THE POWER OF PERSISTENCE

Access Engineering PLC
Annual Report 2023 / 2024

THE POWER OF PERSISTENCE

As we regain our footing after navigating through a turbulent economy and challenging times, we are not left unscathed.

Having weathered this storm with tenacity, we at Access Engineering renew our commitment towards safeguarding our business operations and guaranteeing continued success in the future. In the year under review, we have made tough decisions, exacted extreme measures and performed at our very best to retain our stronghold.

The power of our persistence has proven effective, and while we continue to rebuild, we reflect on the persevering attitudes and hard work that has allowed us to regain our footing.

The construct of our resilience is fortified with the power of our persistence.

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ABOUT THE REPORT

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 ten years, AEL published an Integrated Annual Report. The latest report, which marks the eleventh edition of the Company's integrated reporting journey, covers the financial year 01 April 2023 to 31 March 2024 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 2022/23 are available for viewing and downloading on our corporate website - https://www.accessengsl.com

GRI ▸ 2-4

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

GRI ▸ 2-2, 2-3

SCOPE AND BOUNDARY

The overall boundary of this report includes both Access Engineering PLC and its subsidiaries as listed out on page 12 (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 39 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.

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)

GRI ▸ 2-5

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 14 and limited assurance on the non-financial highlights and indicators on page 15 and pages 78 to 121 respectively. Their report is on page 134 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.

GRI ▸ 2-5, 2-14

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 2023/24.

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,
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Union Place,
Colombo 02
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ABOUT ACCESS ENGINEERING

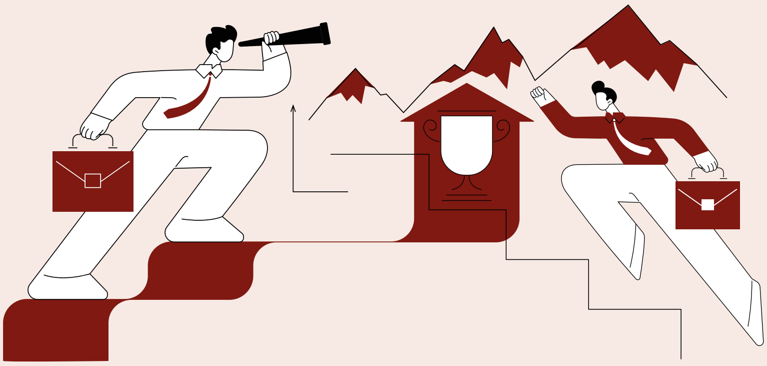
Since our inception, Access Engineering PLC (AEL) has extensively contributed to the construction landscape in Sri Lanka through numerous completed construction projects. We collaborate across disciplines and industries like energy and resources, environmental and water to bring highly diversified projects 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 multisector civil engineering projects, providing innovative solutions whilst developing long-term progressive relationships with all our stakeholders.

AWARDS & ACCOLADES

The Engineer UK Award

Winner of 'Collaborate to Innovate Award 2023'

NIOSH Award for the Central Equipment Division

Winner - Construction - Small/Medium Sector

GOLD AWARD - Construction Sector TAGS Awards 2023 CA Sri Lanka

NIOSH Award for Bluemendal Housing Project

Merit Award for Occupational Health and Safety

NIOSH Award for Asphalt Mixing Plan

Merit Award for Occupational Health and Safety

KEY HISTORIC MILESTONES

2001

- Incorporated as a public limited liability company
- Accredited as a Major Specialist Contractor by the National Construction Association of Sri Lanka (NCASL)

2004

- Awarded highest accreditations in various fields of civil engineering by the Institute of Construction Training and Development (ICTAD)
- Developed Quality Management System (QMS) in compliance with ISO 9001:2004

2008

- Access Realties (Private) Limited, owner and managing agent of Access Tower, became a subsidiary of AEL
- Developed Environmental Management System (EMS) in compliance with ISO 14001:2004

2010

Accredited by the Institution of Engineers Sri Lanka (IESL) as an institution for training engineers for professional charter

2011

- Issued 180 million ordinary shares, raising LKR 4.5 Bn
- Became the first construction company in Sri Lanka to join the United Nations Global Compact (UNGC)
- Ventured into the production of construction-related materials

2012

- Became a publicly listed company on the Colombo Stock Exchange (CSE)
- Acquired a majority stake in Sathosa Motors PLC, authorized distributor for Isuzu vehicles

2013

- Invested in Access Motors (Private) Limited, authorized distributor for Land Rover and Range Rover vehicles
- Entered into a joint venture with Shanghai Zhenhua Heavy Industries Company Limited (ZPMC) for container handling equipment maintenance

2014

- Integrated business operations through an Enterprise Resource Planning Platform.
- Commenced construction on Access Tower II
- Acquired Access Projects (Private) Limited, specializing in interior and aluminium works

2015

- Opened East Africa Branch in Djibouti
- Extended operations of joint venture ZPMC Lanka into overseas ports
- Invested in real estate through Horizon Holdings and Horizon Knowledge City Limited

2016

- Invested in 50% issued share capital of Blue Star Realties (Private) Limited for the construction of 242 luxury condominium apartment units in Rajagiriya
- Access Motors (Private) Limited was appointed the sole distributor for Jaguar vehicles in Sri Lanka

2017

- Invested in Harbour Village (Private) Limited for the construction of 1088 condominium apartment units in downtown Colombo
- The newly built Access Tower II commenced commercial operations adding approximately 200,000 Sq. Ft. of A-Grade office space

2018

- Commencement of Mannar wind power project, the largest wind power project in Sri Lanka with a capacity of 110MW
- Commencement of Central Expressway package 2; First expressway to be undertaken by local construction companies
- For the second consecutive year, AEL was selected to the category of "Ten Best Corporate Citizens in the Country" by The Ceylon Chamber of Commerce

2019

- Acquired 100% of WUS Logistics (Private) Limited for the construction of Sri Lanka's largest single roof warehouse
- For the third consecutive year, AEL was selected to the category of "Ten Best Corporate Citizens in the Country" by The Ceylon Chamber of Commerce

2020

- Commencement of Kenya T-Mall flyover by AEL East Africa Limited, a 100% owned subsidiary of AEL
- Invested in 50% of Lanka AAC (Private) Limited, engaged in the manufacturing of autoclave aerated concrete blocks
- Initiated the first BOT project together with the UDA for the construction of a public car park in Union Place

2021

- Commencement of construction of 700,000 Sq. Ft. Export Greenfield (EGF) logistics and warehousing facility in Ekala by Access Logistics Park Ekala (Private) Limited

2022

- Commencement of East Container Terminal by Access – CHEC JV at the Port of Colombo, the second deep-water terminal developed since the Colombo International Container Terminal (CICT)
- Ranked 8th among all the listed entities by Transparency International Sri Lanka (TISL) for transparency in corporate reporting for the year 2021

2023

- Commencement of commercial operations of Export Greenfield (EGF) logistics and warehousing facility in Ekala
- Signing of Consortium Agreement with CM Ports China & the Sri Lanka Ports Authority (SLPA) for the formation of South Asia Commercial & Logistics Hub Limited

2024

- Winner of 'Collaborate to Innovate Award 2023' by The Engineer United Kingdom

MILESTONES

This year has been pivotal for Access Engineering PLC (AEL), marked by key milestones in the construction sector. AEL completed several major infrastructure projects and advanced sustainable building practices into our processes. These achievements set new benchmarks for efficiency, safety and innovation, reinforcing AEL's commitment to a sustainable and advanced future in construction.

APRIL 2023

Signing of Consortium Agreement with CM Ports China & the Sri Lanka Ports Authority (SLPA) for the formation of South Asia Commercial & Logistics Hub Limited

MAY 2023

Commencement of construction work of the preschool and cultural center for Shinnyo – En Lanka at Kirimandala Mawatha, Colombo 05

JUNE 2023

Commencement of construction of buildings (Package 2) of the proposed Colombo West International Terminal (CWIT) project of the Port of Colombo

Commencement of piling work of the proposed Central Expressway Project Section 3 (Package 1M) (from Pothuhera to Galagedara)

AUGUST 2023

Commencement of commercial operations of the Export Greenfield (EGF) warehousing and logistics facility

DECEMBER 2023

Completion of all civil and structural work of Marina Square Uptown Colombo

FEBRUARY 2024

Winner of ‘Collaborate to Innovate Award 2023’ by The Engineer United Kingdom

MARCH 2024

Substantial completion of the Stadiumgama Housing Project

GROUP STRUCTURE

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
	South Asia Commercial and Logistics Hub 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
15%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	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 port machinery (in partnership with ZPMC of China)	Sri Lanka & Overseas	Sri Lanka

*Effective Holding

FINANCIAL HIGHLIGHTS

	Unit	2023/24		2022/23		Change	
		Group	Company	Group	Company	Group	Company
Earnings highlights and ratios							
Revenue	LKR Mn	21,501	18,323	20,565	17,556	5%	4%
Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	LKR Mn	8,170	5,075	10,015	6,505	(18%)	(22%)
Profit Before Tax	LKR Mn	4,305	2,195	4,377	1,919	(2%)	14%
Income Tax	LKR Mn	2,549	(650)	(1,941)	(475)	(31%)	37%
Profit After Tax	LKR Mn	6,854	1,545	2,436	1,444	181%	7%
Profit Attributable to shareholders	LKR Mn	6,861	1,545	2,482	1,444	176%	7%
Dividends	LKR Mn	500	500	750	750	(33%)	(33%)
Gross Profit Margin	%	34.21	23.24	28.49	23.84	6%	(1%)
Operating Profit Margin	%	31.94	22.84	38.09	31.39	(6%)	(9%)
Net Profit Margin	%	31.88	8.43	11.85	8.23	20%	0.20%
Earnings Per Share	LKR	6.86	1.54	2.48	1.44	176%	7%
Return on Assets (ROA)	%	6.96	2.85	2.95	2.65	4%	0.20%
Return on Capital Employed (ROCE)	%	11.54	10.61	16.25	13.90	(5%)	(3%)
Return on Equity (ROE)	%	17.92	6.07	7.62	5.90	10%	0.17%
Interest Cover	No. of times	2.60	2.10	2.01	1.49	29%	41%
Financial Position Highlights and Ratios							
Total Assets	LKR Mn	98,532	54,295	82,716	54,552	19%	(0.50%)
Total Liability	LKR Mn	60,289	28,834	50,744	30,061	19%	(4%)
Equity Attributable to Equity Holders of the Parent	LKR Mn	35,834	25,461	29,557	24,492	21%	4%
Stated Capital	LKR Mn	9,000	9,000	9,000	9,000	-	-
Retained Earnings	LKR Mn	26,018	16,132	19,741	15,162	32%	6%
Asset Turnover	No. of times	0.22	0.34	0.25	0.32	(3%)	2%
Debt/Equity	%	55.59	54.95	50.79	62.22	5%	(7%)
Equity/Asset	%	38.81	47	38.65	45	0.16%	2%
Net Assets Per Share	LKR	35.83	25.46	29.56	24.49	21%	4%
Current Ratio	No. of times	1.13	1.24	1.12	1.26	1%	(2%)
Quick Asset Ratio	No. of times	0.61	1.06	0.62	1.09	(1%)	(3%)
Market / Shareholder Information							
Highest Market Price Per Share	LKR	-	23.10	-	16.50	-	40%
Lowest Market Price Per Share	LKR	-	13.50	-	8.30	-	63%
Value as at End of Financial Year	LKR	-	22.60	-	14.20	-	59%
Dividend Per Share	LKR	0.50	0.50	0.75	0.75	(33%)	(33%)
Price Earnings Ratio	No. of times	-	14.63	-	9.83	-	49%
Price to Book Ratio	No. of times	-	0.89	-	0.58	-	53%
AEL Market Capitalisation	LKR Mn	-	22,600	-	14,200	-	59%
Dividend Yield	%	-	2.20	-	5.28	-	(3%)
Dividend Payout Ratio	%	7.29	32.36	30.22	51.92	(23%)	(20%)
Dividend Cover	No. of times	13.72	3.09	3.31	1.93	315%	60%
Total Shareholder Return (TSR)	%	-	62.68	-	(0.33)		63%

NON-FINANCIAL HIGHLIGHTS

HUMAN CAPITAL

1,277
Total Employees

LKR 1,951 Mn
Remuneration and benefits to employees

76%
Employee retention rate (Staff Only)

572
New hires

LKR 1.24 Mn
Investment in training

INTELLECTUAL CAPITAL

5
No. of Awards and Accolades received during the year

> 40,000
Total followers in social media platforms

LKR 0.8 Mn
Expenditure on ISO certification

SOCIAL AND RELATIONSHIP CAPITAL

96%
% of Local Suppliers

100%
Complaints resolved

LKR 5,843 Mn
Material Purchases from Suppliers

LKR 2.9 Mn
Investment in CSR & Donation

MANUFACTURED CAPITAL

24
No of Production Plant Locations

LKR 168 Mn
Investment in Property, Plant & Equipment

LKR 3,931 Mn
Net Book Value of Property, Plant & Equipment

LKR 44.4 Mn
IT Expenditure

NATURAL CAPITAL

5,790,055 Liters
Fuel Consumption

10,633 Kg
Paper Consumption

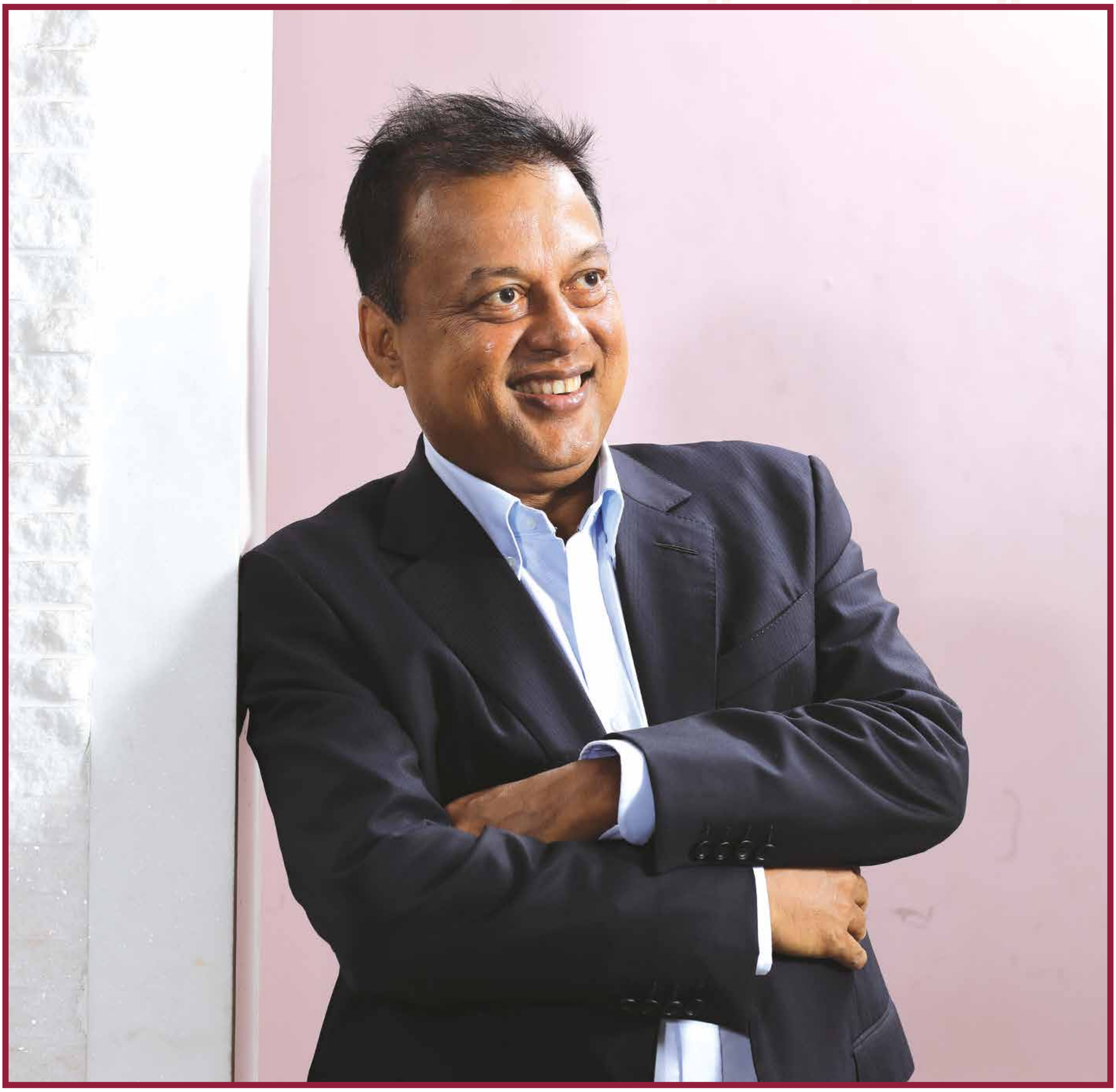
1,007,353 kWh
Electricity consumption

139 m3
Bottled Water consumption

137,002 m3
Water-Main line consumption

178,600 J/Employee
Energy Intensity per employee

CHAIRMAN’S MESSAGE



Reflecting on the operating environment in FY 2023/24, it is indeed encouraging to see the Sri Lankan economy reaching a turning point, marked by gradual improvements in macroeconomic indicators such as inflation, exchange rate, interest rates, and foreign reserves.

Despite these positive signs however, I have to admit the construction sector continued to struggle to regain its footing in the aftermath of significant setbacks experienced in the recent past. The construction industry, which was severely impacted in the pandemic years followed by Sri Lanka’s economic downturn in 2022, continues to be straddled by ongoing funding constraints. The recent increase in VAT from 15% to 18%, effective January 1, 2024, brings further pressure to an already struggling sector.

Against the backdrop of these challenges, Access Engineering adopted a cautious, yet strategic approach focused on maintaining operational efficiency and productivity. Ensuring optimal allocation of available resources we expedited our ongoing projects, such as the Colombo West International Container Terminal (CWIT), the Kohuwala Flyover, the Stadiumgama Housing Project, and the Cultural Center Project.

Our robust financial results for FY 2023/24, I believe, stand as further testament to Access Engineering's resilience, strategic foresight, and unwavering commitment to navigating challenging environments while driving sustainable growth and maintaining operational excellence.

I am pleased to report that the Group made good headway in our project pipeline, including completion of the 700,000 Sq. Ft. Ekala Export Greenfield integrated warehousing complex. We also made an investment of LKR 1.7 billion for the development of the South Asia Commercial and Logistics Hub - a multi-story logistics and warehousing complex within the Colombo port premises, which once completed is set to be the largest commercial and logistics complex in South Asia. To that end, Access Engineering entered a strategic partnership with the CM Ports of China and the Sri Lanka Ports Authority, with Access Engineering holding a 15% stake in this transformative project.

Among our key verticals, the logistics and warehousing sector saw significant growth, underpinned by the operation of two new warehouse complexes in Kimbulapitiya and Ekala. Both facilities, which were designed and built by Access Engineering, are now fully operational and are expected to yield substantial long-term benefits for the Group.

The property sector also performed well, with the superstructure of Marina Square Uptown Colombo completed in December 2023. The completion of most deed transfers for Capitol Heights - Rajagiriya, also marks another major milestone for the property sector. Meanwhile, I am pleased to note our flagship office spaces, Access Tower I & II, maintained full occupancy throughout the year.

The automobile sector, represented by Sathosa Motors PLC and Access Motors, demonstrated resilience, effectively weathering the economic challenges. Additionally, our associate ZPMC Lanka achieved impressive results, expanding its operations both locally and internationally.

Our robust financial results for FY 2023/24, I believe, stand as further testament to Access Engineering's resilience, strategic foresight, and unwavering commitment to navigating challenging environments while driving sustainable growth and maintaining operational excellence. In FY 2023/24 the Group recorded a turnover of LKR 21.5 billion, denoting growth of 4.55% over the previous year, while the Company reported a turnover of LKR 18.3 billion, reflecting a 4.37% increase, year on year. Meanwhile, the Group's net profit soared to LKR 6.9 billion, while the Company's net profit reached LKR 1.5 billion, which I am convinced reflects our agility and skillfulness at navigating complex externalities.

As I look to the future, the prospects for Access Engineering Group will continue to be shaped by the pace of national economic recovery. That said, the substantial progress we have made as a nation, gives me reason to be optimistic that the ongoing momentum, and the anticipated conclusion of the debt restructuring process, will put Sri Lanka on a path for a more robust and sustained recovery over the next 12 - 18 months.

In alignment with this positive national trajectory, the Group is poised to deliver exceptional results and create substantial value for our stakeholders, especially our shareholders. I am particularly optimistic about the medium-term resurgence of the construction sector, which is expected to gain traction with the recommencement of stalled development projects.

I also foresee the property sector playing a bigger role in the Group's future success with the rapid progress of Marina Square in particular set to significantly boost the performance of the property sector. Similarly, the newly launched warehousing and logistics companies, together with both Access Tower I & II, will be instrumental in driving our financial performance and enhancing the Group's long-term growth and profitability.

Aiming to further build on these successes, Access Engineering Group will look forward to strengthening its presence and footprint in the warehousing and logistics sector. As part of our medium-term plan to future-proof our operations, we will also explore new and emerging opportunities, particularly in the renewable energy sector, which I expect will transform the Group's growth trajectory and elevate our industry leadership in the years ahead.

I wish to take this opportunity to express my deepest appreciation to the Executive Vice Chairman, Managing Director, Executive Directors, and Non-Executive Directors for their invaluable support. Your collective expertise and strategic foresight have been invaluable in tackling challenges with confidence. The Board joins me in expressing our gratitude to the Corporate Management and Senior Management teams, Staff and all valuable stakeholders for their unwavering commitment which has been instrumental to the continued success and growth of Access Engineering Group.

While acknowledging that it is through these collective efforts that the Group has been able to consistently stay ahead, I remain convinced that together, we can reach even greater heights in the future.

Sumal Perera
Chairman

27th August 2024

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

Rohana Fernando
Managing Director

Christopher Joshua
Executive Vice Chairman

MACROECONOMIC OVERVIEW

Marking a significant shift in its macroeconomic landscape, Sri Lanka entered a phase of relative stabilisation in 2023 after the severe economic downturn of 2022. The government's and Central Bank's efforts, bolstered by the International Monetary Fund's (IMF) Extended Fund Facility (EFF), began to bear fruit, leading to improvements across several key economic indicators compared to the previous year.

The government's primary focus in 2023 was to restore economic stability underpinned by a more accommodative monetary policy stance and coupled with the CBSL's efforts to maintain headline inflation below 5%. Consequently, inflation, which had soared to alarming levels in 2022, started to recede, returning to single-digit figures by the latter half of 2023.

