,205,078)	(31,418,428)	(25,990,208)
Revaluation	197,750,000	39,941,252	-	-	-
Transfers (from revaluation adjustment)	-	(57,224,770)	-	-	-
Balance at 31 March 2023	**787,393,210**	**746,459,733**	**7,081,011,592**	**1,620,221,669**	**786,541,940**
Accumulated Depreciation and Impairment Losses					
Balance at 01 April 2021	-	121,334,459	3,942,873,786	707,141,348	486,736,802
Depreciation charge for the year	-	45,862,885	583,835,902	186,840,562	82,440,964
Transfers	-	(2,987,978)	166,500	-	-
Disposals/derecognition	-	-	(33,189,040)	(22,098,527)	(6,015,075)
Exchange difference on translation	-	-	-	476,425	200,170
Balance at 31 March 2022	-	164,209,366	4,493,687,148	872,359,808	563,362,861
Depreciation charge for the year	-	48,453,833	549,981,820	191,996,691	97,837,093
Disposals/derecognitions and adjustments	-	-	(129,449,163)	(31,418,427)	(24,120,474)
Transfers (from revaluation adjustment)	-	(57,224,770)	-	-	-
Balance at 31 March 2023	-	155,438,429	4,914,219,805	1,032,938,072	637,079,480
Carrying value					
At 31 March 2023	**787,393,210**	**591,021,304**	**2,166,791,788**	**587,283,597**	**149,462,460**
At 31 March 2022	589,643,210	580,224,867	2,483,040,991	767,480,289	185,339,887

Group property, plant and equipment with a cost of LKR. 5,243 Mn (2022 - LKR. 4,231 Mn) have been fully-depreciated and continue to be in use by the Group.

There were no capitalized borrowing costs related to the acquisition of property, plant and equipment during the year 2022/23 (2021/22-Nil).

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

Capital work in progress

Capital work in progress includes, construction cost incurred for the construction of factory building of Lanka AAC (Private) Limited and under construction of workshop building of Access Motors (Private) Limited

Furniture and fittings	Tools	Other construction equipment	Leasehold Building	Leasehold Motor Vehicles	Capital work-in-progress	Total
LKR	LKR	LKR	LKR	LKR	LKR	LKR
476,911,362	930,199,088	513,770,312	837,642,168	4,000,000	1,267,752	12,689,858,762
42,412,127	268,906,001	463,159,506	1,830,339	-	9,518,366	2,560,733,666
-	1,234,990	(3,734,990)	-	-	-	(879,830,129)
(1,948,752)	(17,401,755)	(145,451,151)	(5,478,426)	-	-	(296,306,463)
309,221	-	-	-	-	-	2,038,749
517,683,958	1,182,938,324	827,743,677	833,994,081	4,000,000	10,786,118	14,076,494,585
12,316,161	35,865,891	-	9,877,226	-	103,870,405	495,356,632
(16,280,302)	(17,219,947)	(48,266,970)	(183,569,235)	-	-	(456,950,168)
-	-	-	-	-	-	237,691,252
-	-	-	-	-	-	(57,224,770)
513,719,817	1,201,584,268	779,476,707	660,302,072	4,000,000	114,656,523	14,295,367,531
283,392,485	796,275,277	405,337,933	238,048,667	933,336	-	6,982,074,094
56,271,623	91,079,583	68,787,682	46,722,515	800,000	-	1,162,641,716
-	119,492	(285,992)	-	-	-	(2,987,978)
(1,759,904)	(16,879,220)	(145,451,145)	-	-	-	(225,392,911)
180,380	-	-	-	-	-	856,975
338,084,584	870,595,132	328,388,478	284,771,182	1,733,336	-	7,917,191,896
58,160,650	127,757,283	119,258,391	40,921,906	800,004	-	1,235,167,671
(12,817,724)	(16,518,858)	(48,266,970)	(106,923,693)	-	-	(369,515,309)
-	-	-	-	-	-	(57,224,770)
383,427,510	981,833,557	399,379,899	218,769,395	2,533,340	-	8,725,619,488
130,292,307	219,750,711	380,096,808	441,532,677	1,466,660	114,656,523	5,569,748,043
179,599,374	312,343,192	499,355,199	549,222,899	2,266,664	10,786,118	6,159,302,689

Property, plant and equipment pledged as security

Property pledged as securities against loans and borrowings are described in note 26.3

Impairment

The Management has assessed the potential impairment loss of property, plant and equipment as at 31 March 2023. Based on the assessment, the Group does not foresee any indications of impairment as at the reporting date due to the economic uncertainties, and functions under the business continuity plan as per the Group's risk management strategy.

There were no restrictions existed on the title of the assets of the Group as at the reporting date.

There are no temporarily idle assets as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

11.2 Company

	Freehold				
	Land	Building	Plant and machinery	Motor vehicles	Office equipment
	LKR	LKR	LKR	LKR	LKR
Cost or Valuation					
Balance at 01 April 2021	236,000,000	94,912,243	5,030,978,204	1,089,899,958	437,791,945
Additions	-	-	1,154,084,280	349,236,759	100,589,539
Disposals / Derecognition	-	-	(17,948,766)	(5,450,000)	(5,849,068)
Balance at 31 March 2022	236,000,000	94,912,243	6,167,113,718	1,433,686,717	532,532,416
Additions	-	-	210,599,482	-	21,904,832
Disposals / Derecognition	-	-	(61,236,385)	(201,100)	(23,776,015)
Revaluation	58,000,000	21,019,133	-	-	-
Transfers (from revaluation adjustment)		(21,019,133)	-	-	-
Balance at 31 March 2023	**294,000,000**	**94,912,243**	**6,316,476,815**	**1,433,485,617**	**530,661,233**
Accumulated Depreciation and Impairment Losses					
Balance at 01st April 2021	-	11,120,065	3,650,368,472	575,069,648	341,217,342
Depreciation charge for the year	-	11,089,765	496,679,659	155,958,687	63,631,515
Disposals / derecognition	-	-	(12,762,422)	(5,449,998)	(5,807,763)
Balance at 31 March 2022	-	22,209,830	4,134,285,709	725,578,337	399,041,094
Depreciation charge for the year	-	11,089,765	466,502,616	166,389,094	72,752,488
Disposals / derecognition	-	-	(61,197,257)	(201,099)	(22,620,672)
Transfers (from revaluation adjustment)	-	(21,019,133)	-	-	-
Balance at 31 March 2023	**-**	**12,280,462**	**4,539,591,068**	**891,766,332**	**449,172,910**
Carrying value					
At 31 March 2023	**294,000,000**	**82,631,781**	**1,776,885,747**	**541,719,285**	**81,488,323**
At 31 March 2022	236,000,000	72,702,413	2,032,828,009	708,108,380	133,491,322

Company property, plant and equipment with a cost of LKR. 4,711 Mn (2022- LKR. 3,715 Mn) have been fully-depreciated and continue to be in use by the Company.

Property, plant and equipment pledged as security

As at reporting date property, plant and equipment have not been pledged by the Company as securities against facilities obtained from banks.

Furniture and fittings LKR	Tools LKR	Other construction equipment LKR	Total LKR
156,851,751	828,895,398	510,035,322	8,385,364,821
25,481,927	266,086,027	459,451,753	2,354,930,285
(725,124)	(17,105,360)	(145,451,151)	(192,529,469)
181,608,554	1,077,876,065	824,035,924	10,547,765,637
6,320,876	30,076,610	-	268,901,800
(11,549,422)	(16,845,949)	(48,266,970)	(161,875,841)
-	-	-	79,019,133
-	-	-	(21,019,133)
176,380,008	1,091,106,726	775,768,954	10,712,791,596
134,660,528	747,644,157	405,051,941	5,865,132,153
16,284,088	82,429,643	68,371,344	894,444,701
(725,098)	(16,775,482)	(145,451,145)	(186,971,908)
150,219,518	813,298,318	327,972,140	6,572,604,946
17,934,749	117,392,072	118,022,473	970,083,257
(9,358,631)	(16,314,753)	(48,266,970)	(157,959,382)
-	-	-	(21,019,133)
158,795,636	914,375,637	397,727,643	7,363,709,688
17,584,372	176,731,089	378,041,311	3,349,081,908
31,389,036	264,577,747	496,063,784	3,975,160,691

NOTES TO THE FINANCIAL STATEMENTS

11.3 Revaluation of Land and Building

Company

The freehold land and buildings of the Company were revalued as at 31 March 2023 by Mr. 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.

Subsidiaries

The freehold land and buildings of Access Projects (Private) Limited were revalued as at 31 March 2023 by Mr. K.T.D. Tissera - F. I. V (Sri Lanka), F. R. I. C. S. (Eng.) an independent professional valuer on a depreciated replacement cost basis for buildings and market value basis for land as at the date of revaluation.

Details of Group's land and building stated at valuation are indicated below;

Location	Extent	Building square feet	Number of buildings	Valuation technique	Significant unobservable input			
					Estimated price per perch LKR	Estimated price per square feet LKR	Fair value LKR Mn.	Correlation to fair value
Access Engineering PLC								
Land depicted at No.236/1, Low Level Road, Jalthara, Ranala.	3 R and 38.4 P	9,070	1	Open market value basis	500,000	750-1500	90	Positive
Land depicted at No 278, Alubogahalanda, Jalthara, Ranala.	3 A 2 R and 39.42 P	36,572	1	Open market value basis	200,000 - 250,000	1000 - 1750	202	Positive
Land depicted at Weliwita, Kaduwela.	2 A	-	-	Open market value basis	200,000	-	64	Positive
Land depicted at Divigalahena, Pananwela, Hakmana	10 A	-	-	Open market value basis	62,500	-	10	Positive
Access Projects (Private) Limited								
Land depicted at No: 278, Kekulanvila road, Jalthara, Ranala.	2 A 1 R and 38.38 P	50,748	1	Depreciated replacement cost basis for buildings and open market value basis for land	125,000 - 225,000	600 - 3000	215	Positive
Land depicted at No. 281, Kekulanvila road, Jalthara, Ranala.	20 P	1,506	1	Open market value basis	250,000	1500 - 3000	8.3	Positive
Land depicted at No. 301/1/C, Jalthara, Ranala.	3 R 26 P	2,508	1	Open market value basis	60,000	2,500	15	Positive

Summary description of valuation methodologies

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as business.

Depreciated replacement cost Method

Depreciated replacement cost method uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

The carrying amount of revalued land and buildings if they were carried at cost less depreciation and impairment, would be as follows;

As at 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Cost	289,402,923	289,402,923	110,461,118	110,461,118
Accumulated depreciation and impairment	(69,591,086)	(63,381,083)	(26,199,654)	(22,155,490)
Net carrying amount	219,811,837	226,021,840	84,261,464	88,305,628

12. RIGHT OF USE ASSETS AND LEASES

Accounting policy

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

	Years
Building	3 -10
Land	30

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts recognised in the statement of financial position and profit or loss

Set out below are the carrying amounts and the movements of the Group's right of use assets and Lease liabilities for the year ended 31 March 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

12.1 Right-of-use-assets

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	2,841,371,492	286,270,639	126,857,338	-
Additions	122,944,881	2,555,100,853	89,081,871	126,857,338
Disposal of prepaid lease rental	(116,659,261)	-	-	-
Balance at the end of the year	2,847,657,112	2,841,371,492	215,939,209	126,857,338
Accumulated depreciation				
Balance at the beginning of the year	104,625,425	57,439,432	2,114,289	-
Amortisation expense	109,219,719	47,185,993	9,882,334	2,114,289
Amortisation of disposal of prepaid lease rental	(40,830,741)	-	-	-
Balance at the end of the year	173,014,403	104,625,425	11,996,623	2,114,289
Carrying value				
As at 31 March	2,674,642,709	2,736,746,067	203,942,586	124,743,049

12.1.1 Right of use assets - Prepayment

Right of use assets- prepayment represents the amount of expenditure recognised during the year for construction of car park and commercial building of the company in a lease land of UDA for 30 years period. The construction of car park has been completed and operated from July 2023.

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	444,264,831	444,264,831	444,264,831	444,264,831
Additions	792,819,801	-	792,819,801	-
Balance at the end of the year	1,237,084,632	444,264,831	1,237,084,632	444,264,831

Reclassification note

The Construction cost of car park and commercial building recognized under PPE in the 2021/22 period and reclassified the construction cost of car park and commercial building under the right of use asset-prepayment during the financial year (2022/23).

As at 31st March	Previous year balance (2022)	Adjustment	Re Adjusted balance (2023)
Property, Plant and Equipment	4,419,425,521	(444,264,831)	3,975,160,690
Right of use assets - Prepayment	-	444,264,831	444,264,831

12.2 Lease liabilities

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	262,661,779	143,917,902	1,846,047	-
Additions during the year	122,944,882	2,419,981,603	89,081,871	1,857,338
Adjustment/ Cancellation and Termination	(100,802,032)	-	5,952,723	-
Interest expense	34,757,618	27,536,743	10,127,682	185,734
Payments made during the year	(55,849,073)	(2,328,774,464)	(284,000)	(197,025)
Balance at the end of the Year	263,713,174	262,661,779	106,724,323	1,846,047
Interest in Suspense	(172,544)	(390,058)	-	-
Balance at the end of the Year	263,540,630	262,271,721	106,724,323	1,846,047
Payable within one year	41,325,560	134,932,777	6,662,782	17,903
Payable after one year	222,215,070	127,338,944	100,061,541	1,828,144
Balance at the end of the Year	263,540,630	262,271,721	106,724,323	1,846,047

12.3 Maturity analysis - contractual undiscounted cash flows

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Within the next 12 months	81,351,339	116,986,851	7,923,152	197,025
Between 1 and 2 years	86,268,680	124,213,896	11,742,728	197,025
Between 2 and 3 years	87,787,440	111,306,262	11,742,728	197,025
Between 3 and 4 years	70,967,335	70,434,297	11,742,728	197,025
Between 4 and 5 years	43,632,716	35,927,914	11,742,728	197,025
Beyond 5 years	331,532,967	96,843,476	273,902,320	4,925,625
	701,540,477	555,712,696	328,796,384	5,910,750

12.4 Amounts recognised in profit or loss on SLFRS 16 - Leases

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
2022/23 Lease under SLFRS 16				
Amortisation of right-of-use assets	109,219,719	47,185,993	9,882,334	2,114,289
Interest expense on lease liabilities	34,585,075	27,146,685	10,127,682	185,734

NOTES TO THE FINANCIAL STATEMENTS

12.5 Amounts recognized in cash flows for 2022/23 on SLFRS - Leases

As at 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Payment of lease liabilities	(55,849,073)	(2,328,774,464)	(284,000)	(197,025)

There were no right of use assets pledge by the Group and Company as security for facilities obtained from the Banks.