The adoption of a flexible exchange rate policy and the relaxation of administrative measures further supported economic recovery while the Country's external sector also strengthened against the backdrop of increased worker remittances. Moreover, with the stringent import restrictions imposed during 2022 being gradually eased throughout 2023, businesses were able to source essential inputs to enable the resumption of operations.

Additionally, the resumption of funds from multilateral funding agencies helped to boost gross official reserves of the Central Bank, leading to a 10% appreciation of the Sri Lankan Rupee against the US dollar in 2023, a sharp turnaround from the unprecedented 82% LKR depreciation against the USD recorded in the previous year.

The government also made strides in improving fiscal stability, with a notable increase in the VAT rate from 15% to 18% in January 2024, aimed at enhancing government revenue.

Another significant policy achievement in 2023 was the finalisation of the Domestic Debt Optimization (DDO) initiative, which contributed to a rapid decline in the yields of government securities as well as market interest rates. The reduction in policy rates by approximately 6.5% in the second half of 2023 and a further 5% in March 2024 led to a corresponding decline in market interest rates.

In another encouraging sign, the improved macroeconomic outlook prompted Fitch Ratings to upgrade Sri Lanka's Long-Term Local Currency Issuer Default Rating (IDR) to 'CCC-' from 'RD' (Restricted Default) in September 2023. Similarly, S&P Global Ratings revised its long- and short-term local currency sovereign credit ratings to 'CCC+/C' from 'SD/SD' (Selective Default). These upgrades reflect increased confidence in Sri Lanka's economic recovery and fiscal management policies that have laid the groundwork for sustained economic stabilisation and growth.

OPERATIONAL PRIORITIES

Despite the broader economic recovery benefiting various sectors, the construction sector remained under considerable stress, continuing to face the lingering effects of the prolonged economic downturn. As one of the hardest-hit sectors, construction struggled to regain momentum, with the sector's slow recovery impacting our operations. Several of our projects continued to experience delays or remained on hold during the current financial year, following suspension or cutbacks on infrastructure spending as both bilateral and some multilateral funding agencies decided to halt disbursements.

Working proactively to navigate this challenging environment, we prioritised the effective management of available resources, focusing primarily on the optimal use of raw materials and controlling variable costs. To achieve our goals, we implemented several strategic

We are pleased to see that by redirecting our resources effectively, we succeeded in maintaining project momentum and ensured the achievement of project milestones, notwithstanding challenges.

measures, one of the most impactful being the reallocation of our teams, including engineering and technical staff, to critical in-house development projects. This approach allowed us to accelerate the completion of key projects, such as the Export Greenfield (EGF) integrated logistics facility, which we successfully handed over as scheduled in August 2023.

Additionally, we made sure our concrete batching plants remained fully operational to support ongoing projects, including the East and West Container Terminal projects and the Marina Square Mix Development. We are pleased to see that by redirecting our resources effectively, we succeeded in maintaining project momentum and ensured the achievement of project milestones, notwithstanding challenges.

We also relied heavily on technology to fast track support the achievement of project milestones. For instance, the integration of Navisworks and Revit for 3D model coordination and Building Information Modeling (BIM) allowed for early detection of conflicts, reducing delays and rework while enhancing overall project efficiency.

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

It was also very encouraging to see that private investment in infrastructure development, particularly in the port sector, remained robust throughout the financial year. Access Engineering were direct beneficiaries of this trend, with projects like the West Container Terminal, funded by Adani Ports, moving forward smoothly.

Meanwhile despite the limited growth opportunities in the construction sector during the year, we were quick to capitalise on available opportunities for potential growth and expansion. To that end, our quarry operated at full capacity to ensure uninterrupted supply of input materials for the ground improvement and substructure work at the Colombo West International Terminals (CWIT), a project developed by Adani Ports of India.

FUNDING STRATEGY

Historically, the majority of the government agencies have relied heavily on bilateral, multilateral, and local bank funding to drive its infrastructure development projects. However, the economic downturn of 2022 reshaped this funding landscape following the suspension of bilateral funding, which began in the wake of the downturn and persisted well into the current year. The Asian Development Bank (ADB) was among the first to re- direct the funds available for disbursement for infrastructure projects, a decision that disrupted our work on the 'Integrated Roads' network project in the Gampaha District until December 2023. While this was a significant setback, we adapted by focusing our efforts on other ongoing projects where funding remained stable.

In this regard, we were indeed fortunate to be able to continue with several multilateral-funded projects thanks to the longstanding support of the funding organisations. One such project was the Stadiumgama Housing Project, which was funded by the Asian Infrastructure Investment Bank (AIIB). Thanks to the continued support from AIIB, this project progressed without significant delays. Similarly, we made notable headway on the Central Expressway Section 3 project.

As the ongoing debt restructuring efforts gathered momentum, we began to see a gradual easing of restrictions on bi-laterally funded projects, which paved the way for the resumption of a number of previously stalled projects such as the Kohuwela flyover to ensure its availability for public use by July 2024.

It was also very encouraging to see that private investment in infrastructure development, particularly in the port sector, remained robust throughout the financial year. Access Engineering were direct beneficiaries of this trend, with projects like the West Container Terminal, funded by Adani Ports, moving forward smoothly. The Sri Lanka Ports Authority (SLPA), a vital contributor to the Country's foreign exchange, continued to disburse funds for the East Container Terminal Project, which we are jointly developing. These projects have been crucial in maintaining our operational continuity and safeguarding financial stability during a tumultuous period.

Meanwhile the decline in market interest rates from mid-2023 also played a pivotal role in our funding strategy during the past year. Lower rates made the cost of funding and access to debt capital more viable, easing some of the financial pressures we faced earlier. We further benefited from the previous year's strategic restructuring of our loan portfolio, which allowed us to continue servicing our debt more efficiently and sustainably. Without a doubt, it was this combination of strategic project management and disciplined financial planning that enabled us to maintain a steady course despite the broader economic challenges facing the Country's construction sector.

SUPPLY CHAIN EFFICIENCY

The year 2023 brought much needed stability across the supply chain, enabling Access Engineering to navigate the macroeconomic challenges with greater confidence and efficiency.

The stabilisation of Sri Lanka's exchange rate along with the easing of import restrictions brought much-needed relief, particularly as it enabled us to resume the procurement of essential construction materials like steel and cement without interruptions. Unlike the previous year, where volatility and uncertainty plagued the market, 2023 saw prices stabilising, ensuring a steady and reliable flow of these critical raw materials, which was invaluable in maintaining our project timelines and budgets.

We are also very pleased to see the Banks playing a more supportive role this year and becoming more receptive to facilitating the importation of necessary construction materials, fittings, and accessories. This shift in the financial environment allowed us to secure the resources we needed without the delays and complications that had previously hampered our operations.

We also witnessed domestic supply chains returning to normalcy, with the uninterrupted availability of raw materials such as sand and soil contributing to the smooth progression of our construction projects. The consistent supply of these materials ensured that we could continue our work without significant interruptions, a stark contrast to the challenges we faced during the height of the economic downturn in 2022.

Moreover, essential utilities such as fuel, electricity, and gas were also freely available in 2023 providing a stable operational environment that was critical for maintaining momentum across our various projects.

PEOPLE MANAGEMENT INITIATIVES

It is a well-known fact that in the aftermath of the 2022 economic downturn, Access Engineering, like most other construction sector businesses, faced significant challenges in managing its human capital. With the suspension of several key construction projects in FY 2022/23 leading to unprecedented levels of idle human capital, many employees were found to be seeking alternative employment opportunities, including options abroad. The situation highlighted the immense strain on our organisation as we navigated one of the most challenging periods in our history.

Against this backdrop, we continued to prioritise the retention of core teams and key human resources. Admittedly, while the challenge of retaining skilled professionals was significant, we took comprehensive measures to keep our valuable human capital engaged and motivated. This included resuming staff welfare activities and investing in training and development programmes to enhance their skills and career prospects.

At the same time, capitalising on the fact that our workforce had been right sized to a more manageable level, we focused on optimising productivity of the existing cadre. Throughout the year, we kept our entire workforce actively involved in ongoing projects and encouraged every individual to contribute meaningfully to the Group objectives, which we believe has been crucial in sustaining their trust and securing their commitment towards the Company. This was combined with cross-functional on-the-job learning initiatives to enable employees to expand their skill sets and develop new competencies to adapt to the demands of the fast-evolving construction sector. We are pleased to see that these approaches have not only delivered remarkable improvements in both productivity and efficiency, but also in terms of boosting employee morale and overall satisfaction.

FOCUS ON INNOVATION

The FY 2023/24 saw Access Engineering marking a major milestone in showcasing its commitment to pioneering innovation in the construction sector, underscoring the success of Access Engineering's 'Idea Nest' Initiative, designed to introduce advanced technology to Sri Lanka. The company was among the recipients of the prestigious Collaborate to Innovate (C2I) Award 2023 from The Engineer Magazine UK. This accolade was awarded for the collaborative research project involving prestigious local and global academic institutions namely; The University of Moratuwa, University of Cambridge, University of Oxford, WSP UK and others, together with the Access Engineering PLC as the technical partner. The project, which focused on "Innovative Pre-Straining Tools and BOFDA Technology Assessment," was recognized in the highly competitive "Information, Data and Connectivity" category, where five entries were shortlisted.

Aside from this award-winning project, we continued to demonstrate our leadership in innovation to transform the local construction sector. For example, a specialised asphalt mix designed to handle the slow-moving heavy traffic loads at the container stocking yard, was developed using Polymer Modified Bitumen (PMB) to meet the specific needs of the Jaya Container Terminal at the Port of Colombo. We also began using pre-embedded inserts and anchor bolts in formwork before pouring roof slab concrete, thereby eliminating the need for post-concrete drilling and reducing structural risks, while laser-aligned plastering techniques with added durability from mesh-reinforced plaster were used to improve precise alignment and enhance both the structural integrity and aesthetics of projects. In addition, we embraced the use of Fiber Reinforced Polymer (FRP) for vibrant architectural designs on building exteriors, offering both aesthetic and practical benefits such as weather resistance and ease of maintenance.

We introduced and applied the integration of Navisworks and Revit for 3D model coordination and Building Information Modeling (BIM) into some of our new and ongoing projects. This has allowed for early detection of conflicts, maximizing the usage of raw materials, reducing delays and rework while enhancing overall project efficiency.

Other notable innovations included the adoption of self-climbing external formwork systems, the use of AAC blocks instead of traditional bricks, and the implementation of a pug mill machine and wet mix macadam plant for manufacturing sub-base and CBM3 materials for the West Container Terminal Project.

PROGRESS ON EXISTING PROJECTS

We once again made significant progress on our projects during the FY 2023/24. One of our standout achievements was the completion and handover of the approximately 700,000 Sq. Ft. export greenfield (EGF) logistics facility in Ekala. The project which was executed on a priority work program was handed over well within the original scheduled completion. The work carried out by us in this design and build facility, which is the first of its kind in the Country, included detailed design, civil, mechanical, electrical, plumbing, landscaping as well as utility work. The project also provided us with the opportunity to improve the public stormwater drainage network in the project vicinity including the recreational area for public use.

We also made steady progress on the Stadiumgama Housing Project, where by the end of the financial year, approximately 98% of the work had been completed. This AIIB-funded project remains on track to be fully completed and handed over to the Urban Development Authority (UDA) in the first half of 2024. The Elliot Place Housing

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

Project, which had been temporarily suspended since July 2022, resumed under revised terms with the UDA, achieving around 26% completion by March 2024.

Meanwhile, work at the Colombo West International Terminal (CWIT) of the Port of Colombo advanced steadily and once completed, is set to become Sri Lanka's largest and deepest container terminal, equipped to handle Ultra Large Container Vessels with capacities of up to 24,000 TEUs. Similarly, the Marina Square Mix Development project made excellent headway, with all structural work completed by December 2023. We are now focusing on mechanical, electrical, plumbing, and finishing work, with a target completion date set for December 2025.

The design and construction of the Preschool and Cultural Center for Shinnyo-EnLanka at Kirimandala Mawatha, Colombo, a privately funded new project kicked off in May 2023 and progressed well during the FY 2023/24. The project remains on track to be completed on schedule.

The progress on road projects was mixed. We commenced the balance construction work of the Kohuwela flyover, funded by the Government of Hungary. The Slave Island Flyover project where most of the work Including all substructure work and flyover erection up to Pier 4 was completed, could not progress any further due to non-completion of relocation and demolition work by the client. A notable achievement for this project is that we successfully fabricated the steel bridge components locally through our partnership with Dockyard General Engineering Services (Pvt.) Ltd. Construction on Package 1M of the Central Expressway Project Section 3, from Pothuhera to Galagedara, continued with significant rock blasting work and near completion of design work.

The ADB-funded I-Roads project, which was temporarily halted due to the 2022 economic downturn, resumed in mid-2023, but saw limited progress as at the end of the current year. The Nittambuwa Pasyala road project, which involves expanding the road to a 4-lane standard carriageway, also experienced slower progress, with work primarily focused on improving the Pasyala Junction area. No progress was seen in the construction of the Getambe flyover, another project funded by the Government of Hungary.

Similarly, the Marina Square Mix Development project made excellent headway, with all structural work completed by December 2023. We are now focusing on mechanical, electrical, plumbing, and finishing work, with a target completion date set for December 2025.

In the telecommunications area, our ongoing partnership with Dialog Broadband Networks saw the roll out of their fibre optic network connecting approximately 90 mobile sites to the Dialog network during the year.

PERFORMANCE OF BUSINESS SEGMENTS

Reflecting on the performance of our Construction Related Materials segment, we are pleased to note the segment demonstrating resilience and adaptability amidst Sri Lanka's challenging economic landscape. Our production plants and quarries continued to play a crucial role in supporting various ongoing projects.

Our endeavour to maintain an uninterrupted supply of core rock and armour rock for the the Colombo West International Terminal (CWIT) led to the acquisition of another quarry with Industrial Mining Licences (IML) B grade and IML C grade, strategically located within viable transportation distance to the CWIT site. We also mobilised three dedicated concrete batching plants for the CWIT project, further enhancing our capacity to meet the project's concrete needs and ensuring the successful completion of Phase 1 of the CWIT project within the stipulated contractual period.

In recognition of our commitment to excellence, reliability and timely delivery, Access Engineering was awarded Phase II of this high-profile development.

Including the CWIT project, our asphalt plants delivered approximately 220,000 MT of asphalt, and our quarries provided over 260,000 cubic metres of quarry products, while our crusher plants supplied more than 65,000 cubic metres of aggregate. Additionally, our batching plants produced over 80,000 cubic metres of concrete, and we manufactured over 10,000 cubic metres of M-Sand.

We also invested in capacity expansion at our subsidiary, Lanka AAC Private Limited, where a ball mill machine was commissioned to further improve production efficiency of AAC blocks.

PROPERTY

During the financial year, the Property segment registered improved results, as both Access Tower I and II operated near full capacity occupancy levels, underscoring the towers' status as prime office spaces in Colombo. Keen to maintain its strong appeal among reputed local and international corporates, Access Tower I underwent renovation to improve its overall aesthetic and functionality.

The Property segment also achieved significant milestones with its logistics and warehousing facilities. The 425,000 Sq. Ft. integrated logistics and warehousing facility in Kimbulapitiya was fully occupied throughout the year, showcasing robust demand for such spaces. Eager to make further inroads into this arena the segment's warehouse footprint was further expanded with the addition of a new

700,000 Sq. Ft. integrated logistics facility in Ekala which commenced commercial operations in August 2023.

In addition to these achievements, a new public car park facility associated with Access Towers I and II began operations in 2023/24. This 285-car park facility addresses the shortage of public parking spaces in the central city area, providing a valuable service to both tenants and the general public.

Marina Square Uptown Colombo, Sri Lanka's largest harbour front mixed-use development, saw significant progress with the completion of its superstructure by December 2023. The project, which promises luxury and spectacular views, is currently focused on its MEP (mechanical, electrical, and plumbing) and finishing works, aiming for completion by December 2025.

Furthermore, Capital Heights Rajagiriya, a residential project where all units were sold, successfully completed the transfer of most deeds to buyers during the financial year. This reflects a strong demand and successful execution in the residential property market.

AUTOMOBILE

The performance of the Automobile segment during the financial year faced challenges amidst the continuation of vehicle import restrictions imposed in 2020 at the onset of the pandemic. With the ongoing restriction significantly impacting the ability to introduce new models to the market, both Sathosa Motors PLC and Access Motors had to contend with limited sales of new vehicles.

Despite the constraints on vehicle sales, the segment showed promising improvements in other areas. Following the easing of restrictions on the importation of motor vehicle spare parts, both Sathosa Motors and Access Motors experienced strong growth in spare parts sales and workshop activities, which partially offset the decline in new vehicle sales.

However, the complete recovery of the automobile industry remains contingent on the resumption of vehicle imports, and with the timeline for lifting these restrictions uncertain, the sector is expected to face ongoing challenges in achieving full recovery and growth.

MECHANICAL ENGINEERING

The Mechanical Engineering segment reported a strong positive performance and progress for the year under review, thanks to the continued success of ZPMC Lanka Company Private Limited, in which Access Engineering holds a 30% associate stake. ZPMC Lanka maintained its strong performance by delivering high-quality services to both Sri Lankan and international ports. This ongoing success underscores the Company's robust capabilities and ability to meet the demands of a global port services sector.

FINANCIAL RESULTS

Despite challenges from the immediate operating environment, the Access Engineering Group registered robust financial results for FY 2023/24. Turnover for the year at Group level was LKR 21.5 billion while the Company reported LKR 18.3 billion representing growth of 4.55% and 4.37% respectively over the previous year. This growth was primarily driven by the outstanding performance of the property sector.

The Construction segment registered a turnaround in the current financial year, with Turnover expanding by 4.31% year on year supported by strong contributions from the roads and highway construction and building construction. A major contributor towards this growth was from the Construction of Package 1M of the Central Expressway Project Section 3 from Pothuhera to Galagedara, construction of Stadiumgama housing project and the Shinnyo-EnLanka preschool and cultural centre.

Sales of Construction-related Material emerged as the second-largest contributor to the Group's top-line, accounting for 28.97% of Group turnover. Notably however, this segment experienced a year-on-year decline compared to the previous year, against the backdrop of a significant drop in demand for construction material.

Other key contributors to Group turnover were the Property Development segment, which reported an impressive year-on-year revenue growth of 102.3%, and the Automobiles sector, which recorded a year-on-year growth of 12.15%.

Buttressed by healthy revenue expansion in most segments together with the focus on operational efficiencies and improved asset utilisation, enabled the Group and Company to report gross profit of LKR 7,356 million and LKR 4,258 million respectively for FY 2023/24, reflecting year-on-year increases of 25.55% and 1.71%.

Improved operational performance combined with sustained cost reductions across both administration and other expenses contributed to an EBITDA of LKR 8,170 million for the Group and LKR 5,075 million for the Company, resulting in healthy operating profit margin of 31.94% and 22.83%, respectively.

Meanwhile benefitting from the downward trend in interest rates, interest expenses as a percentage of revenue decreased significantly, both the Group and the Company level. Concurrently, the interest coverage ratio at both Group and Company levels also improved notably in the FY 2023/24.

A significant reduction was observed in the effective tax rate applicable to both at Group and Company in the current financial year, owing to an increase in the deferred tax asset of Access Logistics Park Ekala (Private) Limited and WUS Logistics (Private) Limited.

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

The Business will continue to actively engage with private sector investments, focusing on mobilising funds towards sectors with substantial growth potential and promising return, including port operations, logistics, and renewable energy.

The combined impact of lower interest and deferred tax impact on enhanced capital allowance claimed, coupled with strong EBIT saw the Group and the Company recording Net Profit of LKR. 6,854 Mn and LKR. 1,545 Mn respectively for FY 2023/24 which translated into net profit margin of 31.88% and 8.43% for the current financial year.

Reflecting robust financial performance in FY 2023/24, Earnings per Ordinary Share (EPS) surged from LKR 2.48 to LKR 6.86 at the Group level and from LKR 1.44 to LKR 1.54 at the Company level.

During the review period, the Company's Board of Directors approved a first interim dividend of LKR 0.5 per share, based on the profits of the current year (2023/24), resulting in a total dividend payout of LKR 500 million. Adding to this is the second interim dividend of LKR 1.00 per share declared for the financial year 2023/24 on 8th August 2024 and payable on 5th September 2024.

AWARDS AND ACCOLADES

Apart from the aforementioned "Information, Data and Connectivity" category award at the Collaborate to Innovate (C2I) Award 2023 by The Engineer Magazine UK, Access Engineering's commitment to excellence continued to be recognised by other awarding bodies as well.

The Group's Annual Report for FY 2022/23 received the Gold Award in the Construction Sector at the TAGS Awards 2023, organised by CA Sri Lanka, which recognises outstanding performance and leadership in Transparency, Accountability, Governance and Sustainability.

In testament to the dedication to high standards in workplace safety and health and ensuring a safe working environment for its employees, Access Engineering received three Merit Awards for Occupational Safety & Health at the National Occupational Safety & Health Excellence Awards 2022.

FUTURE PLANS

Looking ahead, Access Engineering has strategically position itself to navigate the challenges and opportunities within the local construction sector and broader infrastructure development landscape. While awaiting the full recovery in Sri Lanka's construction sector over the medium term, in the meantime Access Engineering will rely on adept resource management, cost control and strategic realignment, as needed to ensure that we are well-equipped to handle the current economic vulnerabilities.

The Business will continue to actively engage with private sector investments, focusing on mobilising funds towards sectors with substantial growth potential and promising return, including port operations, logistics, and renewable energy.

In the medium term, we anticipate foreign-funded infrastructure projects to commence in Sri Lanka as the debt restructuring process reaches a firmer ground. At the same time, we hope the lessons learned from the past will also encourage the government to explore alternative funding mechanisms, such as Build-Operate-Transfer (BOT), Design-Build-Finance-Operate-Transfer (DBFOT), and Public-Private Partnerships (PPP), as a means of advancing crucial infrastructure projects across various sectors. Additionally, we believe Access Engineering is poised to benefit significantly from the economic transformation and future growth sectors in the country including the development of the Colombo Port City.

ACKNOWLEDGEMENTS

We extend our appreciation and thanks to our Chairman and the Board of Directors for their support and guidance during these unprecedented times. We also wish to express our profound gratitude to our Corporate Management Team and every member of our staff, who despite the significant challenges have proven their loyalty and dedication towards the Group's resilience and continue to underline our success.