13 INVESTMENT PROPERTIES

Accounting policy

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, used in the production of supply of goods or services or for administrative purposes.

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties under construction is measured at cost until either its fair value becomes reliably measurable or construction is completed (which ever is earlier).

De-recognition

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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.

13.1 Quantitative and qualitative disclosures of the investment properties

As at 31st March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Balance at the beginning of the Year		17,831,487,464	10,573,071,663	1,026,408,650	614,207,200
Additions/ Acquisitions		9,271,597	439,867,128		412,201,450
Transfer from property, plant and equipment		-	876,842,151	-	-
Transfer from investment properties- Work-in-progress	13.3	-	5,938,548,673	-	-
Gain on fair value changes		3,466,984,624	3,157,849	169,091,350	-
Balance at the end of the Year		21,307,743,685	17,831,487,464	1,195,500,000	1,026,408,650
Rental income derived from investment properties		994,372,853	841,312,249	16,778,454	15,253,140
Direct operating expenses (including repair and maintenance) generating rental income		165,563,984	150,835,697	-	-

13.2 Location, Extent and Valuation of Investment Properties

Fair value of the Property was ascertained by independent valuation carried out by Mr. 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 31 March 2023.

Description of valuation techniques used and key inputs to valuation of investment properties;

Location	Extent	Method of valuation	Freehold Building Square Feet	Significant unobservable inputs: Estimated price per perch LKR	Significant unobservable inputs: Estimated price per square feet	No of Buildings	Fair value LKR Mn.	Fair Value Gain LKR Mn	Correlation to Fair Value
Access Engineering PLC									
Land depicted at No 117, Dehiwala Road, Boralasgamuwa.	2 R and 35.5 P	Open market value method	12,784	3,500,000	Rs.8,000	1	465	135	Positive
Land depicted at No.267, Dehiwala Road, Maharagama.	3 R and 1 P	Open market value method	-	2,500,000	-	-	300	34	Positive
Land depicted at Dickowita, Hendala.	2 A 3 R and 10.18 P	Open market value method	-	40,000	-	-	18	-	Positive
Land depicted at Heeralugedara, Kotadeniyawa	50A 1 R and 8.7 P	Open market value method	-	51,250	-	-	412	-	Positive
Access Realties (Private) Limited									
Land depicted at Nos. 264/5, 266, 268, 278 and 278/4 Dr. Colvin R De Silva Mawatha (Union Place) and No 116 and 118 Dawson street, Colombo 2	1 A 25.65 P	Open market value method	216,718	9,000,000 - 10,000,000	Rs.4,000 - Rs.10,000	1	4,056	-	Positive
Access Realties 2 (Private) Limited									
30 Stories Buildings at No 116, 118, 264/5 and 278/4 Dawson street, Colombo 2	-	Open market value method	404,554	-	Rs.16,500	1	6,993	-	Positive
Sathosa Motors PLC		Open market value method							
Land depicted at No. 86, Vauxhall Street, Colombo 02									
	2 R 3.07 P		4,063	10,500,000	Rs. 3000	1	880	-	Positive
Access Logistics (Private) Limited									
Kimbulapitiya South, Kimbulapitiya, Negombo	1 A 3 R 31.3 P	Open market value method	-	-	-	-	90	-	Positive
WUS Logistics (Private) Limited									
No.540, Maligagodella Watta, Kimbulapitiya	41 A 2 R 27.45 P	Open market value method	625,293	250,000 - 450,000	Rs. 4,500 - Rs 15,000	1	9,275	3,433	Positive
Land depicted at Bogahawatta, Welamullawattha	3 R 16.25 P	Open market value method	-	95,500	-	-	13	-	Positive

Summary description of valuation methodologies

Investment method

The investment method is used to value properties which are let to produce an income for the investor. Conventionally, investment value is a product of rent and yield. Each of these elements is derived using comparison techniques.

Open market value method

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as a business.

NOTES TO THE FINANCIAL STATEMENTS

13.3 Investment properties - Work-in-progress

As at 31 March	Group	
	2023 LKR	2022 LKR
Balance at the beginning of the year	1,768,828,208	6,605,111,595
Additions	9,952,162,762	1,102,265,286
Transfer to Investment Properties	-	(5,938,548,673)
Balance at the end of the year	11,720,990,970	1,768,828,208

Investment properties work-in-progress consists the Proposed Warehouse Construction (02 Nos) at Export Greenfield warehousing Complex 02, Ekala and development at No.250, Srimath Ramanathan Mawatha, Kotahena, Colombo 15 by Harbour Village (Private) Limited.

Since the above mentioned investment properties are under construction, the Group is unable to determine fair value reliably. Therefore as recommended in LKAS 40 paragraph 53, it has been measured at cost.

14. INTANGIBLE ASSETS AND GOODWILL

Accounting policy

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be measured reliably.

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation of intangible assets with a finite life is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows:

Asset category	Amortisation period (Years)
Enterprise resource planning system	5 - 10 years
Other software	3 - 10 years

Impairment of goodwill

Based on impairment assessment, the following goodwill were impaired during the year 2022/ 2023;

For the year ended 31st March,	2023 LKR	2022 LKR
Access Project (Private) Limited	656,616,126	-
	656,616,126	-

For the purpose of impairment testing , goodwill acquired from business combinations have been allocated to Cash Generating Units (CGU) that is expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated have been tested for impairment annually, and whenever there is an indication that the unit may be impaired by comparing the carrying amount of the unit including the goodwill, with the recoverable amount of the unit. If the carrying amount of the unit exceeds the recoverable amount of the unit and the goodwill allocated to that unit has been regarded as impaired. The impairment loss has been allocated to reduce the carrying amount of any goodwill allocated to the CGU and then to other assets of the unit.

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

Business growth – Based on the long term average growth rate for each business unit where applicable. The weighted average growth rate used is consistent with the industry growth rates.

Inflation – Based on current inflation rate.

Discount rate – Risk free rate adjusted for the specific risk relating to the industry.

Margin – Based on past performance and budgeted expectations.

Derecognition of intangible assets

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit or Loss.

14.1 Reconciliation of beginning and ending balances by classes of assets

	Note	Group			Company	
		Software LKR	Goodwill LKR	Total LKR	Software LKR	Total LKR
Cost / Revaluation						
At 1 April 2021		156,301,457	1,182,012,008	1,338,313,465	98,024,496	98,024,496
Additions		45,872,811	-	45,872,811	43,993,336	43,993,336
At 31 March 2022		202,174,268	1,182,012,008	1,384,186,276	142,017,832	142,017,832
Additions		-	-	-	-	-
At 31 March 2023		**202,174,268**	**1,182,012,008**	**1,384,186,276**	**142,017,832**	**142,017,832**
Accumulated amortisation and impairment losses						
At 1 April 2021		103,208,129	-	103,208,129	69,116,945	69,116,945
Amortisation		23,203,354	-	23,203,354	14,874,073	14,874,073
At 31 March 2022		126,411,483	-	126,411,483	83,991,018	83,991,018
Amortisation		22,828,883	-	22,828,883	14,438,659	14,438,659
Impairment of Goodwill			656,616,126	656,616,126		
At 31 March 2023		**149,240,366**	**656,616,126**	**805,856,492**	**98,429,677**	**98,429,677**
Carrying value						
At 31 March 2023		**52,933,902**	**525,395,882**	**578,329,784**	**43,588,155**	**43,588,155**
At 31 March 2022		75,762,785	1,182,012,008	1,257,774,793	58,026,814	58,026,814

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

Intangible assets with a cost of LKR 19 Mn (2022 - LKR. 19 Mn) and LKR 10 Mn (2022 - LKR. 10 Mn) have been fully amortised and continue to be in use by the Group and Company respectively.

There were no intangible assets pledge by the Group and Company as security for facilities obtained from the banks (2022 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES

Accounting policy

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in Profit or Loss. Following initial recognition, Investment in subsidiaries are carried at cost less any accumulated impairment losses. 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 recognised to the extent of its net assets loss.

15.1 Total carrying amount

	Note	2023 LKR	2022 LKR
Investment in subsidiaries - quoted (note 15.2)		1,196,572,767	1,196,572,767
Investment in subsidiaries - unquoted (note 15.3)		25,576,351,046	20,229,518,848
		26,772,923,813	21,426,091,615

15.2 Quoted Investments

		Company					
		2023			2022		
	Country of incorporation	Number of shares	Effective holding %	LKR	Number of shares	Effective holding %	LKR
Sathosa Motors PLC	Sri Lanka	5,093,745	84.42	1,196,572,767	5,093,745	84.42	1,196,572,767
Market value of quoted investment				762,788,314			942,342,825

15.3 Unquoted Investments

		Company					
		2023			2022		
	Country of incorporation	Number of shares	Effective holding %	LKR	Number of shares	Effective holding %	LKR
Access Realties (Private) Limited	Sri Lanka	199,922,532	100	7,996,901,280	199,922,532	100	7,996,901,280
Access Projects (Private) Limited	Sri Lanka	16,000,000	80	1,000,000,000	16,000,000	80	1,000,000,000
Harbour Village (Private) Limited	Sri Lanka	191,748,574	66.67	3,099,158,510	191,748,574	66.67	3,099,158,510
WUS Logistics (Private) Limited	Sri Lanka	557,443,261	100	5,574,432,610	557,443,261	100	5,574,432,610
Access Logistics (Private) Limited	Sri Lanka	12,296,416	100	122,964,160	3,955,581	100	39,555,810
Lanka AAC (Private) Limited	Sri Lanka	13,100,832	50	131,008,320	13,100,832	50	131,008,320
Access Logistics Park Ekala (Private) Limited	Sri Lanka	826,064,530	100	8,260,728,400	238,820,676	100	2,388,206,760
AEL East Africa Limited	Kenya	1,000	100	255,558	1,000	100	255,558
				26,185,448,838			20,229,518,848
Less :Provision for impairment in value of Investment in subsidiaries				(609,097,792)			-
Carrying value of unquoted Investments				25,576,351,046			20,229,518,848

Accounting estimate - provision for impairment

An impairment assessment was carried out as at 31 March 2023 and it was concluded that amount of LKR 608,842,234/= and LKR 255,558/= impaired of Access Projects (Private) Limited and AEL East Africa Limited respectively, other unquoted investments net realisable value exceed its carrying value.

16. EQUITY-ACCOUNTED INVESTEES

Accounting policy

The Group's interests in equity-accounted investees comprise interest in associate and joint Venture.

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

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 considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. 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 or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise 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 OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Statement of Changes in Equity. Unrealised 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 noncontrolling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is 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 equity accounted investees' in the statement of profit or loss. Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises 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 profit or loss.

Investments in equity accounted investees are carried at cost less any accumulated impairment losses.

16.1 Carrying amount of interest in equity-accounted investees

	Number of shares	Effective holding %	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Investment in joint venture						
Blue Star Realties (Private) Limited *	60,150,000	60	726,116,546	2,071,285,760	600,000,000	1,200,000,000
Investment in an associate						
ZPMC Lanka Company (Private) Limited	5,546,544	30	245,395,423	173,869,223	55,465,410	55,465,410
			971,511,970	2,245,154,983	655,465,410	1,255,465,410

* The Group investment in Blue Star Realties (Private) Limited consists of voting shares of 80,300,000 and non voting shares 40,000,000. The Group has an economic interest of 60% in Blue Star Realties (Private) Limited as at 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS

16.1.1 Reconciliation of carrying amount of interest in equity-accounted investees

As at 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
At the beginning of the year	2,245,154,983	1,290,088,059	1,255,465,410	1,255,465,410
Add/ (Less) - Group's share of results of equity-accounted investees, net of tax	406,927,909	1,435,066,924	-	-
Divestment in join venture	(600,000,000)	-	(600,000,000)	-
Dividends received from joint venture	(1,079,461,612)	(480,000,000)	-	-
Carrying amount of interest in equity accounted investees	971,511,970	2,245,154,983	655,465,410	1,255,465,410

16.2 Group's share of total comprehensive income

For the year ended 31st March	2023 LKR	2022 LKR
Group's share of profit		
Joint venture	334,292,401	1,424,152,148
Associate	72,635,508	10,914,776
	406,927,909	1,435,066,924

16.3 Investment in joint venture

The Group has invested 50% interest and further 10% interest (non voting share capital) in Blue Star Realties (Private) Limited in the year of 2016 and 2020 respectively. The Group has an economic interest of 60% in Blue Star Realties (Private) Limited as at 31 March 2023.The Board of Directors of Blue Star Realties (Private) Limited has decided to reduce stated capital of the company in terms of section 59(1) of the companies Act No 07 of 2007.During the year 2022/23, AEPLC received a sum of LKR 600,000,000/= on capital reduction. Cumulative value of the investment is LKR. 600,000,000/= as at 31 March 2023. The joint venture involves in the business of residential property development. There is no changes of shareholding percentage due to capital reduction.

The Group's interest in joint ventures are accounted for using the equity method in the Consolidated Financial Statements.

Summarised financial information of the joint ventures, based on its Audited Financial Statements, and reconciliation with the carrying amount of the investment in the Consolidated Financial Statements are set out below:

	2023 LKR	2022 LKR
Non-current assets	5,531,428	8,811,189
Current assets	1,585,213,477	3,926,255,617
Non-current liabilities	(164,023,410)	(219,092,869)
Current liabilities	(294,972,662)	(340,156,989)
Net assets (100%)	1,131,748,833	3,375,816,948
Group's share of net assets -60%	680,320,954	2,025,490,168
Goodwill	45,795,592	45,795,592
Carrying amount of interest in joint venture	726,116,546	2,071,285,760
Revenue	2,137,016,791	9,718,464,179
Total comprehensive income (100%)	557,431,885	2,373,586,914
Group's share of total comprehensive income - 60%	334,292,401	1,424,152,148
Dividends received by the Group	1,079,461,612	480,000,000

The joint venture had no material contingent liabilities or capital commitments as at 31 March 2022 or as at 31 March 2023.

16.4 Investment in an associate

The Group has a 30% interest in ZPMC Lanka Company (Private) Limited, which has entered in to 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 Group's interest in ZPMC Lanka Company (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements.