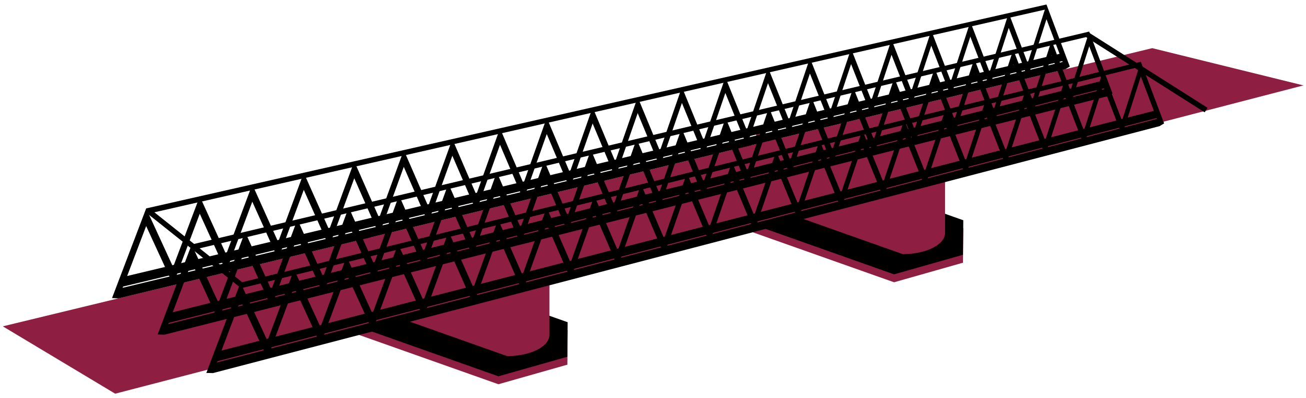
Finally, to all our valued customers, business partners, shareholders and all other stakeholders—thank you for your continued support, trust, and confidence. Your continued support during these tough times have strengthened our resolve and inspired us to aim for greater innovation, sustainable growth, and unparalleled excellence in all that we do.

Rohana Fernando
Managing Director

Christopher Joshua
Executive Vice Chairman

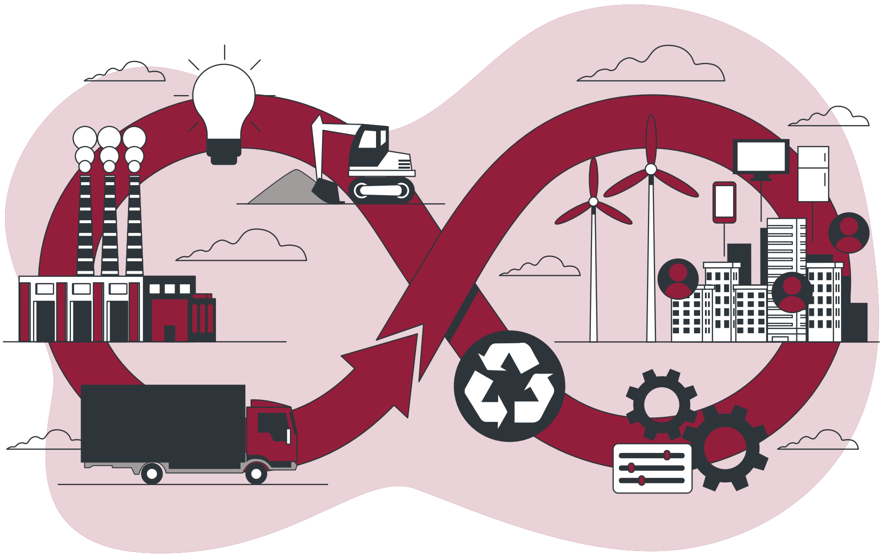
27th August 2024

ORCHESTRATING THE FUTURE



STRATEGY

OPERATING ENVIRONMENT



GLOBAL ECONOMIC OVERVIEW

Global economic activity faced a significant downturn in 2023, driven by stringent monetary policies, restrictive financial conditions, and a marked slowdown in global trade. While most economies around the world struggled with subdued growth, the United States stood out as an exception. Buoyed by expansionary fiscal policies, consumer spending in the US remained robust, providing some resilience in an otherwise challenging economic landscape.

Conversely, the euro area witnessed a sharp economic deceleration, heavily influenced by rising energy costs, which were further aggravated by Russia's invasion of Ukraine. This combination severely hampered household spending and business activities across the broader European region. The global economic situation deteriorated further in the latter part of the year, as the eruption of the Israel/Palestine conflict and the Red Sea crisis added to the uncertainty and instability.

The result was a pronounced slowdown in global industrial production, leading to a sharp decline in global trade growth in 2023 - the lowest outside of global recessions over the past five decades.

However, the dawn of 2024 brought a renewed sense of optimism, as signs of stabilisation began to emerge within the global economy. Despite the persistence of high financing costs and ongoing geopolitical tensions, global economic activity showed resilience and firmed up in the early months of 2024 with trade growth begining to recover, supported by a notable resurgence in goods trade.

Outlook and Prospects for the Global Economy

Greater stability in the global economy is anticipated by mid-to-late 2024, with growth expected to exceed earlier forecasts. However, both advanced and emerging economies are projected to experience slower growth over the 2024-2026 period compared to the robust expansion seen in the decade before the pandemic. Similarly, while global trade is expected to expand in the coming years, its growth will likely remain subdued, falling short of the impressive average rates witnessed in the two decades leading up to the pandemic.

Sources;

Global Economic Prospects - January 2024

Global Economic Prospects - June 2024

GLOBAL CONSTRUCTION INDUSTRY

In 2023, the global construction market demonstrated a solid performance, registering an estimated growth of 3.4%, an improvement over the 2.4% increase in investments seen in 2022. Notably, advanced economies experienced a modest 0.5% rise in the value of the construction sector in 2023 while emerging markets saw a robust 5.6% growth in their building industries.

The Asia Pacific region, which contributes to 52% of the global building sector's value, saw an estimated construction output growth of nearly 6% in 2023. In China, the world leader in construction sector investments, the building industry continued its upward trajectory, growing by 6.5%, surpassing the 5.5% growth recorded in the previous year. India, the third-largest construction market globally, with a value approaching $700 billion, experienced one of the strongest performances worldwide in 2023. The Indian construction sector saw investment growth of nearly 10%, driven by favourable economic conditions that benefited both the infrastructure and residential sectors.

From a global context Western Europe was the only region to experience a decline in construction investments in 2023. Within the region, the UK stood out as the exception, with its building sector showing an overall positive trend, in contrast to the average contraction observed across the rest of the EU.

Meanwhile inflationary pressures, high interest rates, and rising construction costs, construction investments in the USA are estimated to have grown in 2023, particularly in the residential building sector.

Outlook and Prospects for the Global Construction Industry

The forecast for 2024 suggests modest growth in the global building sector. Mature markets are expected to experience a slight decline in construction investments, while emerging countries are anticipated to see moderate growth. The overall development in the global construction sector is projected to be slower than the growth of the global GDP. However, the economic outlook for the construction market is expected to improve in 2025, with a more robust increase in investments, particularly in emerging markets, while developed countries are likely to see a steadier rise.

SRI LANKA'S ECONOMIC PERFORMANCE

After struggling through its most turbulent economic period in post-independence history, Sri Lanka began its path to recovery in mid-2023. This turnaround was driven by rapid disinflation and a more favourable environment for economic resurgence.

Inflation, which had surged to a record high in September 2022, was brought down to single-digit levels by the second quarter of 2023 and remained broadly stable thereafter, often hovering close to target, supported by the Central Bank's accommodative monetary policy. Moreover, reduced risk premiums following the successful completion of the Domestic Debt Optimization (DDO) process, led to a substantial decline in market interest rates which in turn created much-needed space for the revival of economic activity across the country.

In addition, the government's swift policy interventions, alongside the Central Bank's actions and the structural reforms tied to the International Monetary Fund's Extended Fund Facility (IMF-EFF) arrangement, significantly bolstered macroeconomic stability. These efforts guided the Sri Lankan economy toward a moderate contraction of 2.3% in 2023, a marked improvement from the sharp 7.3% contraction in 2022.

While agricultural activities exhibited a notable resurgence, both industrial and service sectors remained under pressure. Industry activities recorded a 9.2% contraction in 2023 largely on account of the notable decline in the construction industry, which continued to stagnate due to the holdback of large-scale construction projects.

Outlook and Prospects for the Sri Lankan Economy

The Sri Lankan economy is poised to maintain its current growth trajectory in the foreseeable future, driven by ongoing reforms, economic adjustments, and continued support from the International Monetary Fund's (IMF) Extended Fund Facility (EFF) programme. Inflation is expected to stabilise within the desired 4-6% target range over the medium term, aided by effective policy measures. The external sector is likely to build on the positive momentum observed in 2023, despite a potential increase in the trade deficit due to higher imports linked to heightened economic activity in the coming months.

Source: Annual Economic Review 2023 - Central Bank of Sri Lanka

LOCAL CONSTRUCTION INDUSTRY PERFORMANCE - 2023

The performance of Sri Lanka's construction industry in 2023 was marked by a gradual yet cautious recovery. In August 2023, the industry continued to operate at a subdued level, with the Total Activity Index recording a value of 47.0, signalling ongoing challenges. The lack of new projects had a severe impact, reflected in a continuous decline in new orders, as firms faced intense competition in tender bidding processes, often undercutting prices to secure limited available projects. The scarcity of both local and foreign-funded construction projects remained a major concern, leading to layoffs of contract-based employees and a steady decline in employment levels across the industry. Additionally, the quantity of purchases continued to decrease, albeit at a slower rate, while suppliers' delivery times shortened due to reduced pressure on supplier capacity.

However, conditions began to improve by early 2024. January marked a significant turnaround with the Total Activity Index rising to 52.9, indicating the first expansion in construction activities since January 2022. New construction work started to emerge gradually, and some previously suspended projects recommenced on a limited scale. Despite these positive signs, the industry faced challenges such as rising material prices, largely due to amendments in the Value Added Tax, and lengthened suppliers' delivery times.

By March 2024, the construction industry showed further signs of improvement, with the Total Activity Index reaching 55.9, marking the third consecutive month of expansion suggesting a more positive trajectory for the months ahead.

Outlook and Prospects for the Local Construction Industry

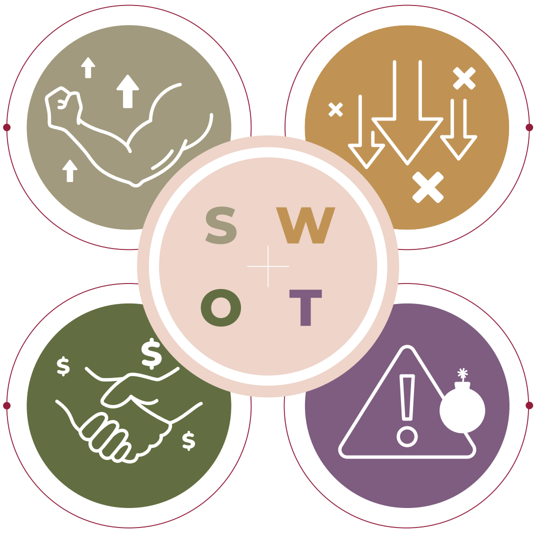
The future prospects for the Sri Lankan construction industry in 2024/25 appear increasingly optimistic as the sector gradually emerges from its prolonged downturn. With a rising Total Activity Index indicating a consistent expansion in construction activities, the availability of new projects - both foreign and privately funded - signals a resurgence in investment and development. Ongoing reforms and economic adjustments are expected to further stimulate growth, fostering a more favourable environment for construction firms. As infrastructure projects gain momentum and previously stalled initiatives resume, the construction industry is well-positioned to capitalise on emerging opportunities, paving the way for sustainable growth in the years to come.

Source: SL Purchasing Managers' Index (PMI) for Construction Industry - Central Bank of Sri Lanka

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 EFF & foreign debt restructuring
- Reinstatement of commitment of multi – lateral funding agencies for local infrastructure development following the IMF EFF & foreign debt restructuring
- Improvement in macro-economic variables including the foreign reserves, exchange rate, interest rates & the domestic inflation following the IMF EFF, foreign debt restructuring & the Domestic Debt Optimisation (DDO)
- Ability to diversify the product portfolio
- Overseas expansion with international partners
- Opportunity to execute projects on BOT & PPP basis
- Rising demand for urbanized and vertical living
- Development of Sri Lanka as a logistics hub for transshipment
- Promotion of Non – Conventional Renewable Energy (NCRE)
- Falling cost of imported raw material following LKR appreciation

Threats

- Rising cost of construction due to VAT rate hike
- Migration of Sri Lankan professionals and skilled staff creating a scarcity of potential quality employees
- Possible delays in client payments resulting in cash flow difficulties and higher finance cost
- Temporary disruption and delays in fund disbursement by bi – lateral funding partners and overseas creditors
- Intense competition among existing industry participants especially on bidding for government projects
- Barriers to penetrate overseas markets
- Scarcity of certain construction material (E.g. Sand)
- Removal of tax concessions

PEST ANALYSIS

POLITICAL FACTORS		Impact to AEL	
		FY 2023/24	FY 2022/23
Political Stability	➢ Political stability of a country will set the tone for its way forward influencing all policies, regulations that will impact business organisations	LOW	HIGH
Policy Inconsistency	➢ Infrastructure development is heavily dependent on the policy directions set out by the GoSL ➢ Gradual recommencement of fund disbursement by the Government for infrastructure development in 2023	MODERATE	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 ➢ Recommencement of fund disbursement by the bi lateral and multilateral funding agencies for infrastructure development in 2024 following the IMF – EFF & the sovereign debt restructuring ➢ 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	MODERATE	HIGH
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 ➢ Lifting of restrictions imposed on Sri Lanka in engaging in global trade following the IMF – EFF and the conclusion of sovereign debt restructuring	MODERATE	HIGH
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

PEST ANALYSIS

POLITICAL FACTORS		Impact to AEL	
		FY 2023/24	FY 2022/23
Compliance requirements of Regulatory bodies	➢ All industry participants are required to confirm 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
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
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	➢ Terrorist activities would hamper the economic development and business sentiment in general ➢ Eradication of civil unrest that prevailed in 2022 paved the way for restoration of law and order	LOW	HIGH

ECONOMIC FACTORS		Impact to AEL	
		FY 2023/24	FY 2022/23
Local economic conditions	➢ Construction industry contributed 5.1% to the national GDP of 2023 (Current Market Prices). This was a marked reduction compared to 2022 which stood at 8%. ➢ Funding constraints due to treasury not having sufficient funds continue to influence the progress of infrastructure development activities	HIGH	HIGH
General taxation issues	➢ Construction activities are taxed at 30% with no concessionary treatment ➢ The Social Security Contribution Levy (SSCL) which came into effect from October 2022 continue to negatively impact the cost of construction activities ➢ Further increase of VAT from 15% to 18% with effect from 1st January 2024 negatively influence the macro-economic activities	HIGH	HIGH
Interest and exchange rates	➢ Interest rate specifies the borrowing capacity and influences the investment process especially if the projects are debt financed. With the conclusion of the Domestic Debt Optimisation (DDO) the market interest rates have shown a downward movement across all tenures stimulating domestic economic activities. ➢ Rapid appreciation of the Sri Lankan Rupee over the course of 2023 has reduced the cost of imports for raw materials such as cement and steel	HIGH	HIGH

ECONOMIC FACTORS		Impact to AEL	
		FY 2023/24	FY 2022/23
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 ➢ Free Trade Agreements, bilateral and multilateral agreements enhancing the potentials for engaging in international trade including the possibility of carrying construction projects overseas	MODERATE	HIGH
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 ➢ Promotion of Sri Lanka as a regional warehousing and logistics hub will create opportunities for further consolidation of company investments into the sector	MODERATE	LOW

SOCIAL FACTORS		Impact to AEL	
		FY 2023/24	FY 2022/23
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 ➢ Gradual increase in domestic spending owing to improving macro – economic conditions	MODERATE	MODERATE
Demographics	➢ A significant portion of the workforce leaving for overseas job opportunities following the 2022 economic condition ➢ Ageing population creating limitations for the potential workforce especially engaging in construction related works	HIGH	HIGH
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 public like housing, water, electricity, etc… is creating more opportunities for construction activities and companies	MODERATE	HIGH
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	➢ Promotion of Sri Lanka as a MICE destination is creating the need for new infrastructure developments and renovations	HIGH	HIGH

PEST ANALYSIS

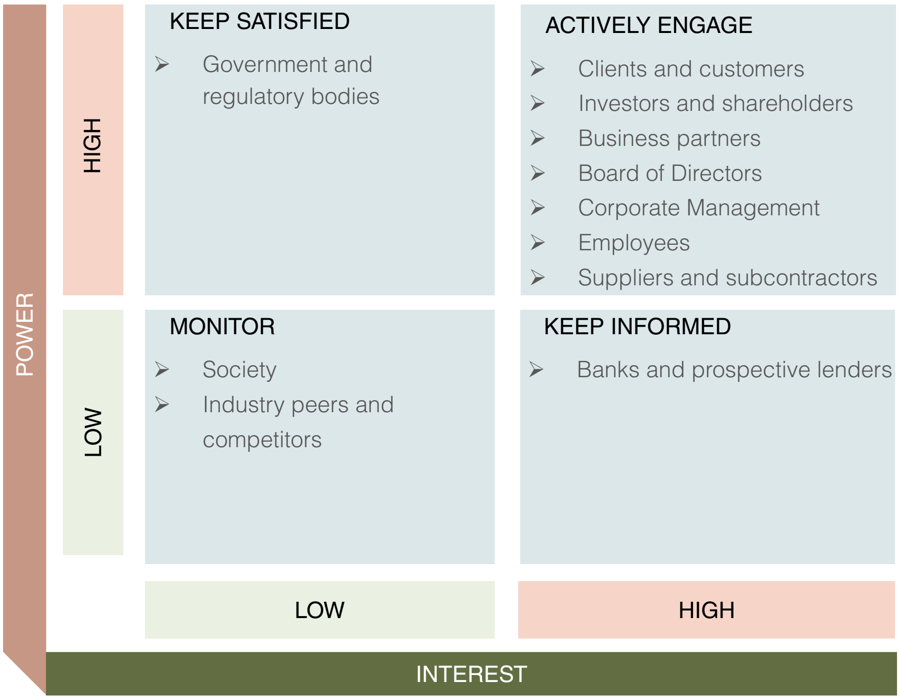
TECHNOLOGY FACTORS		Impact to AEL FY 2023/24	Impact to AEL FY 2022/23
Competing technology development	➢ Development of modern techniques that; • Reduce the use of natural resources and raw materials • Reduce pollution such as use of fly ash from power plants to create concrete blocks • Reduces cost 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. • 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	HIGH	MODERATE
Maturity of technology	➢ The construction industry is moving from being a strictly labour incentive one to a more knowledge incentive one ➢ Emerging technological advances used throughout the world to foster efficient construction are now introduced and used in Sri Lanka	MODERATE	MODERATE
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 ▸ 2-29

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.

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	➢ Completed construction of the Export Greenfield (EGF) Logistics and Warehousing facility at Ekala and commenced commercial operations ➢ Invested 15% in the South Asia Commercial & Logistics Hub to take advantage of Sri Lanka's location as a logistics hub in the South Asian region
Consolidation of core business	Continued with infrastructure development projects across the country in many engineering disciplines that included buildings & piling, port operations, flyovers, roads & highways. Capacity utilization was maintained at an optimal level to improve the productivity of resources.

STAKEHOLDER ENGAGEMENT

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	➢ Engaged resources at an optimal level across all ongoing projects ➢ Engaged resources for large – scale development projects undertaken by Subsidiary Companies ➢ Strengthened cost and project management functions
Securing of projects	➢ Vigilant & pro-active business development efforts ➢ Secured new construction projects that are foreign funded to address the issue of domestic funding restrictions

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
Dedicated Investor Relations Officer/s to address investor and shareholder concerns	Continuous
➢ 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 a reasonable return on their investment	➢ Declared LKR 1.5 Billion as dividends for the FY 23/24
Ensuring the stability and sustainability of business amidst a weakened macro – economy	➢ Continued to grow the Net Asset Per Share throughout the FY 23/24
Providing up-to-date information about the affairs of the company	➢ 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..

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**
Reducing the average cost of funds	Negotiated better rates to take advantage of the low interest regime

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
➢ Orientation programs	Quarterly
➢ Performance appraisals	Annual
Key Concerns Raised During the Year	**Company Response**
Ensuring job security	➢ Facilitated transfers within group companies engaged in complementary businesses, where possible ➢ Retained staff, having them engaged in all available work

STAKEHOLDER ENGAGEMENT

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	Partnered a consortium of investors including the Sri Lanka Ports Authority (SLPA) to develop the South Asia Commercial & Logistics Hub
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

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 to generate business.	HIGH	HIGH

Methods of Engagement	Frequency
➢ Publication of the Annual Integrated Report	Annual
➢ Proactive business development ➢ Progress review meetings ➢ Updated website ➢ Social media engagement ➢ 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..
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	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 obligation 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 ➢ Request for Proposals (RFP) ➢ 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

STAKEHOLDER ENGAGEMENT

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 ➢ CSR projects ➢ 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 ➢ Further explored the practical application of ‘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

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

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		206 414	205
LOW	306 308 407 408 409 411 417	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.

MATERIALITY

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) ➢ Tax (207)

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)

GRI ▸ 3-2, 3-3

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 2023/24 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)

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 (407) ➢ Child Labour (408) ➢ Forced / Compulsory Labour (409)

MATERIALITY

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) ➢ Local Communities (413)

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 and Effluents (303) ➢ Waste (306)

MATERIALITY

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	➢ Emissions (305) ➢ Biodiversity (304)

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 & Construction Related Material	
Short Term	➢ Reach an agreement with the implementing agencies on the way forward for the currently stalled construction projects ➢ Timely completion of all ongoing projects within the revised time schedule/s where applicable ➢ Rationalize business units to optimize utilization of resources ➢ Improve the staff retention ratio and knowledge enhancement ➢ Strengthen community engagement & CSR projects
Medium Term to Long Term	➢ Selective expansion of the project pipeline to areas of expertise and where there is growth potential ➢ Cross utilization of resources within the Group to optimise the use of knowledge and resources and enhance Subsidiary management ➢ Increase investment in training & development

Real Estate & Property Development	
Short Term	➢ Continue to enhance tenant experience at Access Tower I & II ➢ Increase the use and occupancy rate of the public carpark facility at Union Place ➢ Completion of Marina Square Uptown Colombo ➢ Leverage the warehousing and logistics infrastructure for renewable energy generation
Medium Term to Long Term	➢ Further engagement in logistics and warehousing, targeting exports ➢ Further engagement in development of condominium and real estate on a PPP basis

Automobile	
Short Term	➢ Maximize utilization of resources across all the business verticals ➢ Expand after sales service including the spare part sales and workshop operations ➢ Knowledge enhancement ➢ Enhancement of customer loyalty and goodwill
Medium Term to Long Term	➢ Resumption of vehicle sales with phase wise lifting of vehicle imports ➢ Increase investment in training & Development

OUR VALUE CREATION MODEL

KEY INPUTS

Financial Capital

- Base of 8,951 equity shareholders
- Shareholder Funds LKR 25,461 Mn
- Total Assets LKR 54,295 Mn
- Stated Capital LKR 9,000 Mn

Manufactured Capital

- LKR 168 Mn Investment in PPE by AEL
- IT Expenditure LKR 44.4 Mn

Intellectual Capital

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

Human Capital

- 25 internal and external training programmes conducted
- Total staff and labourers 1,277
- New recruitments 572
- AEL organisational culture

Social and Relationship Capital

- New Suppliers 1,148
- Investment in CSR & Donation LKR 2.9 Mn

Natural Capital

- Energy consumption 228,072,425 Joules
- Total Water consumed 137,141 m3

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

- Enhanced Client Experience
- Enhanced Project Delivery
- 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
- Ports and Marine
- 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

KEY INPUTS

Financial Capital
- Profit after tax of LKR 1.5 Bn.
- Dividend per share LKR 0.50
- Return on Equity 7%

Manufactured Capital
- Development of much-needed public infrastructure to fuel economic growth
- 24 Production Plant Locations

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

Human Capital
- Zero fatalities
- LTIFR ratio of 2.49

Social and Relationship Capital
- LKR 5.8 Bn Material Purchases from Suppliers
- Awards received 5

Natural Capital
- Energy and fuel saving initiatives

OUTPUT

OUR BUSINESS PORTFOLIO

CONSTRUCTION

ENGINEERING PROJECTS


Water and Wastewater


Buildings

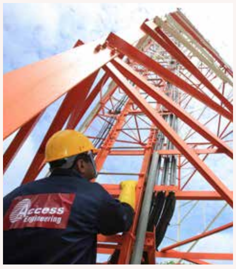

Roads and Highways


Bridges and Flyovers

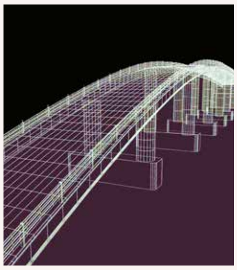

Port and Marine

ENGINEERING SERVICES


Piling


Telecommunication


Fabrication


Engineering Designs


Maintenance of Equipment & Machinery

CONSTRUCTION RELATED MATERIAL


Asphalt Production


Concrete Production


Quarry Operations


Crusher Operations


AAC Block Production


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 I Luxury Passenger Vehicles

MECHANICAL ENGINEERING

Commission of Port Machinery

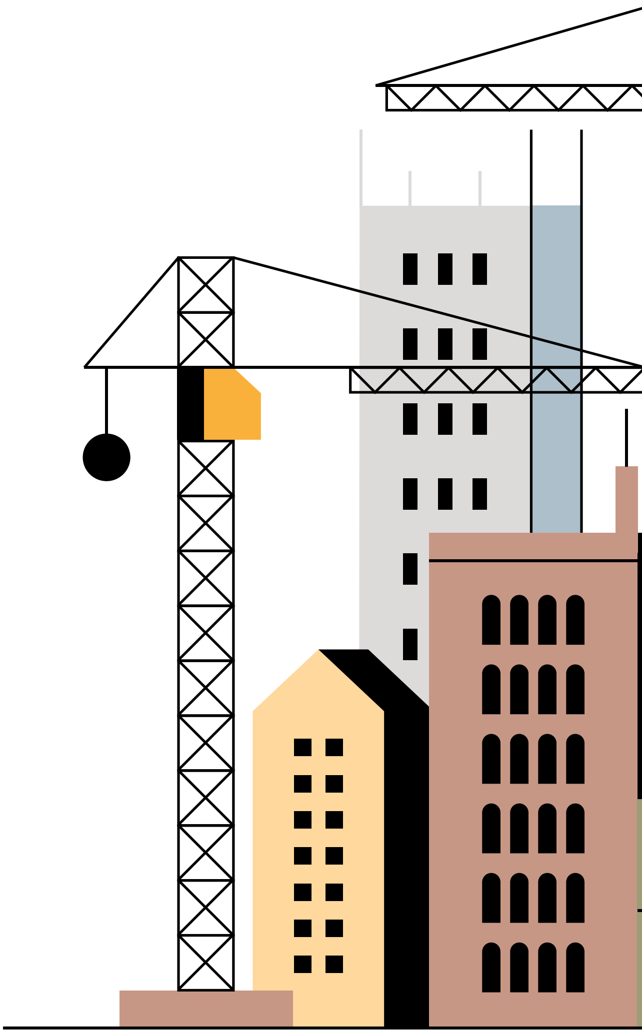
Repair of Port Machinery

Maintenance of Port Machinery

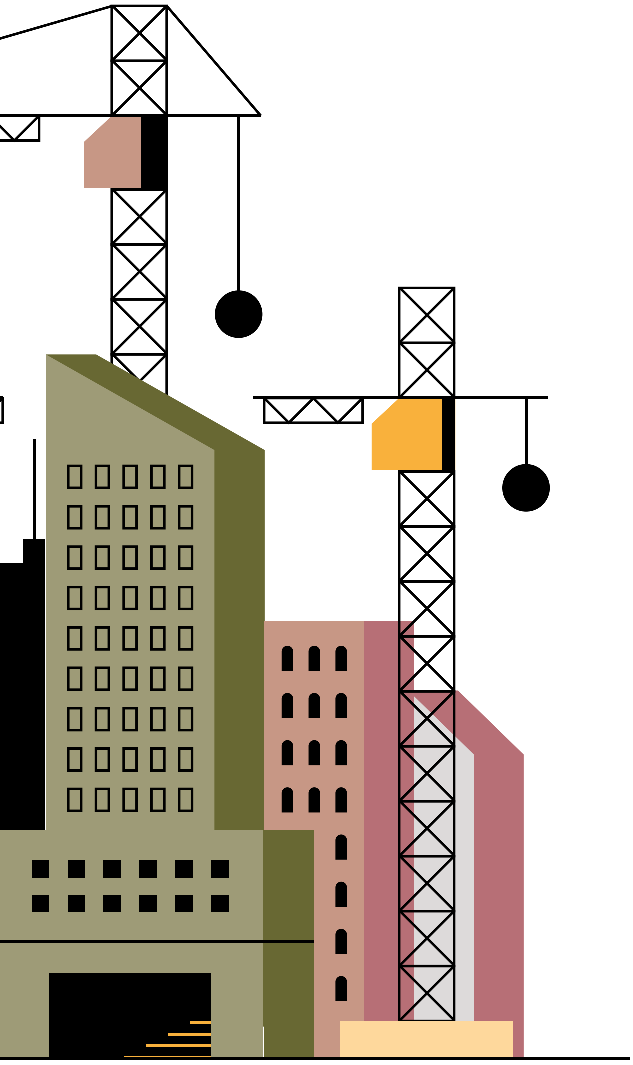
SPREAD OF OPERATIONS IN SRI LANKA DURING 2023/24

(Excluding Production Plants)

District	Project Name
Badulla	Dialog Optical Fibre Network Development Project
Batticaloa	Dialog Optical Fibre Network Development Project
Colombo	➢ Corporate Office – Colombo 2 ➢ Design Unit – Colombo 2 ➢ Central Equipment Division – Kaduwela ➢ Scaffolding Unit – Ranala ➢ Fabrication Unit – Ranala ➢ Telecommunication Services Unit – Nugegoda ➢ Construction of Colombo West International Terminal (CWIT) at the Port of Colombo ➢ Construction of East Container Terminal (ECT) at the Port of Colombo ➢ Design and Construction of 1,000 Housing Units at Stadiumgama ➢ Design and Construction of Preschool and Cultural Center for Shinnyo – En Lanka at Kirimandala Mawatha, Colombo 05 ➢ Design and construction of Kohuwela flyover ➢ Construction of Marina Square Uptown Colombo ➢ Construction of Diaphragm Wall for Proposed Star Class Hotel at 594, Galle Road, Colombo 04 ➢ Design, Construction and Financing of Housing Project at Elliot Place – Borella ➢ Dialog Optical Fibre Network Development Project ➢ Design and construction of Baladaksha Mawatha flyover



District	Project Name
Galle	➢ Piling Works of the Nakiyadeniya Palm Oil Mill for Watawala Plantation PLC ➢ Dialog Optical Fibre Network Development Project
Gampaha	➢ Construction of the Export Green Field Logistics and Warehousing Facility at Ekala (EGF2) ➢ Piling Works (Identified Protective Scope) of the Expansion of Bandaranaike International Airport (Phase II – Stage II) ➢ Widening and Improvement of the Colombo-Kandy Road Section from Nittambuwa to Pasyala ➢ I – Roads project ➢ Dialog Optical Fibre Network Development Project
Jaffna	➢ Dialog Optical Fibre Network Development Project
Kandy	➢ Design and construction of Getambe flyover ➢ Dialog Optical Fibre Network Development Project
Kegalle	Dialog Optical Fibre Network Development Project
Kurunegala	Central Expressway Project Section 3 (from Pothuhera to Galagedara) - Construction of Package 1M
Matale	Dialog Optical Fibre Network Development Project
Matara	Dialog Optical Fibre Network Development Project
Trincomalle	Dialog Optical Fibre Network Development Project
Vavuniya	Dialog Optical Fibre Network Development Project



KEY PROJECTS

Building Construction

Progress in FY 2023/24	By the end of the financial year, approximately 98% of the overall project was completed.

DESIGN & CONSTRUCTION OF 1,000 HOUSING UNITS AT STADIUMGAMA

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) headquartered in 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.

Building Construction

DESIGN AND CONSTRUCTION OF PRESCHOOL AND CULTURAL CENTER FOR SHINNYO – EN LANKA AT KIRIMANDALA MAWATHA, COLOMBO 05

The Shinnyo-En Lanka Preschool and Cultural Center is set to be a modern, elegant, and sustainable addition to the community, offering state-of-the-art facilities for education and cultural activities, upon completion. The project spans a total floor area of 42,000 square feet and includes two main buildings and several subsidiary structures, with both the preschool and cultural centre comprising two floors each, including the ground and first floor. Access Engineering PLC is serving as the Design and Build (DB) Contractor for this project, commissioned by the Owner, Shinchoji and the Land Owner, Shinnyo-En Lanka Guarantee Ltd.

Architecturally, the complex boasts a contemporary design featuring groove lines in the external plastering and granite front walls. Aluminium louvres adorn the canopies, adding a modern touch. The preschool incorporates a Fibre Reinforced Polymer (FRP) exterior wall design, enhancing its aesthetic appeal. Both buildings are characterised by their simplistic yet elegant design and high-quality finishing details. In keeping with sustainable practices, the complex is equipped with a solar panel system, a sewer treatment plant, and a rainwater harvesting tank.

The preschool is equipped with an auditorium, elevators for easy access, and carefully crafted finishing touches. The cultural centre includes a worship hall with a unique painting concept on its curved back wall, advanced AV systems for enhanced audio-visual experiences, office spaces, and meeting rooms. Elevators ensure accessibility throughout the centre.

In addition to the main structures, the complex includes several subsidiary buildings such as a dormitory, a guard house, a transformer room, and a generator room. Ample parking spaces are provided to accommodate visitors to both buildings. Landscaping has enhanced outdoor areas, featuring tree planting, turfing, and the installation of interlocks to create a pleasant and functional environment.

Key Achievements	Streamlined construction by placing inserts and anchor bolts into the formwork before pouring the roof slab concrete, thereby eliminating post-concrete drilling, saving time, reducing structural risks, and enhancing quality through precise placement.
	Use of laser beam technology to ensure precise alignment of plastering and use of mesh reinforced plaster for durability, enhancing structural integrity and improving aesthetics.
	Leveraging detailed tile drawings to accurately position gullies before concrete pouring, ensuring proper drainage alignment with the tile design and enhancing aesthetics.
	Integrating the latest 3D modelling tools for clash detection and visualisation, coupled with a centralised BIM platform for architectural, structural, and MEP design. This integrated approach enables teams to collaborate to streamline workflows, allow early detection of issues and achieve greater precision and ultimately improve efficiency.
	Introduced Fiber Reinforced Polymer (FRP) setups to create vibrant architectural designs on building exteriors, combining aesthetic appeal with practical benefits such as weather resistance and easy maintenance.
Progress in FY 2023/24	Construction work on the project commenced in May 2023 and continued to make steady progress throughout the year. The superstructure work including the highly complex roof was successfully completed by end March 2024. Similarly, approximately 75% of the block work was completed by 31st March 2024, too.

KEY PROJECTS

Building Construction

MARINA SQUARE UPTOWN COLOMBO MIX DEVELOPMENT

'Marina Square Uptown Colombo' is Sri Lanka's largest single – phase harbour-front mixed development project comprising 1,088 residential condominium units. 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.

In September 2022, Access Engineering PLC was appointed as the Main Contractor for the structural and civil work.

Key Achievements	Use of a self-climbing external formwork system to save cost and time by eliminating the need for a permanent external scaffolding. The self-climbing external formwork system with its enhanced worker safety features enables concurrent progress in structural floor completion and external wall preparation.
	Construction of the boundary wall and internal partition work with the use of AAC Blocks - a recycled green product that requires lower manpower compared to conventional methods.
Progress in FY 2023/24	Structural work of Tower Two and Tower Five was successfully completed with an average construction cycle of 5 days per floor.

Building Construction

ELLIOT PLACE HOUSING PROJECT

The Elliot Place Housing Project is an initiative by the Urban Development Authority, to provide semi – luxury housing units in the greater Colombo area. The project comprises two 30 storey (B+G+28) towers, consisting of 400 housing units. The complex will comprise of both 2-bedroom and 3-bedroom housing units. 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.

Key Achievements	Use of a self-climbing external formwork system to save cost and time by eliminating the need for a permanent external scaffolding. The self-climbing external formwork system with its enhanced worker safety features enables concurrent progress in structural floor completion and external wall preparation.
Progress in FY 2023/24	The project which was temporarily on hold following the economic downturn that unfolded in 2022, recommenced during the financial year subsequent to a mutual understanding reached with the client. As of 31st March 2024, 26.34% of the total project was completed with a slow progress rate.

KEY PROJECTS

Port & Marine

WEST CONTAINER TERMINAL

The Colombo West International Terminal Pvt. Ltd. is a consortium comprising India's largest port operator, Adani Ports and SEZ Ltd., the Sri Lanka Ports Authority and the Sri Lankan conglomerate - John Keells Holdings PLC. 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.

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 m2 (86 Acres) container terminal backyard, 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 including pits for cables, electrical conduits, concrete structures, laying of utility service lines including (but not limited to) storm water drains, potable water storage/ distribution system, sewage distribution/ collection system, stormwater drainage network, road works, construction of rail for gantry cranes, construction of steel structures, MEP works, boundary wall, wire fencing and foundation works to support containers and other structures. The scope also includes the construction of a 4 Lane carriageway with shoulder from CICT (Colombo International Container Terminal) Roundabout to Port entry.

Package-02 – Comprises the construction work of buildings for West Container Terminal including major works such as substructures, superstructures, supporting structures for electrical system, HVAC system, firefighting system, elevators, etc. and finishes of 29 buildings, which covers a floor area of 13,366 m2.

Key Achievements	Invested in latest machinery, including Pug machines to manufacture the sub-base material for yard pavement, and the Wet Mix Macadam plant to manufacture CBM3 material.
Progress in FY 2023/24	At the end of the financial year, 34% of Package 1 and 19% of Package 2 was completed.

Bridges & Flyovers

KOHUWALA FLYOVER

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 a Hungarian Company, M/s Betonútépítő PLC - the main contractor for the project.

Access Engineering PLC was awarded the subcontract 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 design and construction of adjacent roads.

Key Achievements	Proposed aesthetically pleasing retaining walls, known as the Reinforced Soil Retaining Wall (RSW), for the ramp retaining walls as an alternative to conventional reinforced concrete retaining walls.
	Utilised Bailey bridge sections provided by the Road Development Authority (RDA) for temporary support arrangements during the superstructure erection works, in lieu of importing specially fabricated steel members.
Progress in FY 2023/24	During the financial year, the erection of the flyover superstructure was completed and the concrete for the flyover deck was cast. Access Engineering in close collaboration with the Sri Lanka Police and the Road Development Authority (RDA) ensured traffic congestion was minimised at the Kohuwala junction during the superstructure erection and construction period. Additional measures were also implemented to ensure the safety of pedestrian movements in and around the construction site with the general public informed through various media channels and advised to use alternative routes whenever possible to minimise traffic congestion at the junction during this period.

KEY PROJECTS

Bridges & Flyovers

GETAMBE FLYOVER

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 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 a Hungarian Company, M/s Betonútépítő PLC - the main contractor for the project.

Access Engineering PLC was awarded the subcontract 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 design 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.

Key Achievements	Proposed the aesthetically pleasing retaining wall system, known as the Reinforced Soil Retaining Wall (RSW), for the ramp retaining walls as an alternative to conventional reinforced concrete retaining walls.
	Proposed junction improvements and landscaping beneath the flyover, including enhancements to newly formed traffic islands and the existing old bridge area.
Progress in FY 2023/24	During the financial year no work was carried out due to the project temporarily being on hold caused by funding constraints associated, pending the completion of ongoing bi – lateral debt restructuring process of the Government of Sri Lanka.

Bridges & Flyovers

FLYOVER CONNECTING BALADAKSHA MAWATHA AND CHITTAMPALAM A GARDINER MAWATHA

Kompagngna Veediya 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 Kompagngna Veediya 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 Kompagngna Veediya with two level crossings - one on Justice Akbar Mawatha (nearby Kompagngna Veediya 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 lost 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 Kompagngna Veediya 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 Kompagngna Veediya 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.

Key Achievements	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 which included over 900 Tons of steel work saw a number of new innovative technologies being used including semi-robotic welding, automatic beam retrofitting and Computer Numerical Control (CNC) drilling techniques.
Progress in FY 2023/24	By the end of the financial year, 78% of the total project was completed including substructure work and flyover erection up to Pier 4. Effective project planning and execution ensured that train schedules at the Slave Island station were not disrupted throughout the flyover erection process, thereby minimising inconvenience to commuters. Moreover, improvement of the Baladaksha Mawatha junction was also completed with minimal hindrance to the movement of vehicular traffic. The project is currently on hold due to delays in land acquisition.

KEY PROJECTS

Roads & Highways

Progress in FY 2023/24	Key project milestones, including rock blasting work together with the substantial completion of all design work was completed during the current financial year.

CENTRAL EXPRESSWAY PROJECT SECTION 3

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 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 piling works for the structure and drainage work.

Roads & Highways

Progress in FY 2023/24	The project made very slow progress in the current financial year due to delays in land acquisition and utility relocation, with the primary work including the improvement of Pasyala junction.

NITTAMBUWA - PASYALA ROAD PROJECT

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.

KEY PROJECTS

Roads & Highways

Progress in FY 2023/24	The project which was suspended on 01st January 2023, in light of the 2022 economic downturn, recommenced during 2023/24 following the RDA's decision to complete identified "Critical Works" to ensure safe motorable road conditions in worst affected roads under the above 3 Packages.

I – ROADS PROJECT

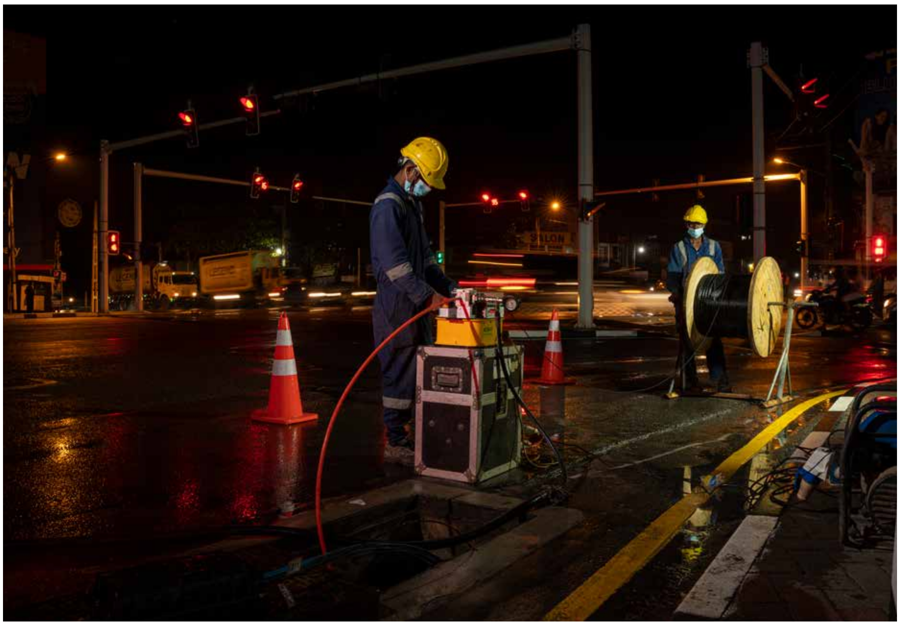
The I – Roads project is part of the Second Integrated Road Investment Programme, an initiative by the government to rehabilitate the rural roads in order to improve connectivity and transport links to and from the Western Province.

AEL was awarded three contracts to rehabilitate 129 roads (approximately 210 Km) of rural roads in the Gampaha District as follows;

- Contract 1 - Rehabilitation/ Improvements and maintenance of 79.93 km rural roads in Gampaha District in the Western Province (Package 2)
- Contract 2 - Rehabilitation/ Improvements and maintenance of 59.36 km rural Roads in Gampaha District in the Western Province (Package 3)
- Contract 3 - Rehabilitation/ Improvements and maintenance of 71 km rural roads in Gampaha District in the Western Province (Package 4)

The overall scope involves design, earth works including excavation, embankments, subbase and earth shoulders, construction of road structures such as culverts, drains and retaining walls, along with the pavements including asphalt works, turfing of slopes, road markings and signage. The contracts also include performance-based maintenance of the roads for three years.

Telecommunication



Progress in FY 2023/24	In the current financial year, approximately 90 Dialog Mobile sites were connected and over 40 KMs of optical fibre network development was carried out.

DIALOG OPTICAL FIBRE NETWORK DEVELOPMENT PROJECT

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.

In keeping with the latest global standards, HDD (Horizontal Directional Drilling), a trenchless 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 used 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.