Summarised financial information of the associate, based on its SLFRS financial statements, and reconciliation with the carrying amount of the investment in the Consolidated Financial Statements are set out below:

	2023 LKR	2022 LKR
Non-current assets	34,260,782	12,812,524
Current assets	1,332,571,977	938,388,287
Non-current liabilities	(19,737,518)	(9,362,540)
Current liabilities	(530,394,516)	(363,183,953)
Net assets (100%)	816,700,725	578,654,318
Group's share of net assets (30%)	245,395,424	173,869,223
Carrying amount of interest in associate	245,395,424	173,869,223
Revenue	1,544,495,560	883,912,346
Total Comprehensive Income	241,738,297	36,325,475
Group's share of total comprehensive income (30%)	72,635,508	10,914,776

There were no dividends received from the associate during 2022/23 (2021/22 - Nil).

The associate had no material contingent liabilities or capital commitments as at 31 March 2022 or as at 31 March 2023.

17. NON-CURRENT FINANCIAL ASSETS

Accounting policy

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long term for strategic purposes.

As at 31st March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Non-listed equity investment				
Access CHEC JV (Private) Limited	510,000	510,000	510,000	510,000
	510,000	510,000	510,000	510,000

No Strategic investments were disposed of during 2022/23 , and there were no transfers of any cumulative gain or loss within equity relating to these investments

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES

Accounting policy

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

The cost of inventories are based on a weighted average costs.

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, excluding borrowing cost. Borrowing cost for inventories that are qualifying assets are capitalised as part of cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

Remaining work in progress are stated at cost.

The work in progress balance include the work of Marina Square project apartments at actual cost.

Goods in transit

Goods-in-transit are recognised at actual cost as at reporting date.

18.1 Inventories

As at 31st March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Inventories		3,735,351,184	4,605,262,215	2,634,408,324	3,650,295,824
Work in Progress		12,187,486,326	9,947,729,690	221,817,364	234,955,726
Goods In Transit		78,649,080	118,344,819	-	-
Provision for inventories	18.1.1	(56,234,825)	(51,485,051)	(11,442,701)	(3,930,103)
		15,945,251,765	14,619,851,673	2,844,782,987	3,881,321,447

18.1.1 Movement in provision for inventories

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	51,485,051	46,556,794	3,930,103	12,001,846
Provision for/ (Reversal of) inventory provision	4,749,774	4,928,257	7,512,598	(8,071,743)
Balance at the end of the year	56,234,825	51,485,051	11,442,701	3,930,103

There were no inventories pledge by the Group and Company as security for facilities obtained from the banks (2023 - Nil).

19. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less any provision for impairment.

Provision for impairment of trade receivables

The Group applies the simplified approach in measuring expected credit losses (ECL) allowance which is recommended by SLFRS 9 on making impairment of trade receivables.

ECL are probability- weighted estimate of credit losses. It is not resulted in a material change in loss allowance compared with previous policy. The allowance is provided by considering evidence of impairment for receivables of both individual and collective level. Receivables are individually assessed for impairment by considering objective evidence such as experiencing a significant financial difficulty or default in payment by customer. Debtors that are not specifically impaired are then collectively assessed for any impairment. In assessing collective impairment, the Group uses historical information on the probability of default, the timing of recoveries, the amount of loss incurred and makes an adjustment if current and forward looking economic and credit conditions are likely to be greater or lesser than suggested historical trends.

19.1 Trade and other receivables

As at 31st March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Trade receivables	19.2	9,288,542,651	21,866,473,460	7,657,330,128	19,438,660,181
Other receivables	19.3	479,417,930	389,737,167	229,417,647	117,054,346
Advance and prepayments	19.4	3,015,989,134	2,863,546,746	1,299,389,864	2,257,738,143
Contract assets	19.5	28,938,306	40,870,713	28,938,305	40,870,713
		12,812,888,021	25,160,628,086	9,215,075,944	21,854,323,383

19.2 Trade receivables

As at 31st March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Trade Receivables		9,830,158,344	22,257,054,064	8,102,484,867	19,747,857,100
Less: Provision for impairment of trade receivables	19.2.1	(541,615,693)	(390,580,604)	(445,154,739)	(309,196,919)
		9,288,542,651	21,866,473,460	7,657,330,128	19,438,660,181

NOTES TO THE FINANCIAL STATEMENTS

19.2.1 Movement in Provision for impairment of trade receivables

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	390,580,604	293,237,243	309,196,919	141,859,625
Net provision for impairment of trade receivables	151,035,089	97,343,361	135,957,820	167,337,294
Balance at the end of the year	541,615,693	390,580,604	445,154,739	309,196,919

19.3 Other receivables

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Other tax receivables	171,404,163	176,852,990	4,786,158	21,041,281
Others	308,013,767	212,884,177	224,631,489	96,013,065
	479,417,930	389,737,167	229,417,647	117,054,346

19.4 Advances and prepayments

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Deposits and prepayments	126,838,465	152,075,625	57,486,030	93,265,283
Advances	2,775,009,580	2,589,493,439	1,157,526,122	2,067,109,168
Refundable deposit	114,141,089	121,977,682	84,377,712	97,363,692
	3,015,989,134	2,863,546,746	1,299,389,864	2,257,738,143

19.5 Contract assets

As at 31st March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	40,870,713	70,191,361	40,870,713	70,191,361
Adjustments for the year	(4,952,071)	29,307,887	(4,952,071)	29,307,887
Amount recognised at cost	(6,980,336)	(58,628,535)	(6,980,336)	(58,628,535)
Balance at the end of the year	28,938,306	40,870,713	28,938,305	40,870,713

20. OTHER CURRENT FINANCIAL ASSETS

Accounting policy

This mainly comprise of retention receivable, staff loans and current portion of investment in debentures which have been designated as financial assets at amortised cost and measured at amortised cost using EIR method and are subject to impairment.

As at 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Retention receivable	20.1	2,244,443,291	2,734,385,189	2,049,881,734	2,591,792,853
Staff loans		130,324,340	128,960,571	120,071,558	110,162,452
Prepaid retention receivable expenses		810,844,182	679,234,703	703,252,557	592,207,564
Prepaid staff loan expenses		34,587,971	14,843,146	34,587,971	14,843,146
Total other current financial assets		3,220,199,784	3,557,423,609	2,907,793,820	3,309,006,015

20.1 Retention receivable

As at 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Retention receivable		2,340,064,468	2,793,143,494	2,101,998,563	2,639,658,617
Less: Provision for impairment of retention receivables	20.1.1	(95,621,177)	(58,758,305)	(52,116,829)	(47,865,764)
		2,244,443,291	2,734,385,189	2,049,881,734	2,591,792,853

20.1.1 Movement in Provision for impairment of retention receivable

As at 31 March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the year	58,758,305	69,026,670	47,865,764	6,499,259
Net provision for / (reversal of) impairment of retention receivables	36,862,872	(10,268,365)	4,251,065	41,366,505
Balance at the end of the year	95,621,177	58,758,305	52,116,829	47,865,764

NOTES TO THE FINANCIAL STATEMENTS

21. SHORT TERM INVESTMENTS

Accounting policy

Investment in equity securities have been designated as financial assets at fair value through profit or loss. Loss on fair value changes of the investments have been charged to the profit or loss.

As at 31st March	2023		2022	
	Number of shares	Market Value LKR	Number of shares	Market Value LKR
Group / Company				
Quoted investments				
Browns Investments PLC	-	-	25,500,000	191,250,000
Chemanex PLC	-	-	72,023	5,387,320
Expolanka Holdings PLC	-	-	388,000	80,607,000
Lanka Orix Leasing Company PLC	-	-	393,698	235,234,555
Lanka Tiles PLC	-	-	52,708	3,146,668
Bairaha Farms PLC	24,000	3,480,000	138,185	20,900,464
Peoples Leasing & Finance PLC	45,234	357,349	45,234	366,395
People's Merchant Finance PLC	100	520	100	540
C.W.Mackie PLC	84,030	6,882,057	-	-
C I C Holdings PLC(Non voting)	75,852	3,754,674	-	-
Ex-Pack Corrugated	1,650,000	24,090,000	-	-
First Capital Holdings PLC	206,500	6,566,700	-	-
LOLC Holdings PLC	10,609	3,978,375	-	-
Lankem Ceylon PLC	252,500	19,114,250	-	-
Lankem Developments PLC	1,487,121	37,178,007	-	-
Lanka IOC PLC	125,000	21,437,500	-	-
Maskeliya Plantations PLC	200,000	7,300,000	-	-
The Fortress Resorts PLC	716,824	15,770,128	-	-
Watawala Plantations PLC	15,000	1,117,500	-	-
Total	4,892,770	151,027,060	26,589,948	536,892,942

22. SHORT TERM DEPOSITS

Accounting policy

Investments in fixed deposits have been designated as financial assets at amortised cost and measured at amortised cost using EIR method and are subject to impairment.

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Fixed deposits	2,569,299,538	2,136,020,085	1,693,917,249	1,691,482,324
	2,569,299,538	2,136,020,085	1,693,917,249	1,691,482,324

The Group and Company have invested in Fixed deposits in Bank of Ceylon and People's Bank.

23. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are defined as cash at bank, 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.

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Cash at bank	679,071,840	1,763,439,998	129,422,998	869,879,240
Cash in hand	17,072,194	38,720,465	8,066,719	28,513,460
Investment in short term call deposit	-	405,846,575	-	-
Cash and cash equivalents in the Statement of Financial Position	696,144,034	2,208,007,038	137,489,717	898,392,700
Bank overdraft	(1,761,142,207)	(130,864,408)	(1,553,000,662)	-
Cash and cash equivalents for the purpose of Statement of Cash Flows	(1,064,998,173)	2,077,142,630	(1,415,510,945)	898,392,700

The credit risk relating to the Group and Company bank balances are analysed according to the credit ratings of each bank. (Note 37.3.2)

Group

Access Projects (Private) Limited

The bank overdraft from Commercial Bank and Seylan Bank are secured by the corporate guarantee issued by Access Engineering PLC (parent Company) for LKR. 250 Mn and secured over debts and inventory of Access Projects (Private) Limited for LKR. 1,000 Mn respectively.

24. STATED CAPITAL AND OTHER COMPONENTS OF EQUITY

Accounting policy

The ordinary shares of Access Engineering PLC are quoted in the Colombo Stock Exchange. 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.

24.1 Stated capital

	2023		2022	
	Number of shares	Value of shares LKR	Number of shares	Value of shares LKR
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

NOTES TO THE FINANCIAL STATEMENTS

24.2 Other Components of Equity

Other components of equity mainly comprise of revaluation reserve and foreign currency translation reserve.

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
At the beginning of the year	576,619,466	580,150,342	250,274,113	250,274,113
Revaluation reserve	237,691,252	-	79,019,133	-
Foreign currency translation reserve	1,275,688	(3,530,876)	-	-
At the end of the Year	815,586,406	576,619,466	329,293,246	250,274,113

24.2.1 Revaluation reserve

The revaluation reserve consist of the amounts by which the revaluation of property, plant and equipment, and revaluation of investment properties immediately before reclassified from property, plant and equipment. There were no restrictions on distribution of these balances to the shareholders.

24.2.2 Foreign currency translation reserve

The foreign currency translation reserve represents the differences between translated values of assets and liabilities of foreign operations at the exchange rate as at reporting date.

24.3 Dividends

The following dividends were declared and paid by the Company for the year.

As at 31 March	Company	
	2023 LKR	2022 LKR
Dividends on ordinary shares:		
Second Interim dividend (2020/21)		500,000,000
First Interim dividend (2021/22)		250,000,000
Final dividend* (2021/22)	750,000,000	
Total dividends	750,000,000	750,000,000
Dividend per share	0.75	0.75

* Dividend paid out of previous year's profit (2021/22).

Final dividend of LKR 750Mn for the financial year 2021/22 has been declared on 17 May 2022 and paid on 13 June 2022.

25. GOVERNMENT GRANT

Accounting policy

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

As at 31 March	Group	
	2023 LKR	2022 LKR
Balance at the beginning of the Year	5,045,931	5,265,318
Amortisation	(219,387)	(219,387)
Balance at the end of the Year	4,826,544	5,045,931

The above represents a Government grant received by Sathosa Motors PLC, for the construction of work shop at Peliyagoda and is amortised over a period of fifty (50) years. There are no unfilled conditions or contingencies attached to these grants.

26. LOANS AND BORROWINGS

Accounting policy

Loans and borrowings are initially recognised at fair value net of directly attributable transaction costs. Subsequently they are measured at amortized cost. Any difference between the proceeds (net of transaction cost) and the repayable amount (including interest) is recognised in profit or loss over the period of the loan using the effective interest rate method.

As at 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Current portion of loans and borrowings					
Debentures	26.1	561,857	41,857	561,857	41,857
Term loan	26.2	3,451,616,554	4,199,875,411	2,546,686,549	3,121,998,248
		3,452,178,411	4,199,917,268	2,547,248,406	3,122,040,105
Non current portion of loans and borrowings					
Debentures	26.1	-	540,000	-	540,000
Term loan	26.2	12,786,649,626	18,846,416,594	12,692,992,379	18,639,880,000
		12,786,649,626	18,846,956,594	12,692,992,379	18,640,420,000

NOTES TO THE FINANCIAL STATEMENTS

26.1 Debentures

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

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Balance at the beginning of the year	560,000	1,590,000	560,000	1,590,000
Repayments during the year	(20,000)	(1,030,000)	(20,000)	(1,030,000)
Balance at the end of the year	540,000	560,000	540,000	560,000
Interest payable	21,857	21,857	21,857	21,857
Carrying value as at the end of the year	561,857	581,857	561,857	581,857
Debenture payable within one year	561,857	41,857	561,857	41,857
Debenture payable after one year	-	540,000	-	540,000
	561,857	581,857	561,857	581,857

Details regarding the listed debentures are as follows.

Instrument type	Type 01	Type 02	Type 03	Type 04
Issue Date	18-Nov-2015	18-Nov-2015	18-Nov-2015	18-Nov-2015
Maturity Date	18-Nov-2020	18-Nov-2021	18-Nov-2022	18-Nov-2023
Interest Frequency	Semi-Annually	Semi-Annually	Semi-Annually	Semi-Annually
Coupon rate %	10.25	10.45	10.72	10.95
Effective Annual Yield %	10.51	10.72	11.01	11.25
IROCGS* as at reporting date %	26.76	25.05	24.85	24.65
Market Values				
Highest Rs.	Matured and fully paid			Not traded
Lowest Rs.				Not traded
Last traded Rs.				Not traded
Last traded date				Not traded
Other ratios as at date of last trade				
Interest yield (%)	Matured and fully paid			N/A
Yield to maturity (%)				N/A

* Interest rate of comparable Government Securities

The total amount raised through the Debenture issued in November 2015 was LKR 5 Bn. Type 01 of the debenture issue, amounting to LKR 4.998 Bn, Type 02 of the debenture issue, amounting to LKR 1 Mn and Type 03 of the debenture issue, amounting to LKR 0.02 Mn matured and fully paid in November 2020,November 2021 and November 2022 respectively. The outstanding capital as of date is LKR. 540,000.