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 project was successfully concluded in the FY 22/23 and has since greatly reduced traffic congestion directly resulting in improved vehicular movement, lower environmental pollution and lower vehicle operating costs.

The Company was not operational during the current financial year.

CONSTRUCTION

Access Projects (Pvt) Ltd.

Access Projects (Private) Limited was incorporated in 2007 and has since been involved in building construction and aluminium construction as well as the supplying and installation of ceilings, fire doors, glazed handrails and raised flooring.

Being a CIDA C1 graded contractor for building construction and a SP 1 graded contractor for aluminium work, floor, wall and ceiling finishes, Access Projects has built a strong reputation as a leading construction services provider in Sri Lanka. Access Projects is also a member of the National Construction Association of Sri Lanka (NCASL).

As part of ongoing efforts to further strengthen its market presence, Access Projects continued to remain the principal for leading global brands such as DORSO (UAE) and ManyBest (China) for Metal Ceilings, BTS Aluminum (Turkey) for Proprietary Handrail systems and NINZ S.p.A (Italy) for Fire Doors.

During the year under review Access Projects carried out work in the Defense Headquarters Complex at Akuregoda, 606 The Address Mix Development, ITC Colombo 01 Mix Development, Trizen Mix Development and Serenia Residences Talpe.

Notably however, the increase in Value-Added Tax (VAT) from 15% to 18% in early 2024 raised concerns regarding the rise in the cost of material, machinery and other necessary inputs, and the cascading direct impact on project costs. However, despite these challenges, Access Projects ensured that all projects were well managed with all project milestones successfully achieved.

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 is engaged in 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. As at the end of the FY, ground Improvement work including dynamic compaction, vibro compaction and roller compaction works, stormwater drainage work, reinforcement work for the Automated Rubber Tyred Gantry (ARMG) rails, High Mast Tower (HMT) foundation and the water supply network were in progress. Similarly work was also ongoing in the casting and installation of Quay Wall blocks, casting and transporting of paving blocks, laying of asphalt wearing course and dismantling & relocation of the existing Ship to Shore (STS) cranes.

CONSTRUCTION RELATED MATERIAL

Lanka AAC - Pvt Ltd

Lanka AAC (Pvt) Ltd.

Lanka AAC (Private) Limited, established in 2017 and subsequently acquired by Access Engineering PLC in late 2021, has grown rapidly over the past three years to become Sri Lanka's foremost manufacturer of Autoclaved Aerated Concrete (AAC) blocks as well as a pioneer in the Country's green construction materials sector. Lanka AAC's blocks, which are produced using mainly fly ash—a non-toxic industrial by product, are renowned for their quality, eco-friendly profile and versatile cuboid sizes.

With the spillover effects of the 2022 economic crisis continuing to affect the construction industry in the current year as well, very little construction activity was evident, and consequently demand for AAC blocks also remained low throughout FY 2023/24. The hike in VAT rates from 15% to 18% in early 2024 further dampened demand for construction materials, including AAC blocks. Responding proactively to these challenges, Lanka AAC leveraged technology to reduce overhead costs, improve operational efficiency, and focus on innovation-led product diversification.

In this regard, increasing the degree of automation within the manufacturing process helped to minimise errors associated with human intervention resulting in enhanced productivity. The sizeable reduction in the Company's energy costs in the year under review is also attributed to these automation initiatives. Similarly, the installation of a Ball Mill Machine has helped to reduce production costs while effectively addressing the issue of bottom ash wastage at the Lakvijaya Power Plant. The Ball Mill Machine which is used to recycle bottom ash (a byproduct of burning coal in power plants) into fly ash, has greatly reduced the need for virgin materials for the production of fly ash. Moreover, recycling bottom ash also helped to lower greenhouse gas emissions associated with waste disposal and transportation of virgin materials. This way the Ball Mill Machine represents a significant milestone in Lanka AAC's journey towards more cost-effective and eco-friendly production processes, further underscoring the Company's commitment to sustainable business.

Alongside the emphasis on internal efficiencies and sustainability, the Company also accelerated its marketing strategies with the aim of growing its captive market share. A targeted social media campaign aimed at increasing brand awareness and engagement among the target audience was launched in mid-2023. In parallel, the Company ensured its participation in exhibitions and trade shows such as Architect Kandy 23', EXMO 2023 organised by the University of Moratuwa, Jaffna Housing and Constructions Exhibition 2023, Techno 2023 organised by the Institution of Engineers of Sri Lanka (IESL) and the Kedella Construction Expo - 2024, showcasing the products and interacting directly with potential customers.

Simultaneously, value added services offered by Lanka AAC, were also further strengthened based on feedback and insights received from customers. Several new services were introduced including step-by-step troubleshooting guidance coupled with technical support to resolve issues that may arise during the installation process.

Going forward, Lanka AAC plans to focus on continuous expansion of product propositions supported by investments in advanced manufacturing technologies and equipment alongside strong emphasis on human capital development. As a long term strategy the Company will also explore opportunities to make inroads into regional markets in the Indian sub-continent and across the wider Asian region.

GROUP PERFORMANCE REVIEW

PROPERTY

Access Realties (Private) Limited & Access Realties II (Private) Limited

A fully owned subsidiary of Access Engineering PLC, Access Realties (Pvt) Ltd., owns and manages Access Tower I (North), a 12-storey office complex located in the heart of Colombo's business district. The complex, which comprises approximately 120,000 Sq. Ft. of premium office space is designed on par with international standards and has continued to attract a range of clientele, including leading local and global corporates. Tower 1 also houses the headquarters of Access Engineering PLC.

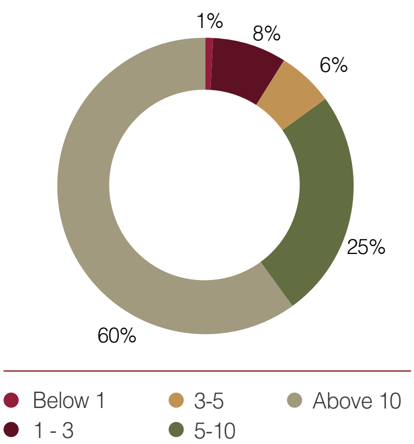
Access Realties II (Pvt) Ltd. is a fully owned subsidiary of Access Realties (Pvt) Ltd. and owns and manages Access Tower II (South), an ultra-modern high rise office complex comprising approximately 200,000 Sq. Ft of grade-A office space spread across 30 levels. In addition to its world class facilities and prime location near Colombo's commercial district, Access Tower II (South) also boasts breathtaking views of the Indian Ocean, Beira Lake, and the Colombo skyline.

Both Companies continued to experience strong average occupancy levels throughout the current financier year. The tenant analysis for FY 2023/24 indicates healthy tenant retention ratios with the average tenancy period for the majority of clients being 10+ years for Access Tower I & 5+ years for Access Tower II, a testament to the strong acceptance of the world-class facilities provided at both towers.

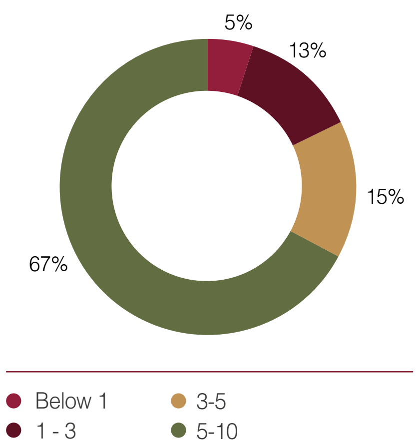
The year under review saw considerable investments being undertaken by both Companies in line with commitment to ongoing improvement with a view to enhancing the overall tenant experience. Key efforts included upgrading of the Tower 1 entry lobby area to enhance its aesthetic appeal and create a more inviting and modern environment. Another key initiative was the commissioning of new car park lifts, which has not only improved the building's operational efficiency, but also enabled smoother access to car parks in turn contributing towards the overall convenience and satisfaction of tenants.

Both Access Realties (Private) Limited & Access Realties II (Private) Limited also embarked on a major digitisation roadmap in the current financial year, as part of a focused effort to streamline internal efficiencies. In this regard, the functionality of existing Management Information Systems was significantly enhanced with the introduction of data analytics and other tools to support effective decision making in the areas of maintenance management and customer relationship management. The first steps towards implementing a fully-fledged Enterprise Resource Planning (ERP) system also commenced during the year.

Access Tower I -
Average Tenant Occupancy (Years)



Access Tower II -
Average Tenant Occupancy (Years)




Access

GROUP PERFORMANCE REVIEW

PROPERTY

Harbour Village (Pvt) Ltd.

Harbour Village (Private) Limited is a 66.67% owned subsidiary of Access Engineering PLC engaged in the development of 'Marina Square Uptown Colombo', Sri Lanka's largest single – phase oceanfront mix development project comprising 1,088 residential condominium units. The balance 33.33% is owned by China Harbour Engineering Company Limited (CHEC), the developer of the Colombo Port City.

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 conceptualized in line with global sustainability principles also includes energy efficient electrical equipment and lighting, rainwater harvesting, and a dedicated sewer line constructed with the coordination of Colombo Municipal Council.

As at the end of the FY, all structural and civil work was completed with the architectural and Mechanical, Electrical and Plumbing (MEP) work in progress with a view to complete the project by December 2025 to be handed over to the discerning home owners.

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 area of 640,000 Sq. Ft. and a saleable area of 425,000 Sq. Ft.

Completed in the FY 22/23, 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

GROUP PERFORMANCE REVIEW

PROPERTY

WUS Logistics (Pvt) Ltd.

WUS Logistics (Private) Limited (WUS) is a fully owned subsidiary of Access Engineering PLC. The company is the owner of a 42-acre logistics park that currently includes a state-of-the-art industrial building with a building footprint of over 9-acres. This is the largest single-roof industrial building in Sri Lanka covering 430,000 Sq. Ft. and 32,000 Sq. Ft. of 'A' grade office space built to comply with the latest international standards including NFPA for fire detection and protection, ASHRAE for ventilation and all the relevant BS-En standards for construction and design. The facility includes site offices, workshops, staff quarters, a comprehensive storm water drainage system with retention ponds, and all ancillary services required to support the existing tenant and the additional plots to be filled in the future. With a 4.6 MVA CEB connection, the additional plots, which amount to almost 1,000,000 Sq. Ft. of logistics and industrial space to be developed, have been finished with underground electricity and water supply termination points, additional MEP service ducts for fibre optics, perimeter drainage, and have clear access via an 'A' grade, 17m wide internal road network.

The Industrial and logistics facility currently built is equipped with 50 loading bays having self-levelling dock levelers and fast opening sectional doors and 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-meter eave height and ridge height of 24 meter 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 making it the highest density storage facility in the country. Large pour concrete flooring with armored joints at only every 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 meter. The floor, which is Super Flat 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.

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 was 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.

The company completed construction and commenced commercial operations of the EGF facility during the financial year. The facility comprises approximately 700,000 Sq. Ft. of dedicated logistics and warehousing space along with another 32,000 Sq. Ft. of premium Grade 'A' office space. The facility offers state-of-the-art mechanical and electrical services encompassing logistics/warehouse facilities for cargo supply, value addition and storage. The complex also includes staff accommodation, medical and recreational facilities such as basketball courts, gymnasium, etc.

A notable feature of the EGF facility is the 100% NFPA compliant Fire Detection and Protection System which was fully deigned, fabricated and installed by Access Engineering PLC including two 1,500 m^3 fire water tanks. In a first for Sri Lanka and perhaps South Asia, in case of a fire, the facility includes an automated fire water capture system with 5 automated radial gates and 3 sluice gates which are connected to the fire alarm system which diverts the firefighting water run off to an isolated pond within 5 minutes, thus preventing harmful chemicals being released and contaminating the environment.

As a part of the integrated development, the Company also completed the external drainage network for mitigation of floods and constructed a catchment reservoir and community park which includes a play area, jogging and walking paths.

The company is currently in the process of initiating the installation of a 10 Mw roof-top solar project at the facility.

Access Logistics (Pvt) Ltd.

Access Logistics (Private) Limited is a fully owned subsidiary of Access Engineering PLC engaged in the design, development and management of logistics and industrial facilities and buildings. The company is currently engaged in the installation of a 6.6 Mw roof-top solar project at the Kimbulapitiya Logistics and warehousing facility, which will be commissioned in October 2024.

South Asia Commercial and Logistics Hub Limited

South Asia Commercial and Logistics Hub Limited, incorporated in 2023 is a 70% owned subsidiary of China Merchants Port Holding (CM Port), one of the largest port operators in the world. Access Engineering PLC and the Sri Lanka Ports Authority (SLPA) owns 15% each in the Company.

The Company will undertake the development of South Asia's largest commercial and logistics complex to be housed in an 8 storey, 5 million square foot complex with a design storage capacity of 530,000 cubic meters (CBM) at an estimated investment of USD 392 Mn. Once constructed and operated, the five million square foot complex will offer the full gamut of logistics related facilities and services such as Less than Container Load (LCL), Multi-Country Consolidation (MCC), Container Freight Station (CFS), General warehousing and various other value-added services.

The project is to be carried out through a Public-Private Partnership (PPP) approved on a Build-Operate-Transfer (BOT) basis for a leasehold period of 50 years.

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.

GROUP PERFORMANCE REVIEW

AUTOMOBILE

Sathosa Motors PLC

Sathosa Motors PLC (SML) holds the position as the authorised seller and distributor of Isuzu automobiles in Sri Lanka. Given that Isuzu is one of the most highly popular vehicle brands in Sri Lanka, SML maintains a sizeable market share in the lightweight Japanese commercial automobile space in Sri Lanka. In addition, the Company is also involved in the sale of spare parts, Isuzu marine engines along-with running its workshop operations.

SML operates through a network of 10 branches including the main showroom in Vauxhall Street and 9 branches across the Country as well as 3 workshops located at Vauxhall Street, Peliyagoda and Kurunegala. The Company's presence is further strengthened through its island-wide dealer network that plays a key role in driving the sale of Isuzu spare parts. SML's network comprised 75 dealers as at 31st March 2024.

Being a Company heavily focused on selling automobiles, the ongoing vehicle import restrictions remain to date, the biggest obstacle that has impacted SML's performance in recent times, including the current financial year. With the limitation on importing automobiles still in place, SML again focused mainly on the sale of spare parts and workshop operations in FY 2023/24. It was a good year for the spare parts and workshop operations with several factors contributing positively to both businesses. Strong demand for spare parts was evident on the back of the Government's decision to relax import restrictions on spare parts in mid-2023, while improving macro-economic conditions in the Country also further fueled demand. Moreover, SML also benefitted from the favourable movements in the LKR against the USD which helped to offset the upward shift in the market price of spare parts owing to the VAT increase from 15% to 18% implemented by the Government in early 2024. Aided by the same underlying factors, strong year on year volume growth was recorded in the spare parts segment. Similarly, workshop operations also registered a notable improvement compared to the previous year.

Meanwhile leveraging the downward trend in interest rates, SML initiated efforts to restructure borrowings, enabling the Company to record a significant reduction in finance costs and reduce its gearing ratio to be within the desired levels as at 31st March 2024.

With the improvement in the Country's economic environment, it is hoped that the government would reverse its stance on vehicle import restrictions in 2025, which would allow SML to leverage its strong brand presence to gain first mover advantage in the supply of new vehicles to the Sri Lankan market after a lapse of nearly 5 years. The government's efforts to promote electric vehicles (EV) will also open opportunities for SML to further diversify its portfolio in tandem with evolving trends in the global automobile arena.

At the same time, the need for spares and workshop servicing is also likely to grow exponentially over the next few years, in direct correlation with the exponential demand for automobiles. A culmination of these factors is expected to add a significant boost to SML in the coming years.

AUTOMOBILE

Access Motors (Pvt) Ltd.

Access Motors (Private) Limited is the exclusive agent and authorised distributor in Sri Lanka for the prestigious Jaguar and Land Rover (JLR) vehicle brands. In keeping with global standards of these top-tier brands, Access Motors is dedicated to providing a premium service to its JLR clients through their comprehensive 3S (Sales, Servicing & Spare Parts) facility in Borelesgamuwa, along with state-of-the-art body shops in Borelesgamuwa and Raththanapitiya.

The restriction on vehicle imports announced by the government at the onset of the pandemic in 2020 was the single biggest challenge that affected Access Motors prospects in FY 2023/24. Aside from the lack of vehicle sales, the Company's workshop operations also remained under pressure owing to the high cost of imported spare parts. The situation was further compounded by the VAT increase from 15% to 18%, which led to further escalation in spare part prices as well as workshop services. Meanwhile influenced by the slowdown in workshop operations, Access Motors experienced high levels of labour attrition, particularly among skilled categories.

Amidst the backdrop, Access Motors' existing operational models were revisited, prompting the consolidation of workshop operations, where the Ratthanapitiya Bodyshop operations were merged with the 3S Facility in Boralesgamuwa to focus on specific customer segments.

Meanwhile, the Ceylon Motor Traders Association, of which Access Motors is a member, continued to actively lobby the government to obtain more clarity regarding a possible timeline for the reversal of the vehicle import restrictions. On this basis, considering the possibility that vehicle import restrictions would be lifted over the next 12 - 18 months, Access Motors launched a targeted capacity expansion programme during the current year, specifically to increase scalability and improve readiness of workshop facilities to meet the potential demand in the coming years.

Access Motors also anticipates capitalising on the latest and most sophisticated electric vehicles under JLR's 'Electrification Strategy' which would see JLR moving away from their Battery Electric Vehicles and focusing more on Plug in Hybrids over the next five years. It is hoped that Sri Lanka's economic recovery will pave the way for strong demand for the latest EV models in due course, enabling Access Motors to make firm inroads into this niche segment.

GROUP PERFORMANCE REVIEW

MECHANICAL ENGINEERING

ZPMC Lanka Company (Pvt) Ltd.

ZPMC Lanka Company (Private) Limited (ZPMC), established in 2013 as a Joint Venture between Access Engineering PLC & Shanghai Zhenhua Heavy Industries Co. Ltd. (ZPMC China) is the first ever Joint Venture formed by ZPMC China, outside China. Access Engineering PLC holds a 30% stake in the Company.

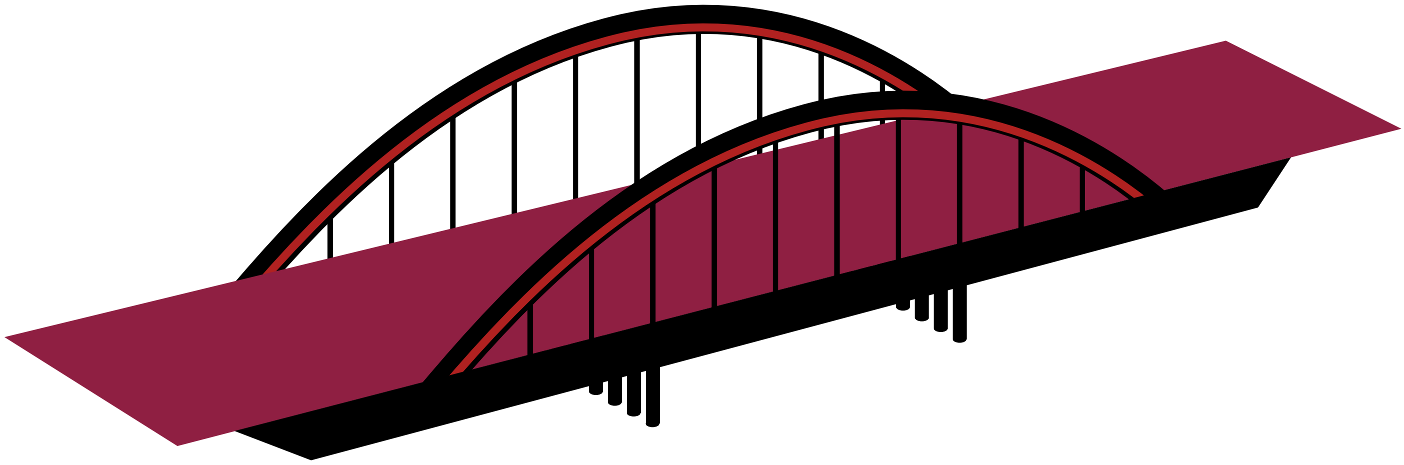
The core business activities of ZPMC involve providing fully fledged port services including commission, repair and maintenance of port machinery to Sri Lanka's port sector as well as to several ports globally. In the year under review ZPMC further strengthened its offerings to stay abreast of latest techniques adopted by global peers. Accordingly, the Company commissioned Quay Cranes (QC) and Automatic Rubber Tyred Gantry (RTG) Cranes to facilitate the conversion of Rubber Tyred Gantry Cranes from diesel to hybrid. To further complement these efforts, a specialist after sales services unit was set up to handle the replacement of trolley rails and wheels, modification of port communication equipment along with inspection and evaluation of port cranes. These services were highly sought after both locally and internationally.

The Company's Sri Lankan clientele include the Colombo International Container Terminal (CICT), South Asia Gateway Terminal (SAGT) & Hambanthota International Port Group (HIPG). On a global scale, ZPMC offered its services to international ports such as West Basin Container Terminal (WBCT) California - USA, South Asia Pakistan Terminals Limited (SAPTL) and Qasim International Container Terminals Limited (QICTL) both in Karachi – Pakistan, Congo Terminal (CT) Pointe Noire in the Republic of Congo, Asia World Port Terminal (AWPT) Yangon in Myanmar, Port of Doraleh (PD) in Doraleh Djibouti & Port of Basamuk (PB) Madang in Papua New Guinea.

Keen to further enhance its competitive edge, the Company further intensified its capacity building activities with the following training programmes conducted during the year.

- NVQ level training for Engineers on Welding
- Awareness and Training for Employees on Prevention from Dangerous Drugs
- Training of Technicians on Handling High Voltage Equipment & Machinery

MARKING THE FUTURE



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL CAPITAL

Overview

Access Engineering PLC's (AEL) Financial capital represents the monetary resources that are carefully managed to drive value creation within our business activities. Identifying and mitigating risks associated with financial capital is crucial for sustaining long-term value generation for our shareholders. Throughout the year, we prioritized safeguarding our financial stability by securing necessary funding to maintain continuous operations and ensuring robust liquidity levels.

MATERIAL MATTERS

- Sustainable Revenue Growth
- Delivering Appropriate Returns
- Business Continuity

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.