Debt security related ratios

For the year ended / as at 31 March	Company 2023	Company 2022
Debt to equity ratio (%)	62	89
Quick assets ratio (times)	1.09	1.64
Interest cover (times)	1.49	3.96

Utilization of funds raised via debenture issue is as follows.

Objective	Construction of Access Tower II at Union Place, Colombo 02	Urban Regeneration Project - Design and Construction of 941 Housing Units at Henamulla, Colombo 15
Amount allocated from proceeds in LKR (Mn) (A)	2,586	2,414
Amount utilized in LKR (Mn) (B)	2,586	2,414
% Utilization against allocation (B/A)	100%	100%

26.2 Term loan

As at 31 March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Balance at the beginning of the Year	23,046,292,005	8,961,539,620	21,761,878,248	8,058,004,976
Obtained during the year	14,991,946,368	42,173,992,817	13,501,923,826	32,863,360,000
Repayment during the year	(21,799,972,193)	(28,089,240,432)	(20,024,123,146)	(19,159,486,728)
Balance at the end of the Year	16,238,266,180	23,046,292,005	15,239,678,928	21,761,878,248
Loan payable within one year	3,451,616,554	4,199,875,411	2,546,686,549	3,121,998,248
Loan payable after one year	12,786,649,626	18,846,416,594	12,692,992,379	18,639,880,000
	16,238,266,180	23,046,292,005	15,239,678,928	21,761,878,248

NOTES TO THE FINANCIAL STATEMENTS

26.3 Analysis of loans and borrowings

Company Name	Lending institution	Nature of the facility	Interest rate and security	Maturity	Currency	Loan value LKR Mn.	2023 LKR Mn.	2022 LKR Mn.
Company								
Access Engineering PLC	Seylan Bank Limited	Short term loans	Weekly re-price - Unsecured	12 Months	LKR	875	-	878.85
		Long term loans	Monthly Re- Price - Unsecured	48 Months	LKR	3,500	3,107.77	2,634.66
	National Development Bank	Short term loans	Monthly Re- Price - Unsecured	12 Months	LKR	350	-	-
		Long term loans	Fixed rate -Unsecured	48 Months	LKR	1,000	466.45	1,000
			Monthly Re- Price - Unsecured	60 Months	LKR	500	-	-
	Commercial Bank of Ceylon PLC	Short term loans	Monthly Re- Price- Unsecured	12 Months	LKR	1,600	72.43	1,604.85
		Long term loans	Fixed rate - Unsecured	48 Months	LKR	7,900	7,122.36	7,166.38
	Bank of Ceylon	Short term loans	Monthly Re- Price	12 Months	LKR	450	1,309.10	450.07
		Long term loans	Fixed rate	36 Months	LKR	4,880	183.82	3,998.91
			Fixed rate	18 Months	USD	1,469	-	1,471.14
	Hatton National Bank PLC	Short term loans	Weekly AWPLR	12 Months	LKR	275	4.55	276.38
		Long term loans		48 Months	LKR	1,700	1,812.61	1,704.34
	Nations Trust Bank	Short term loans	AWPLR +.25%	12 Months	LKR	500	405.85	500.80
	Sampath Bank	Short term loans	Monthly AWPLR	12 Months	LKR	1,075	501.36	75.44
	Cargills Bank	Short term loans	Monthly AWPLR	12 Months	LKR	500	253.37	
Group								
Access Projects (Private) Limited	Commercial Bank of Ceylon PLC	Bank loan	AWPLR plus margin Unsecured	60 Months		200	170.07	183.35
		Bank loan	AWPLR plus margin - Unsecured	3 Months		401.7	49.80	154.75
		Bank loan	Fixed rate - Unsecured	36 Months		12	2.33	5.99
Sathosa Motors PLC	Sampath Bank PLC	Revolving short term loans	Market rate over AWPLR - Unsecured	03 Months		34	10	-
	Commercial Bank of Ceylon PLC	Revolving short term loans	Market rate over AWPLR	03 Month		680	680	737.00
		Term Loan		60 Month		100.00	75	60.00
		Import loan	Market rate over AWPLR	01 Month		33.95	-	24.95
		Import loan	Market rate over AWPLR	03 Month		97.22	-	97.22
Lanka AAC (Private) Limited	Sampath Bank PLC	Long term loans	Fixed Rate - Unsecured	60 Months		72	11.24	18.75
		Short term loans	Fixed Rate - Unsecured	12 Months		5.28	-	0.28
		Long term loans	Fixed Rate - Unsecured	24 Months		13.71	0.16	2

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27. EMPLOYEE BENEFIT LIABILITIES

Accounting policy

Short-term employee benefits

Short term employee benefits are expected as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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

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 Projected Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits'. Remeasurements, comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. The Group recognises the changes in the defined benefit liability attributable to the service costs (current service costs and any past service costs) and interest expense in the profit or loss. Key assumptions used in determining the defined benefit obligation are given in note 27.2.

Defined benefit plan liability has not been externally funded by the Company as well as subsidiaries of the Group.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefits that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gain or losses on the settlement of a defined plan when the settlement occurs.

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

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit liability.

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Balance at the beginning of the year	323,511,702	426,161,112	242,663,826	333,700,516
Current service cost	33,219,839	57,406,239	29,705,633	46,431,546
Interest cost	48,853,645	38,176,192	37,612,893	29,031,945
Past service cost	-	(38,405,968)	-	(34,567,057)
Actuarial losses / (gain)	(58,637,124)	(125,237,627)	(46,697,984)	(112,046,294)
	346,948,062	358,099,948	263,284,368	262,550,656
Less: Payments made during the year	(85,968,994)	(34,588,246)	(66,630,930)	(19,886,830)
Balance at the end of the year	260,979,068	323,511,702	196,653,438	242,663,826

NOTES TO THE FINANCIAL STATEMENTS

27.1 Expense recognised in Statement of Profit or Loss and Other Comprehensive Income

As at 31 March	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Current service cost		33,219,839	57,406,239	29,705,633	46,431,546
Interest cost		48,853,645	38,176,192	37,612,893	29,031,945
Past service cost		-	(38,405,968)	-	(34,567,057)
Expense Recognised in Statement of Profit or Loss	27.1.1	82,073,484	57,176,463	67,318,526	40,896,434
Actuarial losses recognised in other comprehensive income		(58,637,124)	(125,237,627)	(46,697,984)	(112,046,294)
Total provision for the year		23,436,360	(68,061,164)	20,620,542	(71,149,860)

The actuarial present value of the Group's and Company's promised retirement benefits as at 31st March 2023 amounted to LKR 260,979,068/= and 196,653,438/= respectively.

27.1.1 Expenses recognised in Statement of Profit or Loss

As at 31 March	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Cost of sales	45,067,228	32,291,834	48,335,561	27,806,192
Administrative expenses	37,006,256	24,884,629	18,982,965	13,090,242
	82,073,484	57,176,463	67,318,526	40,896,434

27.2 Key assumptions and quantitative sensitivity analysis

The cost of the defined benefit plan are determined using actuarial valuations and it involves making various assumptions. These include the determination of the discount rate, future salary increases, attrition rate and retirement age (mortality in service). Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The key assumptions and their sensitivity analyses are discussed further below.

27.3 Company

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31 March 2023 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:

	2023	2022
Discount rate (%)	17.5	15.5
Expected annual average salary increment rate (%)	9.00	9.00
Attrition rate (%)	5	3
Retirement age (years)	60	60

The Company has considered the impact on the defined benefit obligations due to changes in economic factors as a result of the prevailing macroeconomic conditions, with support of the independent actuarial expert.

Discount rate

The Company have used a long term interest rate of 17.5% p.a (2021/22-15.5% p.a) to discount future liabilities. As per the guidelines issued by the Institute of Chartered Accountants of Sri Lanka, the discount rates have been adjusted to convert the coupon bearing yield to a zerocoupon yield to match the characteristics of the gratuity payment liability and the resulting yield to maturity for the purpose of valuing Employee benefit obligations as per LKAS 19 'Employee Benefits'.

Expected annual average salary increment rate

Based on the actual salary increment rate of the Company over the past few years and having evaluated the business continuity plan, adjustments have not been made to expected annual average salary increment rate, to value future liabilities.

Attrition rate

Based on the actual staff turnover of the Company over the past few years, Company has used staff turnover factor of 5% p.a to value future liabilities.

27.4 Group

a. Sathosa Motors PLC

An actuarial valuation of the provision for employee benefits was carried out as at 31 March 2023 by Actuarial & Management Consultants (Private) Limited. The valuation method used by the Actuaries to value the Employee Benefit Obligation is the "Projected Unit Credit Method". The method recommended by the LKAS 19- 'Employee Benefits'.

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 employee benefits obligation were:

	2023	2022
Discount rate (%)	17% - 20%	13% - 16%
Expected annual average salary increment rate (%)	8% - 12%	5% - 10%
Attrition rate (%)	12% - 46%	3%-00%
Retirement age (years)	60	60

27.5 Sensitivity of assumptions used

A quantitative sensitivity analysis for significant assumptions as at 31 March is, as shown below:

	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Effect on the defined benefit obligation liability;				
Increase by one percentage point in discount rate	18,141,636	(21,723,957)	(10,563,082)	(17,783,169)
Decrease by one percentage point in discount rate	46,198,004	24,543,978	11,768,062	20,388,435
Increase by one percentage point in salary increment rate	46,229,273	25,670,617	12,618,956	21,484,936
Decrease by one percentage point in salary increment rate	17,313,045	(22,955,089)	(11,440,035)	(18,932,231)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses 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.

27.6 Future expected contributions to the defined benefit plans

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

	Company	
	2023 LKR	2022 LKR
Within the next 12 months (next annual reporting period)	23,963,487	26,076,596
Between 1 and 2 years	19,676,229	14,324,798
Between 3 and 5 years	72,523,771	59,736,128
Between 6 and 10 years	195,810,387	196,289,177
Total expected payments	311,973,874	296,426,699
Weighted average duration of the projected benefit obligation (years)	10	10

NOTES TO THE FINANCIAL STATEMENTS

28. TRADE AND OTHER PAYABLES

Accounting policy

Trade payables are the aggregate amount of obligation to suppliers for goods delivered to or services consumed by the Group in the ordinary course of business. Trade payables are classified as current liabilities if they are payable within one year or less.

Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables are normally none interest bearing liabilities.

As at 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Trade creditors		6,916,658,335	9,044,960,393	6,227,734,533	8,415,686,787
Other tax payable		16,208,049	15,608,979	-	-
Accrued expenses		3,641,339,832	2,631,622,294	908,010,217	1,084,432,788
Mobilization advance		4,018,822,706	4,283,522,513	3,012,758,061	3,035,183,716
Advances received		9,743,537,310	7,462,395,047	1,175,174,466	624,012,222
Retention payable		924,825,707	985,497,302	474,603,501	634,913,253
Security deposit		521,211,540	466,392,125	-	-
Contract liability	28.1	313,211,395	271,710,514	313,211,395	271,710,514
		26,095,814,875	25,161,709,167	12,111,492,173	14,065,939,280

28.1 Contract liability

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Balance at the beginning of the year	271,710,514	194,443,803	271,710,514	194,443,803
During the year addition	167,655,968	139,071,496	167,655,968	139,071,496
Recognised in profit or loss during the year	(126,155,087)	(61,804,785)	(126,155,087)	(61,804,785)
Balance at the end of the year	313,211,395	271,710,514	313,211,395	271,710,514

29. RELATED PARTY DISCLOSURE

Accounting policy

The Company carried out transactions in the ordinary course of its business with parties who are defined as related parties as per Sri Lanka Accounting Standard LKAS 24 on Related Party Disclosures.

29.1 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on 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. For the year ended 31 March 2023.

Disclosure as per the requirement of Colombo Stock Exchange listing rule sec 9.3.2 and Code of Best Practices on Related Party Transactions, under the Security Exchange Commission Directives issues under Section 13 (C) of the Security Exchange Commission Act is on page no 164 - Related Party Transaction Review Committee Report.

The following tables provide the amount receivable from/to and summary of the transactions entered with related parties for the relevant financial years.

29.2. Amounts due from related parties

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Access International (Private) Limited	6,997,029	3,778,364	2,324,747	2,984,220
Access Civimech (Private) Limited	-	1,432	-	-
Access International Projects (Private) Limited	3,941,857	4,474,123	-	486,000
Access Industrial Systems (Private) Limited	13,180	-	13,180	-
ATSL International (Private)Limited	34,268	-	34,268	-
Sathosa Motors PLC	-	-	45,836,875	63,244,060
Harbour Village (Private) Limited	-	-	344,418,378	1,034,104
Access Motors (Private) Limited	-	-	7,790,127	-
Access Projects (Private) Limited	-	-	621,969	4,173,348
Access Transport & Services (Pvt) Ltd	2,619,512	-	-	-
Access Real Estate (Private) Limited	190,199	24,873	-	-
ZPMC Lanka (Private) Limited	103,778	60,309	-	17,052
Access Realties II (Private) Limited	-	-	-	265
Access Realties (Private) Limited	-	-	242,784	187,572
Access Residencies Pvt Ltd	44,203	-	-	-
Reprographics (Pvt) Ltd	13,180	-	13,180	-
WUS Logistics (Private) Limited	-	-	168,187,916	168,227,916
Lanka A A C (Private) Limited	-	-	15,427,279	13,769,712
Access Logistics (Private) Limited	-	-	27,128,819	1,693,420
Access Logistics Park Ekala (Private) Limited	-	-	3,467,457,413	90,048,696
AEL East Africa Limited	-	-	5,081,375	5,081,375
Foresight Engineering (Pvt) Ltd	3,558,734	-	-	-
Access-CHEC JV (Pvt) Limited	64,722,563	-	64,722,563	-
	82,238,504	8,339,101	4,149,300,873	350,947,740
Less -Provision for Impairment of Receivables	-	-	(5,081,375)	-
	82,238,504	8,339,101	4,144,219,498	350,947,740

NOTES TO THE FINANCIAL STATEMENTS

29.3 Amounts due to related parties

As at 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Access International (Private) Limited	59,694,368	12,972,059	49,959,219	9,376,869
Access Natural Water (Private) Limited	517,351	773,399	262,032	581,447
Access International Projects (Private) Limited	5,138,399	10,003,966	1,702,936	6,568,503
Reprographics (Private) Limited	516,323	396,274	488,608	334,029
Access Motors (Private) Limited	-	-	2,179,189	2,169,578
Access Projects (Private) Limited	-	-	780,230	168,984
Sathosa Motors PLC	-	-	786,555	23,287,203
Access Realties (Private) Limited	-	-	46,224,222	-
Access Realties II (Private) Limited	-	-	344,614	-
Access Industrial Systems (Private) Limited	4,867,224	910,815	3,776,821	570
Access Lifestyle (Private) Limited	-	38,783	-	-
W U S Logistics (Pvt) Ltd	-	-	97,233,381	97,233,381
Lanka A A C (Private) Limited	-	-	4,642,647	4,952,001
Access Logisitics Park Ekala (Private) Limited	-	-	20,453,540	-
AEL East Africa Limited	-	-	255,558	255,558
Access-CHEC JV (Private) Limited	-	46,370,383	-	46,370,383
	70,733,664	71,465,679	229,089,551	191,298,506

29.4 Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties.

For the year ended 31 March	Group		Company	
	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Subsidiaries				
Sales of goods / rendering of services	-	-	2,737,904,987	293,933,312
Purchases of goods / receiving of services	-	-	(321,360,758)	(199,990,621)
Dividend received	-	-	577,776,117	503,804,781
Investment in shares	-	-	(5,955,929,990)	(3,743,420,408)
Advance to share capital	-	-	(973,042,160)	-
Equity accounted investees				
Sales of goods / rendering of services	-	8,178,514	-	-
Investment in shares	-	-	-	-
Interest paid	(53,530,899)	-	(53,530,899)	
Dividend received	1,079,461,615	479,760,718	1,079,461,615	479,760,718
Other related party companies				
Sales of goods / rendering of services	243,400,090	33,491,637	217,531,793	7,447,321
Purchases of goods / receiving of services	(202,305,909)	(236,794,629)	(76,557,646)	(191,607,222)
Investment in shares	-	(510,000)	-	(510,000)

NOTES TO THE FINANCIAL STATEMENTS

29.5 Key management personnel of Access Engineering PLC hold positions in other Companies. Such companies the Group had transactions with are identified below.

Company Name	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	Shamal J.S. Perera
Subsidiaries								
Access Realties (Private) Limited	√	√	√	√	√	√	√	
Access Realties 2 (Private) Limited	√	√	√		√	√	√	
A R L Elevate (Private) Limited	√	√		√	√	√	√	
Sathosa Motors PLC	√	√			√		√	
Access Motors (Private) limited	√						√	
Access Projects (Private) Limited	√				√			
Harbour Village (Private) Limited	√	√			√		√	
WUS Logistics (Private) Limited	√	√			√			
Lanka A A C (Private) Limited	√	√			√			
Access Logistics (Private) Limited	√	√			√			
Access Logistics Park Ekala (Private) Limited	√	√			√			
AEL East Africa Limited	√	√			√	√		
Associate								
ZPMC Lanka Company (Private) limited		√					√	
Joint Venture								
Blue Star Realties (Private) Limited	√							
Other Related Party Companies								
Access International (Private) Limited	√	√	√	√	√	√	√	√
Access Natural Water (Private) Limited	√	√	√	√				
Access Civimech (Private) Limited	√			√				√
Access Industrial Systems (Private) Limited	√			√				√
Access International Projects (Private) Limited	√			√				√
C.R.D.S. Development (Private) Limited		√			√	√	√	
Reprographics (Private) Limited	√			√				√
ATSL International (Private)Limited	√			√				√
Access-CHEC JV (Private) Limited		√			√			

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29.6 Transactions, arrangements and agreements involving key management personal (KMP) and their close family members (CFM)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly Board of Directors (including Executive and Non -Executive Directors) have been classified as key Management Personnel of the Group.

Close Family Members (CFM) of the KMP are those family members who may be expected to influence, or be influenced by, that KMPs in their dealing with the entity. They may include;

(a) the KMP's domestic partner and children;

(b) children of the KMP's domestic partner; and

(c) dependents of the KMP or the KMP's domestic partner

CFM are related parties to the entity. There were no material transactions with CFM during the year.

A. Directors' Loan

No loans have been given to the Directors of the Company.

B. Compensation of Key Management Personnel of the Group

For the year ended 31 March	Note	Group		Company	
		2023 LKR	2022 LKR	2023 LKR	2022 LKR
Short-term employee benefits	8	93,804,125	120,209,192	41,159,375	68,125,000
Total compensation paid to key management personnel		93,804,125	120,209,192	41,159,375	68,125,000

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

NOTES TO THE FINANCIAL STATEMENTS

30. PROVISIONS, COMMITMENTS AND CONTINGENCIES

Accounting policy

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. When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. The expense relating to provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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 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. Contingent liabilities are not recognised in the statement of financial position but disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

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 Group's Financial Position, operating profit or cash flow in addition to amounts accrued as provision for legal disputes.

The commitments and contingent liability of the Group and the Company as at 31 March 2023, relates to the following;

30.1 Disclosure - Company

30.1.1 Legal claim contingency

30.1.1.1 Legal Cases filed against the Company

Case No : CHC 706/ 2010/ MR

The case of money recovery filed against three defendants (2nd defendant: Access Engineering PLC) claiming LKR. 17.69 Mn together with interest against the three defendants jointly and/or severally for non payment of material supplied and invoiced by the Plaintiff. This matter was trial on 12 September 2023.

Case No :DLM 136/ 2018

A case was filed against the Access Engineering PLC claiming inter alia damages amounting LKR. 17.5 Mn and interim relief preventing the construction on the property. This matter was trial on 9 October 2023.

Case No : DSP 297/ 2019

A case was filed against the two defendants (2nd defendant: Access Engineering PLC) claiming LKR. 50 Mn in respect of and interim relief preventing the construction on the property. This matter was re-fixed for Pre-Trial on 9 October 2023.

Case No : DSP 298/ 2019

Special matter was filed against the two defendants (2nd defendant: Access Engineering PLC) claiming of LKR 50 Mn in respect of and interim relief preventing the construction on the property. This matter was re-fixed for Pre-Trial on 9 October 2023.

Case No : CHC/ 43/ 2021/ MR

A case has been filled against two defendants [1st defendant: Access Engineering PLC, 2nd defendant: W.U.S Logistics (Pvt) Ltd.] seeking declaratory relief to the effect that, the offer made by the plaintiff for the buyback of the shares in the 2nd Defendant is valid and reasonable; and the 1st Defendant is liable to transfer the shares to the Plaintiffs at the price offered; The Court fixed the Pre-Trial hearing inquiry into the application under section 183B on 16 October 2023.

W.U.S Logistics (Pvt) Ltd and Access Engineering PLC (Defendant-Petitioners) filed the application Supreme Court Case No. SC/HC/LA/52/2021 seeking inter alia Leave to Appeal against the order dated 29 July 2021 delivered Commercial High Court in Case bearing No. CHC/43/2021/MR.Judgement entered on 9 May 2023 varying the order of the commercial high court dated 29 July,2021 delivered in CHC/43/2021/ MR, by restricting the interim relief to that as prayed for in paragraph g(i) of the prayer to the Plaint and setting aside the interim injunctions granted by the commercial high court in terms of prayers g(ii)-(iv) and j(i)-(v) of the Plaint.

Case No : DMR 2774/20

The case of money recovery against four defendants (3rd defendant Access Engineering PLC) filed to claim LKR.7.5Mn against the Defendants jointly and/or severally in the District Court of Kandy claiming damages for the death of the husband of the Plaintiff by an Accident which took place in Kandy. This matter is fixed for pre-trial on 22 September 2023.

Case No : LT 2/1080/21

A Labour Tribunal case filed against the Company for the termination of employment while he is guilty for misconduct, claiming for employment / Compensation. The matter was re-fixed on 14 September 2023.

Case No : LT 03/07/2021

A Labour Tribunal case filed against the Company for the termination of employment while he is guilty for misconduct, to appoint an Arbitrator. Judgment is delivered on 15 May 2023, Application of the applicant is dismissed without cost .

Based on the information currently available, the directors believe that the ultimate resolution of above all lawsuits are not likely to have a material effect on the results of operations, financial position or liquidity of the Company.

30.1.1.2 Legal Cases filed by the Company

Case No : 12362/ 19, 12363/ 19 and 12364/19

The Accused has been charged for fraudulently drawing cheques with the knowledge of that there are no money in account sum of LKR. 3.6 Mn. The accused was pleaded guilty and agreed to settle the payment in 39 instalments. Defendant has failed to pay due installment of LKR 100,000/= and areas four installments amounting LKR 350,000/=.Court fix this matter for payment on 13 September 2023. The Hon. Judge issued warrant on the accused.

Case No : CHC/ 216/ 2020/ MR

Access Engineering PLC claims judgement and decree against the Defendant in a total sum of LKR 28.33 Mn together with legal interest thereon on returned cheques. The claim is made under chapter LIII of the civil procedure code. The court scheduled the case on 23 August, 2023 to deliver the order.

Case No : DMR/ 2502/ 2021

The Company has filed a case against defendant to claim in a sum of LKR 16.1 Mn together with an additional sum equivalent to the market value of Bitumen 60/70 drums with legal interest, in a sum of LKR. 3.87 Mn together with further damages at the rate of LKR 6,059 per day, until such date the said 1313 Bitumen 60/70 drums are returned to the Plaintiff in good order and condition, as an alternative to prayer (a), for return of 1313 bitumen 60/70 drums in good order and condition. This matter is fixed for pre-trial on 1 September 2023.

Case No : CHC/ 44/ 2019/ MR

The case of money recovery by Access Engineering PLC against two defendants for a claim of LKR 68.7 Mn on account of work completed and LKR 9.1 Mn on account of finance charge upto 30 September 2018 legal interest charge on aggregate of the above cases from 1 October 2018 is made against defendants. The case is to be called on 8 September 2023.

Case No : DSP 174/2022

This case filed by Access Engineering PLC against 3 Defendants for a claim of bank guarantee amount of LKR. 6 Mn. This case was filed inter- alia for declaratory relief to the effect that the 01st defendant has no right to claim under the bank guarantee for the construction of Pethiyagoda pump house and seeking an injunction ,enjoining order against the 02nd Defendants to prevent the said 2nd Defendants from paying the Guarantee value. Order is delivered infavour of defendant. An application for leave to appeal against the order dated 09 May 2023 of the Case No.DSP 174/2022 was filed in the Registry of the High court of Civil Appeal of the Western Province on 10 May 2023.(Civil Appellate High court Case No. WP HCCA LA 70/23).

Case No:WP HCCA LA 70/23

Having heard the submissions of the counsel, their Lordships decided to grant Leave in the aforesaid matter. Further they issued interim orders as prayed for the Petition. This matter was fixed for argument on 15 February 2024.

Case No : CA Tax 23/2022

This case filed by Access Engineering PLC against the defendant for dissatisfied with the determination of the Tax Appeals Commission dated 07 April 2022.Matter was fixed for argument on 5 September 2023.

Case No : 6362 M

The money recovery case was filed by Access Engineering PLC against two defendants for a money recovery actions claiming LKR. 3.9 Mn against defendants for the equipment rented out. On 9 June 2023 the term of settlement formally recorded. Plaintiff shall pay LKR. 3.4 Mn on or before the last working day of June 2026.

Case No :CHC/ 85/ 2022/ MR

This case filed by Access Engineering PLC against the defendant claiming LKR 59 Mn and LKR 151 Mn of insurance made for losses incurred due to the leakage in diaphragm wall constructed at Odel Shopping Mall Project. The case trial to commence on 8 December 2023.

30.1.2 Guarantees

Bank guarantees issued by the banks on behalf of the Company are as follows;

Bank	Amount LKR
Nations Trust Bank PLC	17,752,513
Hatton National Bank PLC	436,312,430
Bank of Ceylon	999,473,032
People's Bank	2,177,369,580
National Development Bank PLC	624,189,796
Commercial Bank of Ceylon PLC	492,905,657
Cargills Bank Limited	685,601,198
Sampath Bank PLC	468,734,156
Seylan Bank PLC	2,669,390,582
DFCC Bank PLC	264,740,000
	8,836,468,944

Corporate guarantees issued by the company on behalf of Access Projects (Private) Limited, Sathosa Motors PLC and Harbour Village (Private) Limited, for banking facilities are LKR 250Mn, LKR 500Mn and LKR 300Mn respectively.

30.1.3 Tax Assessments

Value added Tax Assessment Received for the taxable period 1 December 2016 to 31 December 2016

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.12.2016 to 31.12.2016, assessing tax credit notes when calculating the output tax to pay value added tax LKR. 2,504,622/-. The Company has filed valid appeal against this assessment. The commissioner general determination received infavor of IRD, Company has filed a appeal to tax appeal commission and determination is pending.

The directors are confident that ultimate resolution would be in favour of the Company and there will not have material adverse impact on the Financial statement of the Company on above tax assessments.

NOTES TO THE FINANCIAL STATEMENTS

30.2 Disclosure - Group

Sathosa Motors PLC

Corporate Guarantee

Corporate guarantee issued by Sathosa Motors PLC on behalf of Access Motors (Private) Limited is LKR 75 Mn and USD 125,000.

Access Projects (Private) Limited

Bank Guarantees

Bank guarantees issued by the banks to Access Projects (Private) Limited's customers are as follows;

Bank	Letter of credit/import documents against acceptance facility LKR	Performance bid and retention bonds LKR	Total LKR
Commercial Bank PLC	1,000,466	1,258,012,254	1,259,012,720

31. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date which would have any require adjustments to, or disclose in the Financial Statements.

32. GROUP INFORMATION

Company

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

Subsidiaries and equity accounted investees

The consolidated financial statements of the Group include :

Name	Principle Activities	Country of incorporation	% of Equity interest 2023	2022
Access Realties (Private) Limited	Commercial property development for Lease and rental	Sri Lanka	100	100
Access Realties 2 (Private) Limited	Commercial property development for Lease and rental	Sri Lanka	100	100
ARL Elevate (Private) Limited	Provision for conference, restaurant and support facilities for Access Towers	Sri Lanka	100	100
Sathosa Motors PLC	Authorized distributor for ISUZU brand vehicles in Sri Lanka	Sri Lanka	84.42	84.42
Access Motors (Private) Limited	Authorized distributor for Jaguar and Land Rover in Sri Lanka	Sri Lanka	42.21	42.21
Access Projects (Private) Limited	Construction and supply of construction related services and materials	Sri Lanka	80	80
Harbour Village (Private) Limited	Residential and commercial property development	Sri Lanka	66.67	66.67
WUS Logistics (Private) Limited	Commercial property development for Lease and rental	Sri Lanka	100	100
Access Logistics (Private) Limited	Commercial property development for Lease and rental	Sri Lanka	100	100
Lanka AAC (Private) Limited	Supply of construction related materials	Sri Lanka	50	50
Access Logistics Park Ekala (Private) Limited	Commercial property development for Lease and rental	Sri Lanka	100	100
AEL East Africa Limited	Construction activities	Republic of Kenya	100	100
ZPMC Lanka Company (Private) Limited	Commission, repair and maintenance of port machinery	Sri Lanka	30	30
Blue Star Realties (Private) Limited	Residential property development	Sri Lanka	60	60

During the year investments of subsidiaries are disclosed in Note 33.1 in the Financial Statements.