STAKEHOLDER OUTCOMES

LKR 5,075 Mn
Earnings before interest, tax, depreciation and amortization

7%
Growth in PAT

63%
Total Shareholder Return

19%
Increase in Group Total Assets

LKR 500 Mn
Paid as a cash dividend during the year

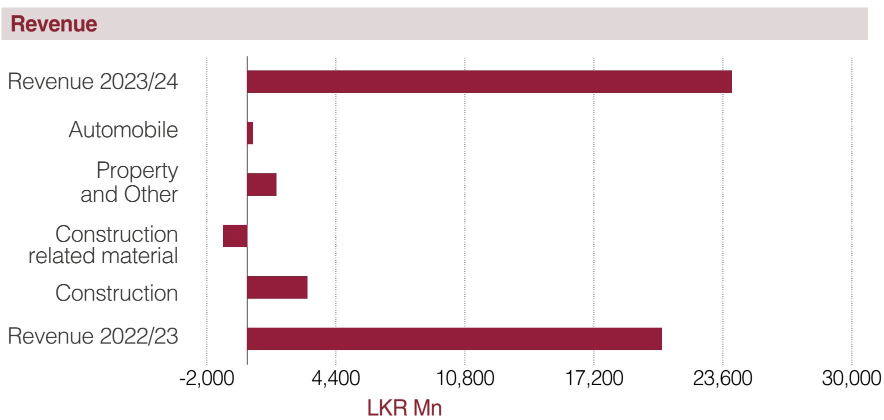
LKR 6,317 Mn
Cash Generated from Operations

SDG'S

Outputs for AEL and Impact on other Capitals	
Wages and benefits boost employee loyalty, though they raise short-term expenses.	+
Prompt payments to suppliers strengthen relationships but necessitate sustaining liquidity.	+

TURNOVER

Notwithstanding challenges emanating from the immediate operating environment, AEL succeeded in recording a turnover of LKR 21.5 Bn and LKR 18.3 Bn at the Group level and Company respectively. This denoted year-on-year growth of 4.55% and 4.37% over the figures reported by the Group and the Company respectively in the previous financial year.



GRI ▸ 201-1

Direct Economic Value Generated And Distributed		
Value Created	**2023/24 LKR**	**2022/23 LKR**
Value Created		
Gross Revenue	18,323,339,950	17,556,370,250
(-) Cost of Goods and Services (Excluding Depreciation and remuneration to employees)	(11,818,693,615)	(11,113,317,287)
Value added from operations	6,504,646,335	6,443,052,963
Other Income	972,879,856	2,941,417,122
Finance Income	79,785,287	491,183,206
Total Value Created	7,557,311,478	9,875,653,291
Value Distributed		
Operating Costs	339,755,710	1,150,311,751
Remuneration to the Employees	1,951,867,371	1,733,044,561
Directors' Fees and Remuneration	71,475,000	41,159,375
Community Investments	91,750	906,145
Government Levies	736,667	388,745
Corporate Taxes	682,627,713	331,906,117
Interest Cost	2,030,734,879	4,040,304,069
Dividends	500,000,000	750,000,000
Total Value Distributed	5,577,289,089	8,035,924,763
Total Value Retained	1,980,022,389	1,839,728,528
Total Value Distributed and Retained	7,557,311,478	9,875,653,291
Value Retained		
Profit Retained	1,089,554,989	845,324,278
Depreciation & Amortisation	890,467,400	994,404,250
Total Value Retained	1,980,022,389	1,839,728,528

The growth in Group turnover was mainly fuelled by the construction which amounted to a YOY growth of 4.88% compared to the previous year respectively. Accordingly, this particular business segment was able to significantly increase its share of the contribution to the Group, accounting for a sizeable 53.14% of the Group turnover for FY 2023/24.

The other key contributors to Group Turnover came from the rental income under property segment, which registered revenue growth of 102.3% YOY mainly from hiring and rental income. On the other hand, revenue tabled by the automobiles sector showed a growth of 12.2% YOY.

Sales of Construction-Related Material

Sale of Construction-related Material was the second largest contributor towards Group top-line accounting for 23.7% of Group Turnover. The demand for construction material experienced a marked reduction resulting in a YOY decline of 19.8% compared to the previous year. This revenue was driven primarily by the sale of asphalt and ready-mix concrete. This segment was able to record a turnover of LKR 5.1 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 increased of 9.18% in revenue, contributed 35.52% to the overall Group turnover, becoming the main contributor to the Group Turnover. Export Greenfield (EGF) logistics facility in Ekala for

FINANCIAL CAPITAL

CAMSO/Michelin which completed and handed over and Construction work of the Stadiumgama Housing Project which involves the construction of 1,000 housing units were the major contributors to the current year revenue of the building and other construction segment which support the segment revenue.

Further the construction work carry out at the Colombo West International Terminal (CWIT), the design and Construction of Preschool and Cultural Center for Shinnyo – EnLanka Kirimandala Mawatha, Colombo 05, Marina Square Mix Development project and erection of flyover superstructure was completed and flyover deck concrete was casted in the construction of Kohuwela flyover which is funded by the Government of Hungary, supported to segment Turnover.

Roads and Highway construction

The Roads and Highways segment contributed LKR 1.9 Bn (8.86%) towards Group revenue for FY 2023/24. The segment performed well to record revenue growth of approximately LKR 427 Mn. in the current financial year, denoting a 29% YOY increase compared to the previous year. A major contributor towards this growth was from the Construction of Package 1M of the Central Expressway Project Section 3 from Pothuhera to Galagedara.

Bridge construction

The Bridge construction segment revenue decrease by 67% 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 439 Mn (2.04%) to the Group's top – line during the financial year.

PROPERTY

During the year both our office buildings, Access Tower I & II experienced near full capacity occupancy levels. The towers are home to a number reputed corporate both local and international alike. During the financial year the entrance of Access Tower I was renovated to give an enhanced outlook.

Our 425,000 Sq. Ft. integrated logistics and warehousing facility at Kimbulapitiya was fully occupied during the year.

As a result Property Segment contribution to the Group Turnover has increased significantly from 6.79% to 13.14% compared to previous year.

In future we are expecting this segment to be grown positively with the addition of our 750,000 Sq. Ft. integrated logistics and warehousing facility in Ekala commenced commercial operations in August 2023 and remained fully occupied for the remainder of the financial year.

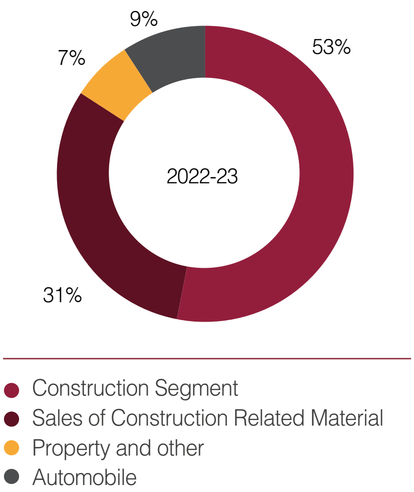
AUTOMOBILE

The automobile sector contributed LKR 2.2 Bn towards (10.02%) Group Turnover for FY 2023/24.

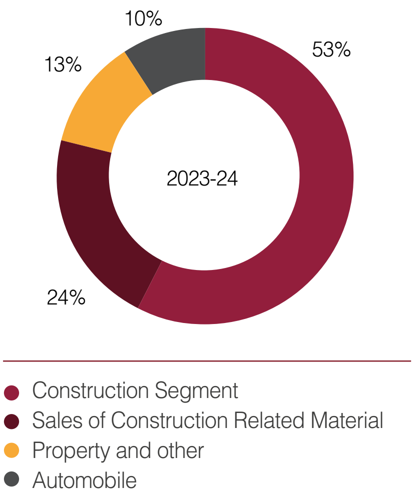
The performance of the automobile sector was positively affected by the sale of spare parts and work shop operations performed exceptionally well reaching pre – crisis levels thus enabling Sathosa Motors and Access Motors to operationally breakeven.

However, the vehicle import restrictions that were imposed in 2020 continued well into 23/24.

REVENUE COMPOSITION



REVENUE COMPOSITION



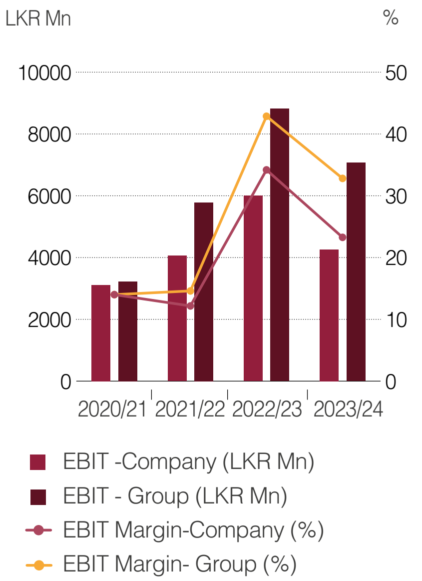
Profitability

Positive revenue growth reported by most segments enabled the Group and Company to report gross profit of LKR 7,356 Mn and LKR 4,258 Mn respectively for FY 2023/24 reflecting YOY increases of 26% and 1.7% respectively over the previous financial year. This was a direct result of our imposed operational efficiency and improved asset utilisation.

Meanwhile, administration and other expenses as a percentage of Group and company revenue dropped to 9.62% from 13.67% and to 5.71% compared to 9.21% in the previous year.

With the support of the decline in the administration cost Group and Company level EBIT stood LKR 7,065 Mn and LKR 4,264 Mn with an Operating Profit margin of 31.9% and 22.84% at Group and Company level respectively.

EBIT



FINANCE EXPENSES

Interest expenses as a percentage of revenue decreased significantly to at 13.89% (2022/23 – 23.13%) and 12.53% (2022/23 – 25.07%) at Group and Company levels respectively. The finance cost for the Group was LKR 2,721 Mn and LKR 2,031 Mn at the Company level.

Interest income at Group and Company levels was LKR 164 Mn and LKR 80 Mn respectively.

Mainly due to the reduction of the interest cost, the Group interest coverage ratio increased from 2 times to 3 times. On the other hand, interest cover for the Company increased from 1 times to 2 times for the financial year of 2023/24.

TAXATION

The effective tax rates for FY 2023/24 remained at 29.61% respectively at Company levels as opposed to 24.73% respectively in 2022/23.

A significant reduction in the Group level tax in the current financial year was mainly due to an increase in the deferred tax asset of Access Logistics Park Ekala (Private) Limited and WUS Logistics (Private) Limited.

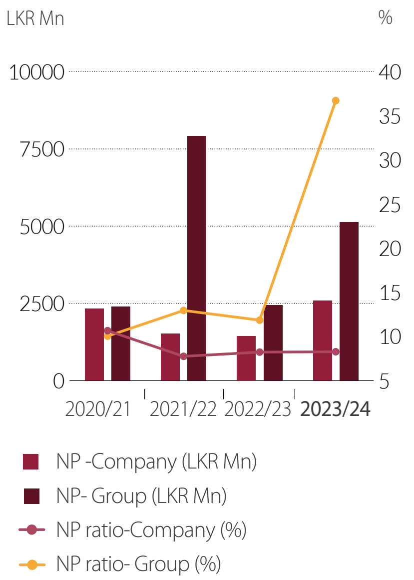
PROFIT AFTER TAX

The Group and the Company registered a net profit of LKR 6,854 Mn and LKR 1,545 Mn respectively for FY 2023/24. Consequently, the net profit margin of the Group and the Company stood at 31.9% (2022/23 –11.85%) and 8.43% (2022/23 – 8.23%) respectively.

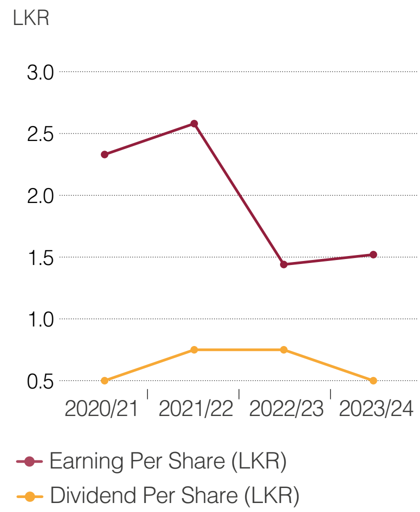
Key Working Capital Components

	2023/24 LKR	2022/23 LKR	Change %
Group			
Inventory	20,341,289,862	15,945,251,765	28%
Trade and other Receivable	15,794,366,079	15,587,430,144	1%
Trade and other Payable	34,061,155,275	28,870,356,998	18%
Company			
Inventory	2,923,636,459	2,844,782,987	3%
Trade and other Receivable	9,566,648,552	9,215,075,944	4%
Trade and other Payable	13,602,191,921	12,111,492,173	12%

Net Profit



EPS and DPS



FINANCIAL CAPITAL

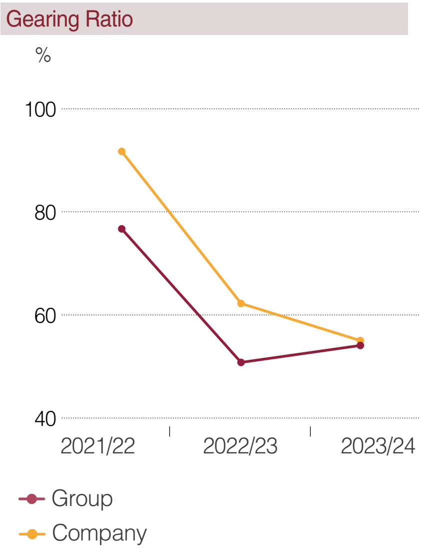
Earnings per ordinary share increased from LKR 2.48 to LKR 6.86 at the Group level and from LKR 1.44 to LKR 1.54 at the Company level. In the year under review, the Board of the Directors of the Company approved first interim dividend of LKR 0.5 Per share based on current year's profit (2023/24) which amounted to a total dividend payout of LKR 500 Mn.

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, increased from 50.79% to 55.59% for the Group and decreased from 62.22% to 54.95% for the Company.

Despite the increase in borrowings, decrease in market interest rate which has been the reason to created a positive impact on Group Finance costs in 2023/24.



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, reported a turnover of LKR 1,200Mn and LKR 370 Mn and gross profits amounting to LKR 851 Mn and LKR 279 Mn at the Group and Company level respectively while the company enjoyed high gross profit margins of 75.44%.

In addition to this Access Elevate (Pvt) Ltd. which is 100% owned by Access Realties (Private), Limited contributed by LKR 25 Mn to the total turnover of the group.

SATHOSA MOTORS PLC

During the year under review, Sathosa Motors PLC generated revenue of LKR 2,173 Mn and LKR 982 Mn at Group and Company levels respectively. Gross profit margins at Group and Company levels were at 38.57% and 44.70% respectively.

The vehicle import restrictions that were imposed in 2020 continued well into 23/24 as well. Hence Sathosa Motors PLC did not have any substantial sale of new vehicles except a very few.

ACCESS PROJECTS (PRIVATE) LTD

During the year under review, APL generated revenue of LKR 1,179 Mn, gross profit of LKR 11 Mn and net loss of LKR 69 Mn for the FY 2023/24.

HARBOUR VILLAGE (PVT) LTD.

Harbour Village (Pvt) Ltd is a joint venture between AEL, China Harbour Engineering Company formed for the purpose of developing the Marina Square 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 mixed development, Marina Square Uptown Colombo completed its superstructure work by 23/24 financial year. All MEP and finishing works are underway targeting full project completion by end of 2025. The development which is Sri Lanka's largest harbour front mix development will offer unparalleled luxury and breathtaking views to the discerning city dwellers.

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. It has generated revenue of LKR 202 Mn, gross profit of LKR 187 Mn and net profit of LKR 81 Mn for the FY 2023/24.

Further our 750,000 Sq. Ft. integrated logistics and warehousing facility in Ekala commenced commercial operations in August 2023 and remained fully occupied for the remainder of the financial year. It has generated revenue of LKR 1,430 Mn, gross profit of LKR 1,384 Mn and net profit of LKR 4,721 Mn for the FY 2023/24.

WAY FORWARD

As we move forward, our focus will be on fortifying our financial capital to support the growth and sustainability of our construction projects. We will prioritize strategic allocation of resources to maximize project profitability, enhance cost management, and secure diverse funding streams to ensure the uninterrupted progress of our developments. By maintaining strong liquidity and financial resilience, we aim to navigate market fluctuations, invest in cutting-edge construction technologies, and deliver consistent value to our shareholders while building a solid foundation for future expansion.

MANUFACTURED CAPITAL

Overview

Access Engineering PLC's (AEL) Manufactured Capital which consists of an extensive portfolio of Property, Plant, and Equipment (PPE) underpins its leadership position in Sri Lanka's construction industry. A diverse and state-of-the-art machinery and equipment enable AEL to undertake a wide range of construction projects with efficiency, precision, and innovation. IT infrastructure including network systems and state-of-the-art ERP that provide backend support to ensure smooth functioning of operations also form another key component of the Company's Manufactured Capital.

MATERIAL MATTERS

- Economic Performance
- Infrastructure Quality and Maintenance
- Technology and Automation

MANAGEMENT APPROACH

AEL's comprehensive approach to developing Manufactured Capital is characterised by continuous investment in the renewal, upgradation, and maintenance of physical and digital assets. This strategic focus on asset development and operational excellence aims to enhance AEL's capabilities and deliver superior construction solutions and reinforce its position as Sri Lanka's leading construction company.

STAKEHOLDER OUTCOMES

Successfully completed Phase 1 of the core rock and armour rock supply to the Colombo West International Terminal (CWIT) Project at the Port of Colombo within the contractual period

Commissioned 3 concrete batching plants in the Colombo West International Terminal (CWIT) Project at the Port of Colombo

Incorporated Polymer Modified Bitumen (PMB) into the asphalt mix at the Jaya Container Terminal at the Port of Colombo to enhance the performance of the pavement, extend its lifespan and improve its ability to withstand the substantial loads and stresses characteristic of container terminal operations

Outputs for AEL and Impact on other Capitals		
continuous investment in upgrading and maintaining equipment reduces operational disruptions, thereby ensuring steady project revenues and enhancing shareholder returns		+
Employees benefit from working with state-of-the-art equipment and cutting-edge technologies, which not only enhance their productivity and safety but also provide opportunities for skill development and career advancement		+
Reliability and efficiency of assets ensure that projects are completed within the stipulated time frames and budgets, enhancing client satisfaction and fostering long-term relationships		+

SDG'S

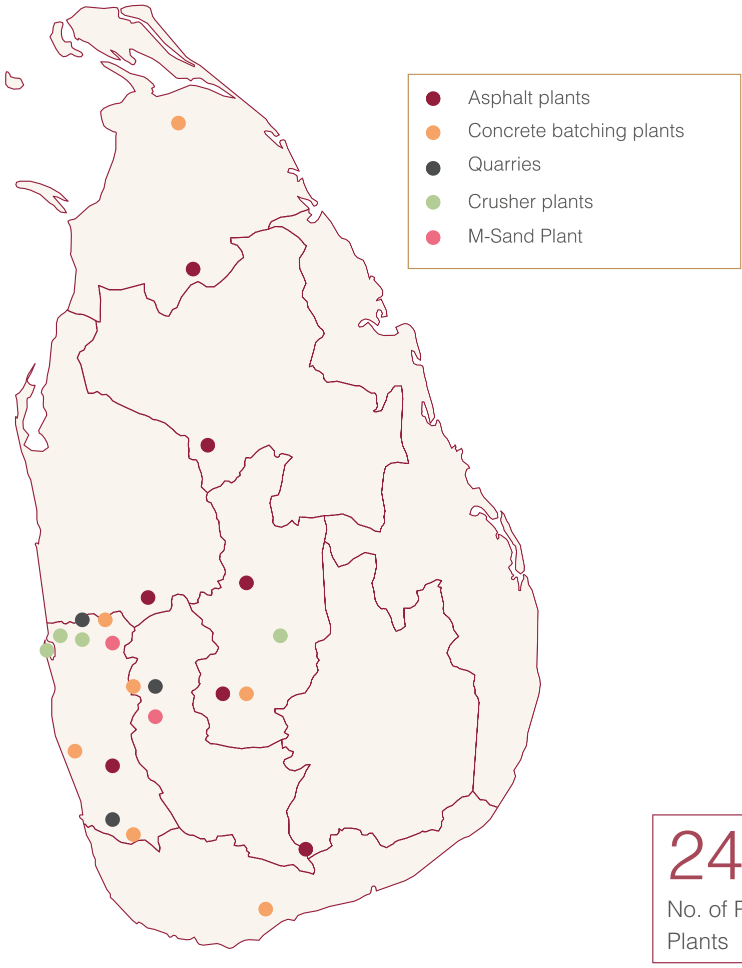
8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Concrete batching plants at the port of Colombo

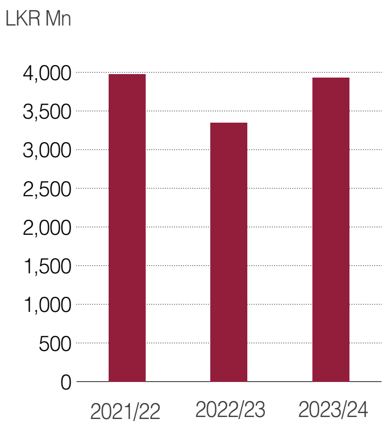
LOCATIONS OF PRODUCTION PLANTS

Plant category	Location
Asphalt Plants	Kotadeniyawa
	Mathugama
	Mailapitiya
	Vavuniya
	Okewela
	Hatton
	Ganewalpola
Quarries	Hakmana
	Mailapitiya
	Wallallavita
	Meerigama
	Mankulam
	Thebuwana
	Kosgama
Crusher Plants	Meerigama
	Kosgama
	Thebuwana
Concrete Batching Plants	Port of Colombo (3 Plants)
	Peliyagoda
	NuwaraEliya
M – Sand Plant	Meerigama
	Kosgama



24
No. of Production Plants

Net Book Value of PPE



Investment in PPE

LKR 168 Mn

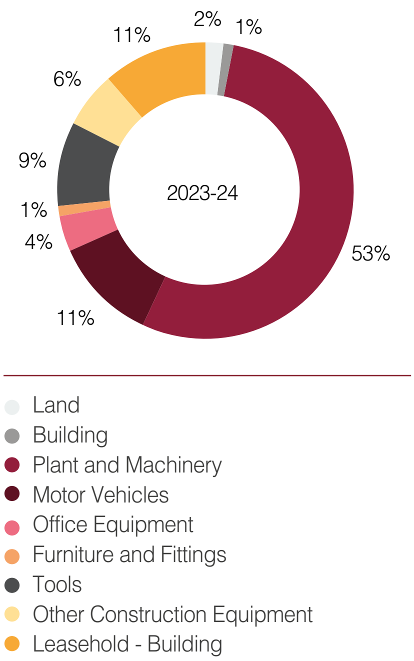
Net Book Value of PPE

LKR 3,931 Mn

Growth in Net Book Value of PPE

17%

Composition of Property, Plant & Equipment



MANUFACTURED CAPITAL

CONTINUOUS ASSET DEVELOPMENT

AEL's approach to asset development underscores the commitment to the ongoing renewal and upgrading of its extensive fleet of construction vehicles, machinery, and equipment. To that end, regular assessments of the asset portfolio are conducted to ascertain areas for improvement and potential investments in alignment with the Company's strategic goals and market demands.