There are no other significant changes in the nature of the principal business activities of the Group or Company during the financial year under review. Description of the nature of operations and principal activities of the Company, its subsidiaries and equity-accounted investees are described in more detail in the

33. BUSINESS COMBINATIONS

This section provides additional information on how changes in the Group structure has impacted the financial position and financial performance of the Group as a whole and significant events that have occurred during the year impacting the financial performance and position of the Group.

Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if subsidiary all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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.

Consolidation of entities in which the Group holds less than/ equal voting rights

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights

Subsidiaries that are consolidated have been listed in the Note 15. The following company, with equity control equal to 50%, have been consolidated as subsidiaries based on above criteria.

Company	% Holding
Lanka AAC (Private) Limited	50%

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

NOTES TO THE FINANCIAL STATEMENTS

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

33.1 Investments in subsidiaries 2022/23

Access Logistics (Private) Limited

The Company has further invested LKR. 83,408,350/- in the share capital of its fully owned subsidiary, Access Logistics (Private) Limited. Cumulative value of the investment is LKR. 122,964,161/- as at 31 March 2023.

Access Logistics Park Ekala (Private) Limited

The Company has further invested LKR 5,872,521,640/- in the share capital of its fully owned subsidiary, Access Logistics Park Ekala (Private) Limited. Cumulative value of the investment is LKR. 8,260,728,400/- as at 31 March 2023.

33.2 Investments in subsidiaries 2021/22

WUS Logistics (Private) Limited

The Company has further invested LKR. 963,627,430/- in the share capital of its fully owned subsidiary, WUS Logistics (Private) Limited. Cumulative value of the investment is LKR. 5,574,432,610/- as at 31 March 2022.

Access Logistics (Private) Limited

The Company has invested LKR. 39,555,800/- in the share capital of its fully owned subsidiary, Access Logistics (Private) Limited. Cumulative value of the investment is LKR. 39,555,810/- as at 31 March 2022.

Access Logistics Park Ekala (Private) Limited

Access Engineering PLC has invested in 100% share capital of Access Logistics Park Ekala (Private) Limited at a total consideration of LKR. 2,388,206,760/- during the 2021/22 period, involve in Commercial property development for Lease and rental.

AEL East Africa Limited

Access Engineering PLC has invested in 100% share capital of AEL East Africa Limited at a total consideration of LKR. 255,558/- during 2021/22 period involve in Construction activities which was incorporated in Republic of Kenya.

34. NON-CONTROLLING INTERESTS

Non- controlling interest is initially measured at their proportionate share of the acquirees identifiable net assets at the date of acquisition.

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 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 interests". Changes in the Group's interest in subsidiary that do not result in loss of controls are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on 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.

Ownership interest held by Non-Controlling Interest (NCI)

	Principal place of business	Operating segment	2023	2022
Access Projects (Private) Limited	Sri Lanka	Construction	20%	20%
Sathosa Motors PLC	Sri Lanka	Automobile	15.58%	15.58%
Harbour Village (Private) Limited	Sri Lanka	Property development	33.33%	33.33%
Lanka AAC (Private) Limited	Sri Lanka	Construction related materials	50.00%	50.00%

The following table summaries the information relating to each of the Group's subsidiaries that has Non-Controlling interest , before any intra - group elimination.

For the year ended 31 March 2023	Access Projects (Private) Limited LKR	Sathosa Motors PLC LKR	Harbour Village (Private) Limited LKR	Lanka AAC (Private) Limited LKR	Total LKR
Non-current assets	292,581,481	1,983,458,827	2,019,221,348	281,306,543	4,576,568,200
Current assets	2,098,061,289	1,601,004,392	13,126,194,882	53,187,894	16,878,448,457
Non-current liability	(150,584,767)	(300,956,103)	(52,880,819)	(11,412,991)	(515,834,680)
Current liability	(1,751,110,795)	(1,179,649,591)	(10,746,485,760)	(57,370,815)	(13,734,616,960)
Net asset	488,947,208	2,103,857,526	4,346,049,652	265,710,631	7,204,565,016
Net asset attributable to non controlling interest	97,789,442	735,880,987	1,448,538,349	132,855,315	2,415,064,093
Revenue	1,978,330,615	1,930,981,485	-	266,020,696	4,175,332,796
Profit / (loss) for the Year	(268,142,887)	(54,939,211)	59,879,418	18,136,303	(245,066,378)
Other Comprehensive Income	32,667,116	111,366	-	801,507	33,579,989
Total Comprehensive Income	(235,475,771)	(54,827,845)	59,879,418	18,937,809	(211,486,388)
Profit / (loss) attributable to Non Controlling Interest	(53,628,577)	(27,701,982)	19,957,810	9,068,151	(52,304,598)
OCI attributable to Non Controlling Interest	6,533,423	17,347	-	400,753	6,951,523
Total comprehensive income attributable to non controlling interest	(47,095,154)	(27,684,635)	19,957,810	9,468,904	(45,353,075)
Cash flows from / (used in) operating activities	99,657,035	195,695,261	327,142,171	30,228,585	652,723,052
Cash flows from / (used in) investment activities	(16,885,409)	(25,507,482)	(277,874,670)	(21,601,067)	(341,868,628)
Cash flows from / (used in) financing activities	(121,924,979)	(225,658,592)	(19,932,124)	(10,802,647)	(378,318,342)
Net increase/ (decrease) in cash and cash equivalents	(39,153,352)	(55,470,813)	29,335,377	(2,175,129)	(67,463,918)

For the year ended 31 March 2022	Access Projects (Private) Limited LKR	Sathosa Motors PLC LKR	Harbour Village (Private) Limited LKR	Lanka AAC (Private) Limited LKR	Total LKR
Non-current assets	282,639,485	2,129,960,758	1,679,125,342	283,215,585	4,374,941,170
Current assets	2,938,837,919	1,935,104,673	10,325,660,757	32,725,676	15,232,329,025
Non-current liabilities	(179,294,567)	(407,036,551)	(80,525,745)	(21,148,593)	(688,005,456)
Current liabilities	(2,317,759,859)	(1,499,343,509)	(7,638,090,128)	(48,019,846)	(11,503,213,342)
Net assets	724,422,978	2,158,685,371	4,286,170,226	246,772,822	7,416,051,397
Net assets attributable to non controlling interest	144,884,596	763,707,608	1,428,580,536	123,386,412	2,460,559,152
Revenue	2,568,634,016	3,193,930,622	-	136,019,345	5,898,583,983
Profit/ (loss) for the year	176,745,892	(2,497,814)	14,282,162	(2,463,623)	186,066,617
Other Comprehensive Income	1,859,493	1,102,085	-	-	2,961,578
Total comprehensive income	178,605,385	(1,395,729)	14,282,162	(2,463,623)	189,028,195
Profit / (loss) attributable to Non Controlling Interest	35,349,179	(19,110,358)	4,760,245	(1,231,813)	19,767,253
OCI attributable to Non Controlling Interest	371,899	171,676	-	-	543,575
Total comprehensive income attributable to non controlling interest	35,721,078	(18,938,682)	4,760,245	(1,231,813)	20,310,828
Cash flows from /(used in) operating activities	(126,414,470)	43,462,970	83,210,391	40,267,204	40,526,095
Cash flows from /(used in) investment activities	(17,128,146)	(24,671,670)	(1,026,034,243)	(54,285,937)	(1,122,119,996)
Cash flows from / (used in) financing activities	331,765,641	34,339,430	(19,800,000)	(58,218,193)	288,086,878
Net increase/ (decrease) in cash and cash equivalents	188,223,025	53,130,730	(962,623,852)	(72,236,926)	(793,507,023)

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34.1 Acquisition of NCI

Acquisition of NCI 2022/23

There were no acquisition of NCI during 2022/23

Acquisition of NCI 2021/22

On 15 February 2022, the company acquired additional 5.84% interest in the shares of Harbour Village (Private) Limited and increased its ownership upto 66.67% (before the acquisition the ownership is 60.83%). Cash consideration of Rs. 351,774,850/- was paid to the non controlling share holders. The carrying value of the net assets of the Harbour Village (Private) Limited was Rs. 3,099,158,510/-. Following is a schedule of additional interest acquired in Harbour Village (Private) Limited.

	LKR
Cash consideration paid to Non - Controlling shareholders	351,774,850
Carrying value of the additional interest in Harbour Village (Private) Limited	(249,045,267)
A decrease in equity attributable to owners of the company	102,729,583

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

Classification and measurement

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in to four categories based on the entity's business model and the cash flow characteristics:

(a) financial assets at amortised cost;

(b) financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments);

(d) financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, short term deposits and other current financial assets.

Financial Assets at fair value through OCI (debt instruments)

The Group measures financial assets at fair value through OCI if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective of both holding to collect contractual cash flows and selling and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial Assets at fair value through profit or loss

Financial Assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in the fair value recognised in the statement of profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, apart of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in Note 19.

Financial liabilities

Initial recognition and measurement

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

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

The Group financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

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

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

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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 SLFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit or Loss. This category generally applies to interest-bearing loans and borrowings.

De-recognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

35.1 Classification of Financial assets and financial liabilities - Group

	Financial instruments recognised through profit or loss	
As at 31 March	2023 LKR	2022 LKR
Financial assets		
Equity securities	151,027,060	536,892,942
Trade and other receivables	-	-
Amounts due from related parties	-	-
Other current financial assets	-	-
Short-term deposits	-	-
Cash and cash equivalent	-	-
Corporate debt securities	-	-
Financial liabilities		
Unsecured bond issue	-	-
Bank over draft	-	-
Interest bearing borrowings	-	-
Trade payable	-	-
Amount due to related parties	-	-
Lease Liabilities	-	-
Total	151,027,060	536,892,942

35.2 Financial assets and liabilities by categories in accordance with SLFRS 9 - Company

	Financial instruments recognised through profit or loss	
As at 31 March	2023 LKR	2022 LKR
Financial assets		
Equity Securities	151,027,060	536,892,942
Trade and Other Receivables	-	-
Amounts due from related parties	-	-
Other Current Financial Assets	-	-
Short-Term Deposits	-	-
Cash and Cash Equivalent	-	-
Corporate Debt Securities	-	-
Financial liabilities		
Unsecured Bond Issue	-	-
Bank Over Draft	-	-
Interest bearing borrowings	-	-
Trade Payable	-	-
Amount Due to Related Parties	-	-
Lease Liabilities	-	-
Total	151,027,060	536,892,942

Financial instruments at amortised cost		FVOCI – equity instruments		Total		Financial liabilities measured at amortised cost	
2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
-	-	510,000	510,000	151,537,060	537,402,942	-	-
12,514,645,393	24,831,699,471	-	-	12,514,645,393	24,831,699,471	-	-
82,238,504	8,339,101	-	-	82,238,504	8,339,101	-	-
3,220,199,784	3,557,423,609	-	-	3,220,199,784	3,557,423,609	-	-
2,569,299,538	2,136,020,085	-	-	2,569,299,538	2,136,020,085	-	-
696,144,034	2,208,007,038	-	-	696,144,034	2,208,007,038	-	-
-		-	-	-	-	-	-
-	-	-	-	-	-	561,857	581,857
-	-	-	-	-	-	1,761,142,207	130,864,408
-	-	-	-	-	-	16,238,266,180	23,046,292,005
-	-	-	-	-	-	22,060,784,121	20,862,577,675
-	-	-	-	-	-	70,733,664	71,465,679
-	-	-	-	-	-	263,540,630	262,271,721
19,082,527,253	32,741,489,304	510,000	510,000	19,234,064,313	33,278,892,246	40,395,028,658	44,374,053,345

Financial instruments at amortised cost		FVOCI – equity instruments		Total		Financial liabilities measured at amortised cost	
2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
		510,000	510,000	151,537,060	537,402,942	-	-
9,123,865,450	21,699,146,106	-	-	9,123,865,450	21,699,146,106	-	-
4,149,300,873	350,947,740	-	-	4,149,300,873	350,947,740	-	-
2,907,793,820	3,309,006,015	-	-	2,907,793,820	3,309,006,015	-	-
1,693,917,249	1,691,482,324	-	-	1,693,917,249	1,691,482,324	-	-
137,489,717	898,392,700	-	-	137,489,717	898,392,700	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	561,857	581,857
-	-	-	-	-	-	1,553,000,662	-
-	-	-	-	-	-	15,239,678,928	21,761,878,248
-	-	-	-	-	-	9,098,734,112	11,030,755,564
-	-	-	-	-	-	229,089,551	191,298,506
-	-	-	-	-	-	106,724,323	1,846,047
18,012,367,110	27,948,974,885	510,000	510,000	18,163,904,169	28,486,377,827	26,227,789,434	32,986,360,222

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36. FAIR VALUE MEASUREMENT AND RELATED FAIR VALUE DISCLOSURES

36.1 Fair Value Measurement

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed in this note. Aside from this note additional fair value related disclosures including the valuation methods, significant estimates and assumptions are also provided in;

- Property, plant and equipment under revaluation model Note 11
- Investment properties Note 13
- Financial instruments (including those carried at amortised cost) Note 35

Accounting Policy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

* In the principal market for the asset or liability

Or

* In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Input that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

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

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

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

36.2 Valuation techniques and significant unobservable inputs

The following tables summarises the valuation techniques used by the Group and the Company in measuring Level 2 and Level 3 fair values, and the significant unobservable inputs used for the valuation.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets			
Unquoted equity securities	Net assets basis	Net asset per share (9.5 - 43.5)	Variability of inputs are insignificant to have an impact on fair values
Non financial assets			
Land and building	Open market value basis for lands and depreciated replacement cost basis for buildings	Estimated price per perch, Estimated price per square feet	Estimated fair value would increase (decrease) if ; - Price per perch increases (decreases) - Price per square feet increases (decreases)
Investment property	Investment method Open market method	Estimated price per perch, Estimated price per square feet	Estimated fair value would increase (decrease) if ; - Price per perch increases (decreases) - Price per square feet increases (decreases)

36.3 Fair value hierarchy

The following table shows fair value measurement hierarchy of the Group's assets, liabilities. It does not includes fair value information for financial assets and financial liabilities not measured at fair value if carrying amount is a reasonable approximation of fair value.

36.3.1 Fair value hierarchy – Group

As at 31 March	Note	Fair value hierarchy						Total	
		Level 1		Level 2		Level 3			
		2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Financial assets									
Unquoted equity securities	(17/ 35.1)	151,027,060	536,892,942	-	-	510,000	510,000	151,537,060	537,402,942
Non financial assets									
Land and building	11.1	-	-	-	-	1,533,852,943	1,334,077,443	1,533,852,943	1,334,077,443
Investment property	13.1	-	-	-	-	21,307,743,685	17,831,487,464	21,307,743,685	17,831,487,464

36.3.2 Fair value hierarchy – Company

As at 31 March	Note	Fair value hierarchy						Total	
		Level 1		Level 2		Level 3			
		2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR	2023 LKR	2022 LKR
Financial assets									
Unquoted equity securities	(17/ 35.2)	151,027,060	536,892,942	-	-	510,000	510,000	151,537,060	537,402,942
Non financial assets									
Land and building	11.2	-	-	-	-	388,912,243	330,912,243	388,912,243	330,912,243
Investment property	13.1	-	-	-	-	1,195,500,000	1,026,408,650	1,195,500,000	1,026,408,650

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37. FINANCIAL INSTRUMENTS RISK MANAGEMENT OBJECTIVES AND POLICIES

37.1 Introduction

Financial Risk Management is the practice of economic value in a firm by using financial instrument, manage exposure to risk face by group. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds investments in debt and equity instruments. The major financial liabilities used by a group including debt securities, 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.

37.2 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established group risk management policies to identify analyse the risk faced by the Group and set appropriate risk limits and controls and to monitor risk and adherence to limits. 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 management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of 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 , Market Risk.

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

37.3 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.

The maximum exposure to credit risk in respect of above at the reporting date is the carrying value of financial assets recorded in the Financial Statements, net of any allowance for losses.

37.3.1 Trade receivables

Customer credit risk is managed by each business units subject to group's established polices procedures and controls relating to customer credit risk management.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer based including default risk associate with the industry and country in which customers operate. Each new customer is analysed individually for credit worthiness, reviews external ratings, if they are available financial statements, credit agency information, industry information, and in some cases bank references. Each business units monitor the customers' financial standing (financial insolvency) and outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date using simplified approach to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The minimum exposure to credit risk at the reporting date is the carrying value of the each class of financial assets disclosed in Note 35.

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.

The uncertainty is reflected in the assessment of expected credit loss calculation which are subject to a number of management judgments and estimates.

Based on the assessment carried, no further impairment provision is required to be made in the financial statements as at the reporting date in respect of impairment provision other than disclosed in note 19.2.1.

As at 31st March, the aging analysis of trade receivables and provision for impairment were as follows for the Group.

As at 31 March	2023			2022		
	Gross carrying amount LKR	Provision for impairment (according to SLFRS 9) LKR	Weighted average loss rate	Gross carrying amount LKR	Provision for impairment (according to SLFRS 9) LKR	Weighted average loss rate
Current (Not past due)	2,848,773,105	(751,920)	0.03%	3,976,170,230	-	-
Past due						
< 30 days	1,000,517,732	(1,682,261)	0.17%	3,335,611,207	(4,799,129)	0.14%
30–60 days	765,885,220	(307,679)	0.04%	3,854,579,042	(3,181,658)	0.08%
61–90 days	380,339,793	(1,673,844)	0.44%	1,983,325,776	(2,511,108)	0.13%
91–120 days	1,359,997,829	(5,492,686)	0.40%	1,953,145,798	(2,253,121)	0.12%
> 120 days	3,474,644,665	(531,707,303)	15.30%	7,154,222,011	(377,835,588)	5.28%
Total	9,830,158,344	(541,615,693)		22,257,054,064	(390,580,604)	

As at 31st March, the aging analysis of trade receivables and provision for impairment were as follows for the Company.

As at 31 March	2023			2022		
	Gross carrying amount LKR	Provision for impairment (according to SLFRS 9) LKR	Weighted average loss rate	Gross carrying amount LKR	Provision for impairment (according to SLFRS 9) LKR	Weighted average loss rate
Current (Not past due)	2,725,841,002	-	-	3,828,319,725	-	-
Past due						
< 30 days	735,661,609	(776,027)	0.11%	2,873,762,984	(1,471,404)	0.05%
30–60 days	736,429,234	(109,155)	0.01%	3,672,633,816	(1,682,888)	0.05%
61–90 days	248,088,280	(436,729)	0.18%	1,531,221,991	(1,069,260)	0.07%
91–120 days	435,486,106	(3,794,901)	0.87%	1,000,898,189	(69,190)	0.01%
> 120 days	3,220,978,636	(440,037,927)	13.66%	6,841,020,395	(304,904,177)	4.46%
Total	8,102,484,867	(445,154,739)		19,747,857,100	(309,196,919)	

Collateral acquired for mitigating credit risk

The Group whenever possible, obtain collaterals in the form of unconditional and irrevocable bank guarantee that can be encashed an demand or advances are provided to cover the receivable. The Group focuses on the realisability of such collateral to mitigate potential credit loss.

NOTES TO THE FINANCIAL STATEMENTS

37.3.2 Financial instruments and cash deposits

Credit risk from balances with banks and financial institution is managed by the Group's treasury management in accordance with the Group's policy.

Treasury management 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 31 March 2023 which represents its maximum credit exposure on these assets.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The Group uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities. Cash and cash equivalents has not been materially impaired.

As at 31 March 2023 - 99%, (2022 - 99%) and 2023 - 99%, (2022 - 99%) of the favorable balances of bank and financial institution were rated "A-" or better for the Group and Company respectively.

	Group				Company			
	2023		2022		2023		2022	
Fitch rating	LKR	%	LKR	%	LKR	%	LKR	%
AA+	-	0%	-	0%	-	0%	-	0%
AA	-	0%	-	0%	-	0%	-	0%
AA-		0%	3,894,606,044	91%	-	0%	2,506,218,973	98%
A+		0%	346,708,468	8%	-	0%	2,633,153	1%
A	822,062,663	64%	20,005,874	0%	66,075,590	86%	18,388,655	1%
A-	454,481,531	36%	-	0%	10,346,746	14%	-	0%
BBB-	-	0%	-	0%	-	0%	-	0%
B+		0%	7,963,109	1%	-	0%	-	0%
Not Rating	-	0%	-	0%	-	0%	-	0%
Total	1,276,544,194	100%	4,269,283,495	100%	76,422,336	100%	2,527,240,781	100%

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2023 and 2022 is the carrying amounts as illustrated in Note 35.

37.4 Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. 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 under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

The mixed approach combines elements of the cash flow matching approach and the liquid assets approach. The business units attempt to match cash outflows in each time bucket against a combination of contractual cash inflows plus other inflows that can be generated through the sale of assets, repurchase agreement or other secured borrowing. 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.

As disclosed in note 2.7, Board of directors satisfied that the Group and Company have adequate liquidity and business plan to continue business operations and mitigate the increase liquidity risk arising from macro economic implication, for the next 12 months from the reporting date.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Maturity Analysis

The table below summaries, the maturity profile of Group's/ Company's financial liabilities at 31 March 2023 based on contractual payments.

		Contractual cash flow				
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities - Group						
Bank overdrafts	1,761,142,207	1,761,142,207	-	1,761,142,207	-	-
Trade and other payables	26,095,814,875	26,095,814,875	-	20,317,743,528	4,018,822,706	1,759,248,642
Amounts due to related parties	70,733,664	70,733,664	-	70,733,664	-	-
Interest bearing borrowings	16,238,828,037	18,163,087,800	-	-	3,937,489,317	14,225,598,483
Unclaimed dividend	64,408,986	64,408,986	64,408,986	-	-	-
Lease liabilities	263,540,633	701,540,477	-	40,675,670	40,675,670	620,189,138

		Contractual cash flow				
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities - Company						
Bank overdrafts	1,553,000,662	1,553,000,662	-	1,553,000,662	-	-
Trade and other payables	12,111,492,173	12,111,492,173	-	8,310,919,216	3,012,758,061	787,814,896
Amounts due to related parties	229,089,551	229,089,551	-	131,856,170	97,233,381	-
Interest bearing borrowings	15,240,240,785	17,164,500,548	-	-	3,032,559,312	14,131,941,236
Unclaimed dividend	19,656,006	19,656,006	19,656,006	-	-	-
Lease liabilities	106,724,323	328,796,384	-	3,961,576	3,961,576	320,873,232

NOTES TO THE FINANCIAL STATEMENTS

The table below summaries, the maturity profile of Group's/Company's financial liabilities at 31 March 2022 based on contractual payments.

		Contractual Cash flow				
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities-Group						
Bank overdrafts	130,864,408	130,864,408	-	130,864,408	-	-
Trade and other payables	25,161,709,167	25,161,709,167		16,927,809,993	4,283,522,513	3,950,376,661
Amounts due to related parties	71,465,679	71,465,679		71,465,679	-	-
Interest bearing borrowings	23,046,873,862	23,046,873,862		18,554,861	3,512,850,136	19,515,468,865
Unclaimed dividend	36,270,007	36,270,007	36,270,007	-	-	-
Lease liabilities	262,271,721	555,712,697	-	58,493,426	58,493,426	438,725,845

		Contractual Cash flow				
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities-Company						
Trade and other payables	14,065,939,280	14,065,939,280	-	11,030,755,564	3,035,183,716	-
Amounts due to related parties	191,298,506	191,298,506	-	191,298,506	-	-
Interest bearing borrowings	21,762,460,105	21,762,460,105	-	-	3,122,040,105	18,640,420,000
Unclaimed dividend	18,336,127	18,336,127	18,336,127	-	-	-
Lease liabilities	1,846,047	5,910,751	-	98,513	98,513	5,713,725

37.5 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 optimising the return. All such transactions are carried out within the guidelines set by the Group Management.

Market risk comprise of the following types of risk:

I. Interest rate risk

II. Currency risk

III. Commodity price risk

IV. Equity price risk

Financial instruments affected by market risk include loans and borrowings, deposits, debt, equity and derivative financial instruments.

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 Group's exposure to the risk of changes market interest rates relates primarily to the Group long - term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate financial instruments. Group treasury designed capital structure guidelines for each projects at the planning stage and thereby maintains optimised 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 and floating rate risk.

Capital Structure as at 31st March,	Note	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Loans and borrowings	26	16,238,828,037	23,046,873,862	15,240,240,785	21,762,460,105
Bank overdraft	23	1,761,142,207	130,864,408	1,553,000,662	-
Total borrowings		17,999,970,244	23,177,738,270	16,793,241,447	21,762,460,105
Equity		31,971,989,342	30,647,334,606	24,491,777,849	24,322,654,192
Debt / Equity (%)		56.30%	75.63%	68.57%	89.47%

Exposure to interest rate risk

The interest rate profile of the Group's interest bearing financial instruments as reported to the management of the Group is as follows.

	Group 2023 LKR	Group 2022 LKR	Company 2023 LKR	Company 2022 LKR
Fixed rate instruments				
Financial assets	2,569,809,538	2,542,376,660	1,694,427,249	1,691,992,324
Financial liabilities	12,693,554,236	13,723,183,331	12,693,554,236	13,637,073,331
Variable rate instruments				
Financial liabilities	5,306,416,008	9,453,524,939	4,099,687,210	8,125,386,774

Cash flow sensitivity analysis for variable rate instruments

A reasonably possible change in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. Due to the significant volatility observed in interest rates especially during the later part of the financial year and there after, a fluctuation of 100 basis points is considered for the sensitivity analysis for financial liabilities of variable rate instruments at reporting date, compared to a fluctuation of 100 basis points considered in the last financial year. This analysis assumes that all other variables, in particular foreign currency interest rates, remain constant.

		Increase/Decrease	Effect on profit before tax Group LKR	Effect on profit before tax Company LKR
Variable rate instruments	2023	+ 100bp	(851,686)	(823,968)
		- 100bp	851,686	823,968
	2022	+ 800 bp	(7,458,128)	(6,500,309)
		- 800 bp	7,458,128	6,500,309

NOTES TO THE FINANCIAL STATEMENTS

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 exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign currency deposits. These currencies primarily are the Euro, US Dollars (USD), Pound (GBP), Chinese Renminbi and Japanese Yen.

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. The Group's Treasury management closely monitors the exchange rate fluctuations and advices management regular basis.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows,

	2023					2022				
	EUR	USD	GBP	SGD	JPY	EUR	USD	GBP	SGD	JPY
Trade and other receivables	2,244,513	2,050,532	-	-	-	1,491,888	1,599,197	-	-	-
Cash at bank	20,138	523,483	18,662	-	-	840	337,392	18,522	-	-
Trade and other payables	(33,053)	(2,775,674)	(41,246)	-	-	-	(557,476)	(162,282)	-	(69,437,492)
Net Statement of financial position exposure	2,231,597	(201,659)	(22,584)	-	-	1,492,729	1,379,113	(143,760)	-	(69,437,492)

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows,

	2023			2022		
	EUR	USD	GBP	EUR	USD	GBP
Trade and other receivables	2,244,513	2,050,532	-	1,491,888	1,599,197	-
Cash at bank	20,138	15,043	18,662	840	244,899	18,522
Trade and other payables	(33,053)	(179,991)	-	-	(557,476)	-
Net Statement of financial position exposure	2,231,597	1,885,584	18,662	1,492,729	1,286,620	18,522

The following significant exchange rates were applicable during the year 2022/23 & 2021/22.

	Company/Group year end spot rate	
	2023 LKR	2022 LKR
EUR	356.72	334.03
USD	327.14	299.00
GBP	405.14	392.53
SGD	246.48	221.05
JPY	2.46	2.45

Sensitivity Analysis

A reasonably possible strengthening (weakening) of the Euro, US Dollars (USD), Pound (GBP), Singapore Dollar (SGD) and Japanese Yen (JPY) against all other currencies as at 31st March would have affected the measurement of the financial instruments denominated in the foreign currency and affected equity and profit or loss by the amounts shown below. Due to the significant volatility observed in exchange rates especially during the later part of the financial year and there after, a fluctuation of 10% is considered for the sensitivity analysis as at reporting date, compared to a fluctuation of 15% considered in the last financial year. This analysis assumes that all other receivables in particular exchange rates remains constant and ignores.