This structured approach to asset development is supported by the Board approved annual CAPEX plan and budget.

The CAPEX planning process begins with a comprehensive assessment of the Company's current asset base and future project pipeline to identify gaps necessitating new investment followed by a forecast of capital allocation required based on projected workloads, technological advancements, and market trends.

The budgeting phase also involves a detailed evaluation of each potential investment to determine optimal resource utilisation and operational efficiency in line with the Company's long-term strategic goals and operational objectives.

This disciplined approach ensures that the Company's asset base benefits from the integration of the latest advancements in construction technology, such as automated and remote-controlled machinery to undertake complex and large-scale construction projects with greater efficiency and precision, while ensuring a higher degree of on-site safety.

MAINTENANCE OF PHYSICAL ASSETS

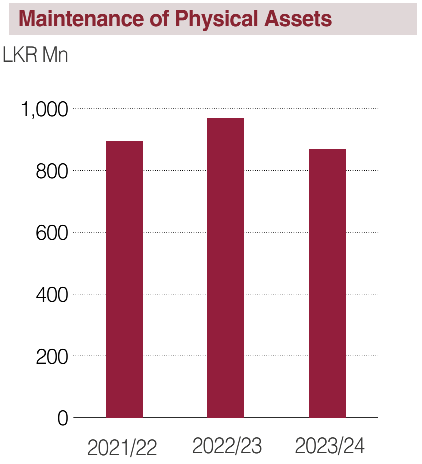
The Company places a strong emphasis on the maintenance of its physical assets. A robust maintenance schedule is in place to ensure that all machinery and equipment function at peak efficiency. Regular inspections, servicing, and timely repairs are conducted to prevent breakdowns and minimise downtime, thereby ensuring seamless project execution and timely delivery of construction solutions.

CHALLENGES IN DEVELOPMENT MANUFACTURED CAPITAL IN FY 2023/24

The lingering effects of the 2022 economic crisis continued to pose significant challenges forAEL, adversely affecting the operation of its production plants and overall business operations in the current year as well. The downturn in the construction industry has led to a marked reduction in spending on infrastructure development projects, subsequently decreasing the demand for construction-related materials. This decline in demand has compelled the Company to scale back its productioncapacities.

Market volatility and uncertainty have further compounded these difficulties, creating substantial obstacles in accurately planning and forecasting production levels. The unpredictable economic environment has also resulted in lower production levels and continues to hinder the ability to achieve economies of scale, which are critical for maintaining a competitive edge.

The combined effect of these challenges underscores the severe impact of the economic crisis on AEL's Manufactured Capital, highlighting the need for strategic adaptations to navigate these turbulent conditions.



Maintenance of Physical Assets

LKR 835 Mn

Additionally, the focus on continuous innovation also serves as a key enabler in strengthening operational efficiency of physical assets. The proactive approach to innovation aims to not only minimise downtime and reduce maintenance costs but also ensure that the Company can adapt swiftly to evolving project requirements and market conditions.

A notable innovation in the current year was the development of a specialised asphalt mix using Polymer Modified Bitumen (PMB) to meet the unique requirements of the Jaya Container Terminal at the Port of Colombo. This innovative solution was developed to accommodate the slow-moving heavy traffic in the container stacking yard, ensuring durability and resilience under intense operational conditions.

Specialised Asphalt mix containing Polymer Modified Bitumen (PMB) at Jaya Container Terminal

DIGITAL ASSET ENHANCEMENT

In addition to physical assets, investing in digital technologies is another key priority in the overall Manufactured Capital development strategy. This includes the implementation of advanced software solutions that provide real-time data and analytics, enabling the Company to make informed decisions in relation to project management, equipment monitoring, and predictive maintenance, culminating in optimal resource allocation, and enhancing overall project efficiency.

Several software licences were also acquired, including CAD Mate and Microsoft products to streamline design and office productivity tasks. Project site firewalls were successfully upgraded, bolstering the security of the Company's digital infrastructure, while a new virtual conference system was implemented to facilitate seamless remote communication and collaboration. To further support connectivity and enhance the digital work environment, Wi-Fi systems were upgraded to enable robust and reliable internet access across all operational areas. The dedicated Help Desk system continues to provide specialist IT support and service management across the organisation.

IT Expenditure

LKR 44.4 Mn

WAY FORWARD

Looking ahead, a number of strategic initiatives are planned to optimise Manufactured Capital. The first steps involves commissioning plants in alignment with the commencement of future infrastructure development projects, with new plants to be located closer to existing project locations, thereby significantly reducing transportation costs and improving logistical efficiency owing to localised production capabilities. Plans are also underway to invest in a mobile asphalt plant to enable the Company to cater to short-term orders that are otherwise challenging to serve, thus significantly expanding its service footprint and maximising operational flexibility.

INTELLECTUAL CAPITAL

Overview

Intellectual Capital, which comprises a collection of intangible assets, plays a vital role in Access Engineering PLC's (AEL) core business operations by empowering the Company to undertake complex projects, adapt to evolving industry standards, and implement cutting-edge technologies to stay ahead of peers.

MATERIAL MATTERS

- Innovation and Research & Development
- Anti-corruption and anti-competitive behaviour
- Brand and Reputation

MANAGEMENT APPROACH

The approach to developing Intellectual Capital is based on strengthening each element individually while enhancing the synergy and interconnectedness between them in line with organisational goals and stakeholder expectations. To that end, the Company invests in targeted initiatives to bolster its competitive position and strengthen long term organisational resilience.

STAKEHOLDER OUTCOMES

Timely completion of projects

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

Increased social media visibility

Outputs for AEL and Impact on other Capitals	
Positive impact on financial performance through improved operational efficiency and innovation-driven revenue growth	+
Increased efficiency and productivity resulting from more skilled and knowledgeable workforce	+
High degree of innovation to enhance the quality, efficacy and longevity of physical assets	+
Improved customer satisfaction due to innovative solutions and adherence to project timelines	+

SDG'S

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

BRAND RESILIENCE

The Access Engineering brand has established itself as a formidable force in Sri Lanka's construction industry, underscored by the commitment to quality, innovative project management and exceptional engineering expertise. Further, as a first-generation greenfield construction Company, Access Engineering has built an enduring legacy marked by significant contributions to national infrastructure development, thus shaping Sri Lanka's journey towards economic advancement.

Having chosen diversification as the mechanism for growing its footprint in the local construction sector, the Company has over the years strategically strengthened its expertise across a broad spectrum of engineering disciplines, from engineering designs, advanced foundations and state-of-the-art mechanical and fabrication models to the production of high-quality construction materials. In recent years, Access Engineering has also cemented its position as the undisputed leader in the local asphalt production market, following the investment in Sri Lanka's largest asphalt production plant in Mathugama.

These competencies, combined with extensive experience in managing complex construction projects have propelled the Access Engineering brand to the forefront as the leading provider of integrated civil engineering solutions in Sri Lanka.

The Access Engineering brand reputation is further enhanced by the fact that AEL remains the only construction Company in Sri Lanka to hold the highest Construction Industry Development Authority (CIDA) grading across nine distinct disciplines of civil engineering spanning critical areas such as building, highway, bridge, water supply and sewerage, piling, soil nailing and stabilisation, electrical installation (low voltage), extra-low voltage installation, and heavy steel fabrication. This comprehensive accreditation underscores AEL's exceptional technical capabilities, adherence to stringent quality standards, and commitment to excellence across diverse engineering fields. Achieving the highest CIDA grading in these varied disciplines reinforces the Access Engineering brand's reputation for delivering superior engineering solutions and positioning AEL as the benchmark for quality and reliability in the local construction industry.

The resilience of the Access Engineering brand is further accentuated by the proactive approach to innovation and sustainable practices as well as a strong track record of timely project completion, even under adverse economic conditions. This adaptability and forward-thinking strategy have enabled Access Engineering to reaffirm its leadership position in the industry, fostering trust and reliability among clients and stakeholders.

Total Awards won by AEL

5

TEAM EXPERTISE

Team expertise is a crucial aspect of AEL's Intellectual Capital. The collective knowledge of teams encompasses a wide range of disciplines, including civil engineering, mechanical and electrical engineering, project management, and environmental sustainability. These diverse skill sets and tacit knowledge of longstanding team members enable the Company to tackle complex engineering challenges with precision and creativity. The synergy created by this highly skilled workforce not only drives the Company's competitive edge but also enhances its ability to deliver high-quality, sustainable solutions across a variety of projects. Ultimately, the intellectual capital embodied in AEL's team expertise is instrumental in maintaining the Access Engineering brand reputation for excellence and its leadership position in the construction industry.

KNOWLEDGE-BASED SYSTEMS AND PROCESSES

Knowledge-based systems and processes empower AEL to deliver superior engineering solutions and ensure swift responses to industry changes and emerging opportunities.

In seeking to continuously strengthen its knowledge-based systems, the Company has adopted internationally recognized standards such as ISO 9001:2015 for Quality Management Systems (QMS), ISO 14001:2015 for Environmental Management Systems (EMS), and ISO 45001:2018 for Occupational Health & Safety Management Systems (OHSMS).

Expenditure on ISO Certification

LKR 0.8 Mn

The implementation of QMS ensures a systematic approach to quality management, focusing on customer satisfaction, continuous improvement, and efficient process management, thereby ensuring the delivery of consistently high-quality projects that meet or exceed client expectations

Adopting EMS enhances the commitment to environmental sustainability by providing a structured framework for managing environmental responsibilities. This includes reducing waste, minimising environmental impact, and improving resource efficiency, ensuring that operations are not only compliant with environmental regulations but also contribute to long-term ecological balance.

The OHSMS strengthens the focus on occupational health and safety by establishing robust procedures to identify and mitigate risks, prevent workplace accidents, and promote a safe and healthy working environment. This proactive approach to health and safety not only protects employees but also enhances productivity and morale.

INTELLECTUAL CAPITAL

All these three management systems follow the process approach which incorporates the Plan-Do-Check-Act (PDCA) cycle and risk-based thinking throughout the establishment, implementation, maintenance and continually improvement of these management systems in order to achieve their intended outcomes.

Additionally, the Company seeks to integrate advanced technologies such as data analytics, project management software, and collaborative platforms such as ETAB 2018, STAADPR, CIVIL 3D and CADMATE, to capture, manage, and leverage expertise and experience within the organisation, ensuring that valuable insights and best practices are systematically disseminated across all levels of operation. By enabling continuous improvement and adaptive learning, this comprehensive approach enhances decision-making, optimises resource allocation and drives innovation while streamlining workflow efficiencies resulting in improved project outcomes and greater client satisfaction.

STRATEGIC COLLABORATIONS

In seeking to further consolidate its industry leadership, AEL actively pursues strategic collaborations often involving research and innovation for the purpose of driving industry transformation. Forming alliances with academia both locally and internationally, creates opportunities to access cutting-edge research, and emerging technologies, and create a platform for undertaking joint research projects, knowledge exchange, and the development of innovative engineering solutions that address complex challenges in the construction industry. Through these strategic partnerships, AEL not only accelerates its innovation capabilities but also strengthens its reputation as a forward-thinking Company committed to advancing the field of civil engineering in Sri Lanka and beyond.

COLLABORATIVE RESEARCH PROJECT BY ACCESS ENGINEERING PLC, THE UNIVERSITY OF MORATUWA, UNIVERSITY OF CAMBRIDGE, UNIVERSITY OF OXFORD, AND WSP UK WINS THE PRESTIGIOUS “COLLABORATE TO INNOVATE AWARD 2023” BY THE ENGINEER UNITED KINGDOM

In a grand ceremony held on the 29th of February 2024 at the Institution of Civil Engineers UK headquarters in Westminster, London, a Collaborative Research Project carried out by Access Engineering PLC, The University of Moratuwa, University of Cambridge, University of Oxford and WSP UK, was awarded the prestigious “Collaborate to Innovate Award 2023” by the Engineer Magazine UK.

The team won the award after competing in the highly competitive category of “Information, Data and Connectivity” in which there were five shortlisted entries. This award recognised “Innovative Pre-Straining Tools and BOFDA Technology Assessment”, which was an outcome of a research project backed by Access Engineering PLC as part of its ‘Idea Nest’ Initiative to introduce cutting-edge technology to Sri Lanka. The collaborative team included high-profile institutions and industry partners including the Cambridge Centre for Smart Infrastructure and Construction (CSIC) and Laing O’Rourke Centre of the University of Cambridge, UK, University of Moratuwa Sri Lanka, University of Oxford UK, Access Engineering PLC, fibrisTerre Systems GmbH Germany, University of Qatar, Qatar, Epsimon Ltd, UK and WSP UK.

Fibre optic monitoring technology is a widely used application in Structural Health Monitoring (SHM) due to its immunity to electromagnetic interference and corrosion resistance and this research initiative explored the use of Brillouin Optical Frequency Domain Analysis (BOFDA), which is a relatively new fibre optic monitoring technology.

GRI 2-23, 2-24, 2-25, 2-26, 205-1, 205-2, 205-3, 206-1

ETHICS AND INTEGRITY

AEL’s steadfast commitment to ethics and integrity plays a pivotal role in enhancing the Company's Intellectual Capital. The Board sets the tone from the top by upholding the highest standards of ethical conduct and fosters a culture of transparency, accountability, and trustworthiness which are cascaded down through the framework of Board approved conduct policies.

The 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. All AEL employees, including new recruits and Directors, without exception are required to abide by the Code of Ethics. This ethical foundation ensures that all business practices and decision-making processes are conducted with integrity, promoting fair competition and compliance with legal and regulatory frameworks.

In addition the Employee Handbook summarises the Company's policies and work regulations, and also establishes the behavioural norms expected by the Board. The Policy on Disciplinary Management describes acts of misbehaviour that amount to

In 2023, AEL was ranked among the top 100 listed companies in Sri Lanka by Transparency International Sri Lanka (TISL) for Transparency in Corporate Reporting, achieving an overall TRAC Score of 8.44 out of 10. This ranking was based on several criteria, including 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, and industry-wide comparison. With this score, AEL is categorised as a 'Significantly Transparent' Company and remains the only construction company to be featured among the top 50 in the 2023 edition.

bribery or corruption alongside steps that will be taken in case of such an event, underscoring the Company's zero tolerance approach towards bribery and corruption.

Reflecting the commitment to holistically eliminate the risk of bribery and corruption, AEL's anti-bribery and anti-corruption principles are extended across the Company's value chain and made applicable to non – controlled persons or entities that provide goods or services under contract including sub – contractors and labour suppliers.

The company has a whistleblowing policy that is communicated to all employees, along with an open-door policy for reporting concerns and ensuring transparency in operations.

Being a certified 'Member in Good Standing' of Tcertification by Ethixbase360 a US-based organisation dedicated to anti-bribery compliance, further amplifies the Company's commitment to responsible and ethical behaviour. By prioritising anti-corruption measures and discouraging anti-competitive behaviour, AEL seeks to safeguard its reputation and cultivates a work environment where innovation and collaboration can thrive, while strengthening organisational resilience to ensure the Company's ability to navigate complex challenges and maintain its reputation as a trusted industry leader.

No incidents relating to bribery or corruption were reported in the current financial year.

GRI ▸ 2-28

MEMBERSHIPS AND ACCREDITATIONS

In the quest for excellence, AEL seeks recognized memberships and accreditations to validate the Company's credentials in the local construction industry. Moreover, certain affiliations provide access to valuable resources such as the latest research, best practices, and technological advancements to enhance operational efficiencies and strengthen innovation capabilities.

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

The Engineer UK Award

INTELLECTUAL CAPITAL

OUR SOCIAL MEDIA FOOTPRINT

20,709 FOLLOWERS

21,350 FOLLOWERS

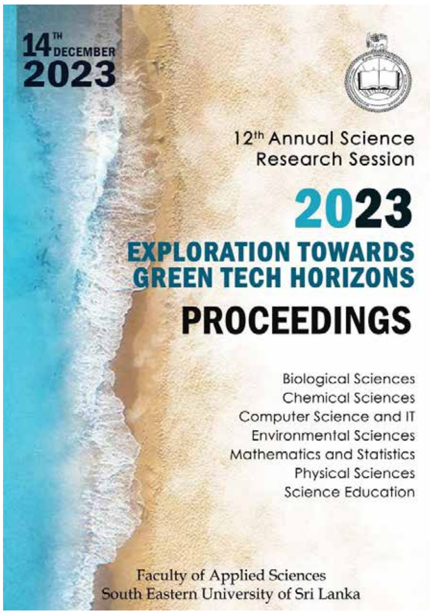
109 FOLLOWERS

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.
Tcertification by Ethixbase360	Robust framework for ensuring ethical business practices, enhancing compliance, and mitigating risks associated with third-party relationships.

RESEARCH AND DEVELOPMENT

During the year, AEL proudly partnered with the Faculty of Applied Sciences at South-Eastern University of Sri Lanka to undertake a research project titled "Exploration Towards Green Tech Horizons." This collaborative effort focused on exploring the potential of Cyanobacteria as a sustainable solution to pressing global challenges, with a particular emphasis on its applications in biodiesel production. Our research aimed to investigate the viability of Cyanobacteria as a renewable resource, contributing to the advancement of green technologies and the reduction of environmental impact. This initiative underscores AEL's commitment to innovation and sustainability, reinforcing our position at the forefront of technological advancement and environmental stewardship.

Additionally, AEL presented at the SLTC Forum for International Research 2023 under the topic "Native Cyanobacteria from Sri Lankan Salt Marsh Ecosystem: A Promising Sustainable Solution to the Prevailing Food Crisis." The presentation addressed the critical issues of hyperinflation, poverty, and environmental degradation in Sri Lanka, which have led to a significant deterioration in nutritional status. Traditional crop-based food supply has become increasingly challenging due to the rapid depletion of arable lands and the limited availability of seasonal crops. The research was aimed at promoting native strains from extreme salt marsh ecosystems as a nutrient based application without causing any threats to the local biodiversity.



WAY FORWARD

Brand development and knowledge enhancement will be key priorities to position the company for sustained growth and success in an increasingly competitive market in the years ahead.

HUMAN CAPITAL

Overview

Human Capital forms a vital pillar that supports our core business. As a construction company, our engineers, architects, project managers, and labourers form the backbone of our operations, ensuring that we deliver high-quality, timely, and cost-effective construction solutions. Their collective knowledge and experience enable us to navigate complex projects, adhere to stringent safety standards, and implement cutting-edge technologies to meet customer expectations and ensure our business continues to grow sustainably over time.

MATERIAL MATTERS

- Labour management relations, occupational health and safety, market presence, and non-discrimination
- Training and Education
- Diversity and Equal Opportunities

MANAGEMENT APPROACH

Access Engineering PLC (AEL) adopts a strategic approach to managing Human Capital to ensure the development of human resources as a critical enabler in achieving organisational goals. This comprehensive approach recognises people as a highly valued asset and ensures all people development activities are undertaken with a view to developing an agile, flexible and performance-driven workforce capable of safeguarding AEL's competitive advantage and the Company's long-term resilience against cyclical macroeconomic changes.

STAKEHOLDER OUTCOMES

LKR **1,951** Mn
Distributed as monetary benefits to employees

354
Employees promoted

99%
Employees receiving performance evaluations

94% : **6**%
Males Females
Overall Gender ratio

100% : **0**%
Males Females
Gender ratio at a leadership level

Outputs for AEL and Impact on other Capitals	
Improved employee productivity resulting in higher revenue growth and greater operational cost efficiencies	+
A competent and knowledgeable team enhances AEL' status as an employer of choice	+
Skilled employees foster trust among customers and business partners.	+

OUR GOALS

- Increase female participation in the workforce.
- Increase women in leadership roles.
- Digitalize the HR Process.
- Reduce major work place accidents

SDG's

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES

GRI 2-7

TEAM PROFILE

1,277
Our People
(2022/23 – 1,094)

1,194
Male **94%**

83
Female **6%**

BASED ON GENDER

GRI 2-8

Staff			Labour			Total		
Male	Female	Total	Male	Female	Total	Male	Female	Total
129	27	156	206	3	209	335	30	365
491	48	539	202	0	202	693	48	741
98	3	101	68	2	70	166	5	171
718	78	796	476	5	481	1194	83	1277

BASED ON AGE

Age	Staff	Labour	Total
	No. of Employees	No. of Employees	No. of Employees
< 30 yrs	156	209	365
30 - 50 yrs	539	202	741
> 50 yrs	101	70	171
Total	796	481	1277

TOTAL EMPLOYEE BY CATEGORY

Category	Number of employees
Managerial	114
Operational/Technical	284
Clerical and Supportive	212
Skilled/Unskilled	667
Total	1277

GRI 2 - 23, 2- 24, 406 -1, 407 - 1, 408 - 1, 409 - 1

HR GOVERNANCE

A semi-decentralised structure supports the endeavour to optimise the management of Human Capital, by balancing centralised policy-making with localised execution. At the corporate level, the overall HR policy and strategic direction are set under the guidance of the Senior General Manager who is charged with providing oversight to ensure a unified approach to Human Capital Management (HCM) consistent with the Company's strategic objectives. It is the responsibility of the Senior General Manager to ensure HR policies are developed in full compliance with all applicable labour regulations as well as global best practices as set out under the ILO Convention and the ILO and the UN Global Compact principles for labour and human rights. Continuous Improvement forms an integral part of the overall approach to strengthening its HR policy framework. To that end, the Senior General Manager is expected to review and recommend appropriate policy updates based on the latest developments in labour regulations and best practices.

Meanwhile, training and development activities fall under the purview of the corporate office. By maintaining control over these critical functions, the corporate office ensures that all employees receive targeted, high-quality training to support both personal and organizational development.

For the management of Human Capital at the project level, the Company has established four distinct divisions, each with its own dedicated Human Resource departments. These divisions are empowered to handle all HCM-related functions specific to their operations, encompassing recruitment, employee welfare, performance management, and day-to-day HR activities in line with the established policy frameworks.