Group	2023			2022	
	Strengthening LKR	Weakening LKR		Strengthening LKR	Weakening LKR
EUR (10% movement)	79,604,969	(79,604,969)	EUR (15% movement)	74,791,960	(74,791,960)
USD (10% movement)	(6,597,164)	6,597,164	USD (15% movement)	61,853,216	(61,853,216)
GBP (10% movement)	(914,974)	914,974	GBP (15% movement)	(8,464,435)	8,464,435
SGD (10% movement)	-	-	SGD (15% movement)	-	-
JPY (10% movement)	-	-	JPY (15% movement)	(25,515,154)	25,515,154

Company	2023			2022	
	Strengthening LKR	Weakening LKR		Strengthening LKR	Weakening LKR
EUR (10% movement)	79,604,969	(79,604,969)	EUR (15% movement)	74,791,960	(74,791,960)
USD (10% movement)	61,685,868	(61,685,868)	USD (15% movement)	57,704,898	(57,704,898)
GBP (10% movement)	756,060	(756,060)	GBP (15% movement)	1,090,585	(1,090,585)

NOTES TO THE FINANCIAL STATEMENTS

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price 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 portfolio. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to the equity investments at fair value listed on the Colombo Stock Exchange was LKR 151 Mn -2023 (LKR 536 Mn -2022). Following table shows the portfolio maintain in different sectors and all the listed equity instruments were measured based on the prices available as of 31 March 2023.

As at 31 March	2023		2022	
Industry / Sector	Market value LKR	%	Market value LKR	%
Banks	-	-	-	-
Capital Goods	19,114,250	12.66%	3,146,668	0.57%
Diversified Financials	10,902,944	7.22%	235,601,490	43.88%
Energy	21,437,500	14.19%		-
Food Beverage & Tobacco	49,075,525	32.49%	212,150,464	39.54%
Materials	27,844,674	18.44%	5,387,320	1.00%
Retailing	6,882,057	4.56%		-
Consumer Services	15,770,128	10.44%		
Transportation			80,607,000	15.01%
	151,027,078	100.00%	536,892,942	100.00%

37.6 Capital management

Capital management is financial strategy aimed ensuring maximum efficiency in a company's cash flow. The Group's objective of capital management is to maintain strong financial position 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.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

37.7 Distribution made and proposed

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of Profit or Loss.

Distribution made and proposed are disclosed in note 24.3.

TENACIOUS

FINANCIAL REPORTS

OPERATING STRUCTURE

BOARD OF DIRECTORS

CORPORATE MANAGEMENT

Project Management Division (PMD) I
- Business Development
- Construction Projects
- Asphalt Production Unit
- Aggregate Production Unit
- Concrete Production Unit

Project Management Division (PMD) II
- Business Development
- Construction Projects
- Fabrication Unit
- Piling Unit
- Scaffolding Unit
- Construction Equipment Division

Project Management Division (PMD) III
- Business Development
- Construction Projects
- Mechanical, Electrical and Plumbing

Project Management Division (PMD) IV
- Business Development
- Construction Projects

Design Department
- Civil / Structural Design
- Design Training and Development
- Innovation and Value Engineering
- Research and Development

Human Resource Department
- HR Planning and Recruitment
- Personnel Administration
- Employee Grievances handling

Subsidiary Management and Project Development Department
- Project Development
- Corporate Planning and Investments
- Management Information Systems (MIS)
- Investor Relations (IR)
- Corporate Communications
- Compliance and Corporate Affairs
- Subsidiary Management

Finance and Commercial Department

FINANCE
- Financial Reporting and Compliance
- Budgeting & Monitoring
- Payments
- Tax Planning and Compliance

COMMERCIAL
- Procurement
- Treasury and Working Capital Management

Internal Audit Department
- Finance Audits
- Compliance Audits

Management Systems Department
- Systems Audits

IT Department
- IT Systems Management
- Help Desk Support
- Network Administration
- Information Security Support

Corporate Office
- Project Progress Monitoring
- Legal and Compliance
- Premises Management

TEN-YEAR SUMMARY

		2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
Statement of Profit or Loss and Other Comprehensive Income Highlights											
Revenue	LKR Mn.	20,565	39,630	23,837	24,027	32,277	26,056	20,448	17,625	16,514	16,373
Gross profit	LKR Mn.	5,859	5,312	4,138	3,808	5,184	4,061	4,732	3,977	3,815	4,186
EBITDA	LKR Mn.	10,015	8,315	4,050	3,419	4,891	5,044	4,300	3,748	3,322	3,771
EBIT	LKR Mn.	8,816	5,784	3,225	2,688	4,173	5,044	3,381	2,900	2,653	3,180
Net finance income/(cost)	LKR Mn.	(3,863)	(1,034)	(573)	(577)	(651)	(383)	150	95	110	136
Profit for the year	LKR Mn.	2,436	5,130	2,393	928	2,245	2,463	2,746	2,551	2,424	2,902
Profit attributable to owners	LKR Mn.	2,482	5,110	2,386	979	2,150	2,507	2,708	2,465	2,346	2,833
Statement of Financial Position Highlights											
Property, plant and equipment	LKR Mn.	5,570	6,604	5,708	4,937	5,198	5,980	5,428	4,791	4,222	3,787
Total non-current assets	LKR Mn.	44,412	33,566	25,688	19,705	20,144	21,171	16,074	12,357	9,155	7,349
Cash and cash equivalent	LKR Mn.	696	2,208	2,223	2,164	2,486	1,394	950	504	1,918	1,521
Short term deposits	LKR Mn.	2,569	2,136	1,780	1,269	2,210	2,041	2,922	6,792	1,048	1,140
Total assets	LKR Mn.	79,941	81,847	56,060	50,078	48,062	44,439	36,046	30,343	22,328	20,204
Stated capital	LKR Mn.	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Retained earnings	LKR Mn.	19,741	18,610	14,245	12,365	11,936	10,388	9,590	8,362	7,169	5,815
Equity attributable to equity holders	LKR Mn.	29,557	28,187	23,825	21,834	21,195	19,793	18,840	17,462	16,269	14,916
Loans and borrowings	LKR Mn.	16,239	23,047	8,963	10,967	8,735	9,086	5,737	5,846	350	65
Total non-current liabilities	LKR Mn.	16,234	21,419	8,695	2,953	7,533	7,528	5,680	5,603	514	359
Statement of Cash Flow Highlights											
Cash flows from operating activities	LKR Mn.	13,645	(5,995)	8,529	(2,191)	1,876	630	1,994	3,168	3,218	1,608
Cash flows from investing activities	LKR Mn.	(9,173)	(4,477)	(5,808)	(224)	302	(2,226)	(2,226)	(9,251)	(2,337)	(341)
Cash flows from/(used in) financing activities	LKR Mn.	(7,614)	10,653	(2,473)	1,907	(851)	1,753	(87)	4,532	(737)	(459)
Key Financial Ratios											
EPS	LKR	2.48	5.11	2.39	0.98	2.15	2.51	2.71	2.47	2.35	2.83
DPS	LKR	0.75	0.75	0.50	0.50	0.50	1.20	1.50	0.75	1.00	0.50
Net assets per share	LKR	29.56	28.19	23.83	21.83	21.19	19.79	18.84	17.46	16.27	14.92
Dividend payout	%	30.22	14.68	21.00	51.00	23.00	47.86	55.39	30.36	43.00	18.00
ROE	%	7.62	16.74	9.00	3.80	9.52	11.15	12.70	14.10	14.40	19.00
ROCE	%	16.25	7.84	8.40	6.60	11.69	14.83	12.30	12.30	15.40	20.50
Gearing	%	54.94	81.76	37.62	50.23	41.21	43.70	30.50	34.80	2.10	0.40
Current ratio	Times	1.12	1.62	1.46	1.30	1.70	1.57	2.30	2.70	2.60	2.80
Quick ratio	Times	0.62	1.13	1.04	1.00	1.30	1.16	1.70	2.30	2.10	2.30
Price per share	LKR	14.20	15.00	22.10	13.20	13.00	20.50	23.80	20.80	19.20	22.50
Investor Highlights											
Total number of shareholders	No.	9,947	9,795	9,712	8,832	7,226	5,816	6,119	5,757	4,610	2,196
Percentage of public holding	%	40.10	39.94	39.81	42.84	41.93	42.31	39.59	37.92	37.92	35.53
Value of shares traded	LKR Mn.	1,932	9,588	10,789	6,757	1,637	2,729	3,625	4,570	14,900	2,148
Number of trades	No.	35,852	75,415	86,541	71,138	24,276	10,750	25,709	36,018	49,154	10,229

DIRECTORS OF GROUP COMPANIES

Company Name	Our response	
Sathosa Motors PLC	S J S Perera	R S Dahanayake
	J C Joshua	M M N De Silva
	D A R Fernando	M Jayahsuriya
	S D Munasinghe	K A P Perera
	W A C O Wijesinghe	
Access Realties (Private) Limited	S J S Perera	S H S Mendis
	J C Joshua	S D Munasinghe
	R J S Gomez * resigned w.e.f. 11 May 2023	S D Perera
	D A R Fernando	
Access Realties 2 (Private) Limited	S J S Perera	D A R Fernando
	J C Joshua	S H S Mendis
	R J S Gomez * resigned w.e.f. 11 May 2023	S D Munasinghe
A R L Elevate(Private) Limited	S J S Perera	S H S Mendis
	J C Joshua	S D Munasinghe
	D A R Fernando	S D Perera
Access Projects (Private) Limited	S J S Perera	P M D T Kumara * appointed w.e.f. 1 April 2023
	D A R Fernando	K A C P Bandara * resigned w.e.f. 31 March 2023
	I N Pushpa Kumar	S Nishkala * resigned w.e.f. 31 March 2023
Harbour Village (Private) Limited	S J S Perera	Zeng Nanhai
	J C Joshua	Xiong Hongfeng - Alternate Director to Zeng Nanhai
	D A R Fernando	S D Munasinghe -Alternate Director to J C Joshua
	Jiang Houliang	R M R K Wickramasinghe
W U S Logistics (Private) Limited	S J S Perera	I S N Fernando
	J C Joshua	L N A Silva
	D A R Fernando	
Access Logistics (Private) Limited	S J S Perera	I S N Fernando
	J C Joshua	L N A Silva
	D A R Fernando	
Lanka AAC (Private) Limited	S J S Perera	I M S Bandara
	J C Joshua	P N A Pathirana
	D A R Fernando	P B R Dissanayake
	L P Gamalathge	
ZPMC Lanka Company (Private) Limited	C Qiang * appointed w.e.f. 30 June 2022	S D Munasinghe
	L Qiang * appointed w.e.f. 30 June 2022	H Qingfeng * resigned w.e.f. 30 June 2022
	Z Zhiyong * appointed w.e.f. 30 June 2022	C Jiaqing * resigned w.e.f. 30 June 2022
	J C Joshua	L Chenhao * resigned w.e.f. 30 June 2022
Blue Star Realties (Private) Limited	A M Alamoti	S J Fernando * appointed w.e.f. 22 February 2023
	M Dehghan	H L G Erandika * appointed w.e.f. 22 February 2023
	A Shafiei	D D S Ferdinando * resigned w.e.f. 22 February 2023
	S J S Perera	S H S Mendis * resigned w.e.f. 22 February 2023
Access Motors (Private) Limited	S D Munasinghe	T A A Fernando
	S J S Perera	M Jayahsuriya
	S M P K Dissanayake	K A P Perera
	T T B C Fernando	
Access Logistics Park Ekala (Private) Limited	S J S Perera	I S N Fernando
	J C Joshua	L N A Silva
	D A R Fernando	
AEL East Africa Limited	S J S Perera	R M R K Wickramasinghe
	J C Joshua	M P D T Kumara
	D A R Fernando	T A L Niroshan
	S H S Mendis	S N Mbaa

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Twelfth Annual General Meeting of Access Engineering PLC will be held at The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02 on 22nd September 2023 at 2.00 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 2023 and the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Shamal Joseph Shavindra Perera who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.
3. To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.
4. To authorize the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.

By Order of the Board

Access Engineering PLC

Sgd.
P W CORPORATE SECRETARIAL (PVT) LTD
Director/Secretaries

29 August 2023
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.

NOTES

FORM OF PROXY

I/We*...

(NIC/Passport/Co. Reg. No. ....) of.. ....

....being a shareholder / shareholders of ACCESS ENGINEERING PLC hereby appoint ....(NIC/Passport No..)

of... or failing him/her*,

Mr. Sumal Joseph Sanjiva Perera	or failing him*
Mr. Joseph Christopher Joshua	or failing him*
Mr. Dalpadoruge Anton Rohana Fernando	or failing him*
Mr. Shevantha Harindra Sudhakara Mendis	or failing him*
Mr. Saumaya Darshana Munasinghe	or failing him*
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	or failing him*
Mr. Niroshan Dakshina Gunaratne	or failing him*
Mr. Suresh Dilhan Perera	or failing him*
Mr. Dinesh Stephan Weerakkody	or failing him*
Mr. Shamal Joseph Shavindra Perera	

as my/our* proxy to represent and speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Twelfth Annual General Meeting of the Company to be held on 22nd September 2023 and at every poll which may be taken in consequence of the aforesaid Meeting and at any adjournment thereof.

	For	Against
Resolution 1		
To re-elect as a Director Mr. Shamal Joseph Shavindra Perera who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.		
Resolution 2		
To re-appoint Messrs KPMG, Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.		
Resolution 3		
To authorize the Directors to determine donations for the year ending 31st March 2024 and up to the date of the next Annual General Meeting.		

In witness my/our* hands this .... day of .... Two Thousand and Twenty-Three.

....

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 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 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 (Pvt) Ltd., 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

GRI 2-1

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@accessengineeringplc.com

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on 31 July 2001 under the Companies Act No. 17 of 1982 and Re-registered under the Companies Act No. 07 of 2007 on 06 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 (Resigned w. e. f. 11 May 2023)
S D Perera
Shamal J S Perera
Prof. K A M K Ranasinghe
N D Gunaratne
D S Weerakkody

AUDIT COMMITTEE

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

SUBCOMMITTEE ON INVESTMENT AND SUBSIDIARY PERFORMANCE MONITORING

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

STRATEGIC PLANNING COMMITTEE

S J S Perera – Chairman
J C Joshua
D A R Fernando
Prof. K A M K Ranasinghe

BANKERS

Bank of Ceylon
Sampath Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
DFCC Bank PLC
People's Bank
National Development Bank PLC
Union Bank of Colombo PLC
Seylan Bank PLC
Cargills Bank Limited
CAC International Bank
International Commercial Bank

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
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

ACCESS ENGINEERING PLC
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