HUMAN CAPITAL

HR POLICIES AND GUIDELINES

Compliance	Best practices
Shop and Office Employees Act, No. 19 of 1954	Equal Opportunities
Wages Board Ordinance	Non-discrimination
EPF Act	No Child Labour
ETF Act	No forced / compulsory labour
Gratuity Act	Freedom of Association

- ZERO incidents of non-compliance of regulations
- ZERO incidents of discrimination
- ZERO incidents of Child Labour
- ZERO incidents of forced / compulsory labour

STRATEGIC WORKFORCE PLANNING

AEL strategically plans its workforce needs to ensure the right number of people with the right skills are in place to achieve business goals. This involves forecasting future needs, assessing current workforce capabilities to identify and fulfil workforce requirements based on corporate objectives and future needs. The process begins with a thorough job analysis to define roles, responsibilities, and the skills required for each position. More recently the Company has also begun leveraging data and analytics to inform decision-making processes including to identify trends, make evidence-based decisions, and optimise workforce planning. With this foundational understanding, a tailored recruitment strategy is developed to attract qualified candidates who align with the Company's goals and culture.

Workforce planning is an annual exercise that results in the development of the Board approved manpower plan and budget that sets the stage for all recruitment and employee development activities undertaken within a particular year.

GRI ▸ 2-8, 202 - 2, 401-1, 405 - 1

MERIT-BASED RECRUITMENT AND SELECTION

The Company maintains a highly disciplined and systematic approach anchored by the commitment to the principle of equal opportunity for the purpose of attracting top talent.

The Policy on Staff Recruitment, Selection and Placement ensures that no candidate is discriminated based on age, gender, ethnicity, religious beliefs, or any other legally protected status. To uphold this commitment, all vacancies are advertised publicly and notified internally, providing existing employees with the opportunity to apply.

TURNOVER

Based on Gender

Gender	23/24	22/23
Male	372	1,947
Female	17	102
Total	389	2,049

Based on Province

Province	23/24	22/23
Southern	3	29
Western	356	1,739
Central	5	125
North central	3	35
North western	0	19
Sabaragamuwa	7	22
Northern	15	80
Total	389	2,049

Based on Age

Age category	23/24	22/23
< 30 yrs	143	907
30 - 50 yrs	194	895
> 50 yrs	52	247
Total	389	2,049

Average Employee Turnover Ratio

33%

(Staff & Labour)

Employee Retention Ratio

76%

(Staff Only)

NEW HIRES

Based on Gender

Gender	23/24	22/23
Male	556	277
Female	16	12
Total	572	289

Based on Province

Province	23/24	22/23
Southern	3	0
Western	500	285
Central	10	0
North central	5	0
North western	0	0
Sabaragamuwa	28	2
Northern	26	2
Total	572	289

Based on Age

Age category	23/24	22/23
< 30 yrs	254	167
30 - 50 yrs	246	95
> 50 yrs	72	27
Total	572	289

The selection process is strictly merit-based, aimed at identifying the best candidate for each role in terms of qualifications, experience, and cultural fit with the Company's values and growth aspirations. This process includes rigorous competency testing coupled with multiple rounds of formal interviews for managerial and technical grades, while clerical and operational (supporting) staff are recruited based on interviews to determine the best-fit candidates. The existing Senior Management Team is all hired locally from Sri Lanka.

AEL's Industrial Placement programme which supports engineering undergraduates to obtain their mandatory training is another important channel for new hires.

As part of the overall recruitment process, thorough due diligence is performed to verify all employee credentials, including age, to ensure compliance with all relevant regulations and to maintain the highest standards of integrity in the hiring practices.

All new recruits remain on probation for a period of 3 to 6 months, during which time they are subject to a comprehensive orientation programme to help them align with the Company's strategic goals and organisational culture. New hires are monitored throughout their probationary period with a formal performance review conducted at the conclusion of their probationary period to determine their eligibility to be absorbed into the Company's permanent cadre.

A total of 62 employees participated in orientation programmes during the financial year.

Orientation Program

Meanwhile, the Company's need for daily paid labourers (skilled and unskilled) are met through specialised labour service providers. The Company works only with reputed labour service providers with a strong track record for compliance with labour and human rights best practices.

DIVERSITY AND INCLUSION

The Company culture and values reflect the deep commitment to diversity, equity and inclusion in the workplace. Acknowledging that a diverse workforce brings a wealth of perspectives, ideas, and experiences that drive innovation and excellence, AEL actively promotes an inclusive culture where every employee is valued and respected, regardless of age, gender, ethnicity, religious beliefs, or any other characteristic. Due to the nature of the construction industry, the current representation of female workforce is less while we are committed to increasing same in the future. This commitment is reflected in all policies and practices, which are designed to ensure equal opportunities for all employees across the employment lifecycle. By cultivating a supportive and equitable work environment, the Company strives to enhance employee satisfaction and engagement and also strengthens its ability to meet the diverse needs of its clients and stakeholders, ultimately contributing to organisational success.

360-degree approach to address Gender Parity

Gender representation targets at all stages of the employment lifecycle	Equal opportunity and non-discriminatory employment in line with global best practices	Fair and equitable compensation and benefits packages regardless of gender
Monitoring and reporting on performance against targets	The "Policy on Disciplinary Management" for remediating issues relating to sexual harassment.	1:1 employee remuneration

HUMAN CAPITAL

GRI ▸ 2-8, 405-2

FAIR COMPENSATION AND BENEFITS

AEL prides itself in offering fair compensation and benefits that are at the same time industry competitive. In line with the Company's Policy on Employees' Salaries & Overtime, all employees are assured of receiving remuneration that is commensurate with the nature of their job, as well as their qualifications, experience, and performance. The policy also stipulates a 1:1 ratio in the basic salary offered to men and women for all entry level positions, underscoring the commitment to gender equality and fair treatment in the workplace.

Salary structures and compensation packages are regularly reviewed and updated to align with industry standards and ensure they support AEL's position as an employer of choice.

GRI ▸ 2-21

Ration of Basic Salary and Remuneration

1 | 1

Meanwhile, salaries of daily paid labourers (skilled and unskilled) are determined in accordance with the minimum wage guidelines established by the Wages Board Ordinance. Currently, the Company's wage structures are significantly higher than the stipulated minimum.

PERFORMANCE MANAGEMENT

Performance management serves as the cornerstone of the Company's efforts to achieve corporate objectives. The mechanism starts with a target-setting exercise where departmental goals are translated into individual Key Performance Indicators (KPIs). This cascading of targets ensures that each employee's objectives are directly linked to the broader Company goals, fostering a performance-driven culture at all levels. Throughout the year, employees receive continuous feedback and support to meet their KPIs, culminating in a formal performance evaluation at the end of the year.

The annual performance evaluation is structured as a confidential process based on fair and comprehensive feedback. Initially, the HR Department generates evaluation forms, pre-filling them with essential employment details and securely distributing them to employees to maintain privacy. The appraisal process utilises three distinct formats tailored to different employee categories: Managerial Staff, Non-Managerial Staff, and Minor Staff, each with unique questions relevant to the specific category.

Respective employees are then required to conduct a self-evaluation, where they provide insights on their job scope, suggestions, and training and development needs. Self-evaluation forms are then assessed by the employees' immediate superiors followed by formal discussions with each employee. In the interest of impartiality and objectivity, such discussions are conducted by a panel, including the immediate superior, the head of the division/department/plant/project, or an HR representative.

In this way, the annual performance appraisal serves as the main platform to recognise and reward high performers by way of bonuses, increments and promotions as well as to establish appropriate developmental plans to support their career growth. The annual performance appraisal also provides an opportunity to identify persistent underperformers and determine training and other support mechanisms needed to empower such employees to improve their performance.

GRI ▸ 401-2

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
- Long service awards
- School Bags and Stationery for Employees Children
- EPF/ETF, Gratuity

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

GRI ▸ 401-3

Number of employees entitled to parental leave	83
Number of employees that took parental leave	5
Number of employees that returned to work after parental leave ended	2
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	3

Performance appraisal GRI ▸ 404-3

Description	Total	Percentage (%)
No.of employees evaluated	522	99%
No. employees not evaluated	4	1%
No.of employees entitled for performance evaluation	526	100%

By Gender

Description	No.of employees evaluated	No.of Employees not evaluated	Total	Evaluated Percentage (%)
Male	458	3	461	87%
Female	64	1	65	12%
Total	522	4	526	99%

By Category

Description	No. of employees evaluated	Percentage (%)
Senior Management	34	6%
Middle Management	42	8%
Junior Management	256	49%
Junior Executive	138	26%
Clerical and Supportive	52	10%
No. of employees evaluated	522	99%

In addition to the formal annual performance appraisal, ad-hoc performance evaluations are also conducted for various purposes, including service extensions, at the conclusion of the probationary period, in relation to disciplinary issues, determining interim increments / promotions, and during exit interviews.

GRI ▸ 404-1, 404 - 2

TRAINING AND DEVELOPMENT

A two-pronged approach to training and development aims to ensure all training interventions align with the Company's strategic goals, while emphasising personal and professional growth of employees. Initially a thorough assessment of skill gaps and development needs across the organisation is conducted to determine the scope and scale of training interventions encompassing workshops, seminars, and online courses to enable employees to have access to the latest knowledge and skills in their fields. The Company also supports employee career development through mentorship, coaching, and succession planning to develop a high functioning workforce that has the skills, motivation and drive to meet the challenges of a dynamic business landscape.

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	

No. of Training Programmes

25

HUMAN CAPITAL

23/24 FIGURES

By Category

Training type	Participants	Training hours	Total Training Hours
Soft Skills	-		-
Health and Safety	74	39.0	346.0
Knowledge Enhancement	220	75.3	916.5
Technical skills	58	232.5	973.0
Total	352	346.8	2,235.5
Internal Training Program			
Health and Safety	28	2.5	35.0
Knowledge Enhancement	219	30.3	871.5
Technical Skills	13	36.0	468.0
Total	260	68.8	1,374.5
External Training Program			
Health and Safety	46	36.5	311.0
Knowledge Enhancement	1	45.0	45.0
Technical Skills	45	196.5	505.0
Total	92	278.0	861.0

The total investment in training amounted to LKR 1.24 Mn, while a total of 352 employees underwent 2,236 hours of training during the year.

Total investment on training

LKR 1,243,012

Average training cost per employee

LKR 3,531

Based on Gender

Average training hours for males

1.40

Average training hours for females

6.75

Based on employee category

Average training hours for staff

2.74

Average training hours for labour

0.11

Moreover, the Company has invested in modern technologies and infrastructure to create an optimal learning environment. Dedicated areas are allocated for conducting training programmes with all training rooms equipped with advanced sound technologies to improve the quality of instruction. Transportation services are also provided to facilitate attendance. In recent years, virtual classroom facilities have also been introduced to improve accessibility and flexibility in learning.

At the conclusion of each training programme, feedback forms are distributed to participants to understand the training programme's effectiveness from the participants' perspective. Superiors who nominated employees for training programmes are further expected to closely monitor specific areas covered and assess the training's effectiveness for each employee. If a superior determines that the training was not sufficiently beneficial, they may recommend additional training programmes in relevant areas to further develop the employee's skills and achieve optimal results.

To encourage continuous professional development, the Company offers special loan facilities and free internet to allow employees to pursue higher education and professional development opportunities.

GRI ▸ 2 - 30, 402 - 1

EMPLOYEE RELATIONS

AEL believes that strong employee relations are essential for maintaining high levels of engagement and investment in the Company's future. Accordingly, managers at all levels are encouraged to utilise team briefings and other routine meetings to build strong connections with employees through continuous and ongoing dialogue, while the open-door policy allows employees to individually reach out to their superiors to discuss any work-related matters.

The annual staff forum led by the Executive Vice Chairman and the Managing Director is held to share the Company's vision and discuss opportunities for growth as well as to promote two-way dialogue between employees and the Company's leadership. Implementing these best practices is designed to create an environment where employees feel valued, heard, and motivated to contribute to organisational success.

Annual Staff Forum

Various channels are employed to communicate operational changes to employees, thereby delivering clear and consistent communication across all levels of the organisation. Among the channels used are email and notice boards as well as formal communications by heads of departments, plant/project managers, the HR team, and formal meetings. Operational changes are informed, on average one month prior to implementation.

Further, the strong ties built with employees over the years has prevented the need for a collective bargaining agreement.

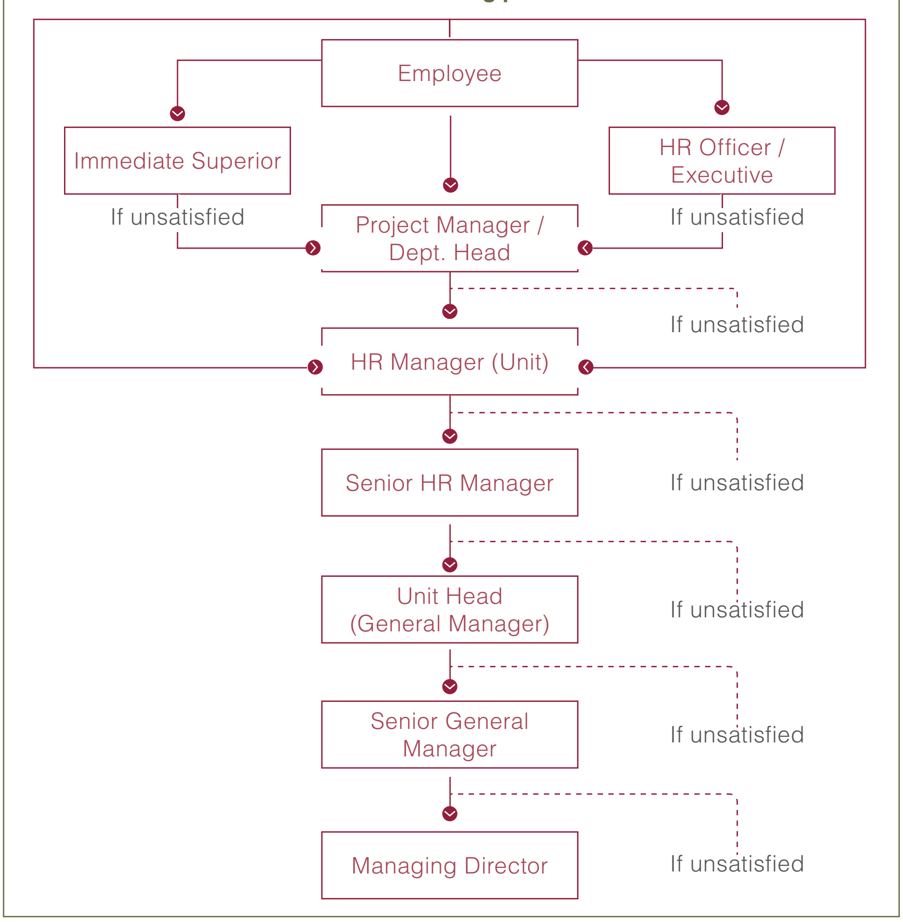
GRI ▸ 2 - 25, 2 - 26

GRIEVANCE HANDLING

Grievance handling is a crucial component of AEL's employee relations framework. The Company has implemented a formal Grievance Policy that clearly outlines the process for receiving, investigating, and resolving grievances. This policy details the duties and responsibilities assigned at each stage, ensuring a systematic and fair approach to addressing employee concerns.

Additionally, the “Policy on Disciplinary Management” 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.

Grievance handling procedure



GRI ▸ 403-1, 403-2, 403-3, 403-4, 403-6, 403-7, 403-8, 403-10

OCCUPATIONAL HEALTH AND SAFETY

As a construction company, Occupational Health and Safety (OHS) is of paramount importance to AEL. The Company complies in full with all national safety regulations applicable to the core business including the Factories Ordinance of 1942, which mandates the health, safety, and welfare of individuals in the workplace and the Workmen's Compensation Ordinance of 1935 and its subsequent amendments, ensuring compensation for workers injured during the course of their employment due to workplace accidents. LKR 1.13 Mn was incurred in FY 2023/24 in relation to Workmen Compensation Insurance cover for all technical and operational cadre employees and labourers.

Further demonstrating its proactive stance on OHS, AEL has also voluntarily adopted the ISO 45001:2018 Occupational Health & Safety Management System (OHSMS) to provide a robust framework for improving employee health and safety across all sites on an ongoing basis. The system covers 100% of Company employees, including staff and labourers as well as all third parties on site at any given time.

The comprehensive and robust OHSMS provides the framework to systematically reduce the risk of injury and illness in all workplace operations through continuous and ongoing detection, assessment, and control of hazards. The foundational principles of the OHSMS include:

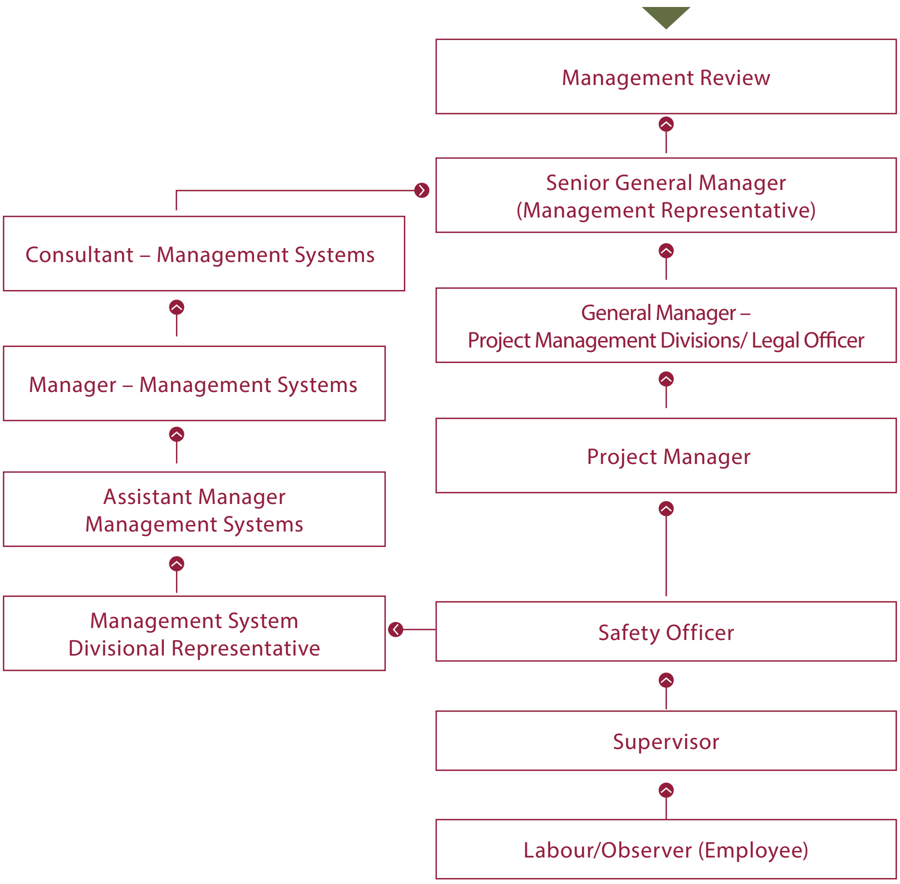
- Management Engagement and Commitment: Strong leadership and active involvement from all levels of management to emphasize safety as a core value and priority.
- Hazard Identification and Risk Assessment (HIRA): A proactive approach to identifying potential hazards and assessing associated risks is employed to mitigate dangers before they cause harm.
- Hazard Control: Effective measures are put in place to eliminate or control risks, including engineering controls, administrative procedures, and Personal Protective Equipment (PPE).
- Training: Comprehensive training programmes are conducted regularly to educate all employees about safety practices and procedures.

HUMAN CAPITAL

Tool - Box Meetings

- Emergency Response: Well-defined emergency response plans are established to support quick and efficient action in case of any incident.
- Incident Reporting and Investigation: A thorough system for reporting, investigating, and analysing incidents is in place to prevent recurrences and improve safety measures.
- Communication: Clear and consistent communication channels are maintained to effectively disseminate safety-related information to all stakeholders.

Incident Reporting Hierarchy



The integrity and operational efficiency of the OHSMS is verified through a combination of internal and external audits. The health and safety framework at each business unit is audited internally by the Management Systems Team throughout the year in line with a scheduled audit programme. Additionally, the ISO 45001:2018 compliance audit is carried out annually by DNV GL for the purpose of facilitating the ISO re-certification.

The effective functioning of the OHSMS is supported by the centralised "Management Systems Team," based at the Head Office, which holds the primary responsibility for overseeing the Company's OHS initiatives. The team is tasked with setting out OHSMS objectives and continuously monitoring performance to determine ongoing effectiveness.

Under the supervision of the Management Systems Team, each business / operational unit has been assigned a Health & Safety Officer / Managers / Engineer tasked with managing health and safety within their respective workplaces. These designated safety champions ensure that all safety protocols are strictly followed and that the work environment remains safe for all employees and any third parties with routine walk-through observations conducted to identify and rectify any deviations in the OHSMS. Additionally, safety champions also serve as the main contact point for receiving OHS-related complaints from workers and other stakeholders.

In addition to the Management Systems Team, designated "Emergency Response Teams" have been established for each business unit. These teams are trained to respond swiftly and effectively to any emergency situations, including providing first-aid treatment and managing fire emergencies. The composition of these response teams is tailored to the specific needs of each business unit, varying in size and structure based on the unit's size, nature, and location.

	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 nos. Employees	3 Firefighters per 100 nos. Employees	4 First Aiders per 100 nos. Employees
Composition	Representatives of Labourers, 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	Monthly	Annual	Annual

Safety Hazards at AEL	Management Methods
Working at height - Falling hazards are more obvious in multi-story constructions and are common in most construction sites.	➢ Conduct training programmes and toolbox meetings on working at height safety for workers ➢ Provide proper edge protections including top rails, mid rails and toe boards ➢ Provide fall restraint/ arrest system such as full body harnesses, self-retractable lanyards, etc. to workers and monitor such Personal Protective Equipment (PPE) practices at sites ➢ Apply permit-to-work system for carrying out such high risk tasks ➢ Provide full time supervision and work instructions ➢ Ensure safe erection of scaffolding structures with effective routine inspections ➢ Follow working at height safety practices as a golden safety rule in the organisation
Electrocution - Working with electricity creates significant workplace hazards in the construction industry.	➢ Carry out periodic inspections for power tools used at the site and display monthly colour code after such inspection ➢ Apply permit-to-work system for carrying out such high risk electrical works ➢ Practice lock-out and tagged-out system for energy isolation during electrical related maintenances, repairs and installations ➢ Follow safe standard operating procedures when carrying out electrical works ➢ Use double insulated cables and industrial socketss for power tools and other electric equipment at the site ➢ Conduct training programs and toolbox meetings on electrical safety for workers ➢ Use cordless electrical equipment as much as possible ➢ Display hazard warning signs at electrically hazardous areas ➢ Follow electrical safety practices as a golden safety rule in the organisation ➢ Each electric distribution board is equipped with RCCB units for ensuring the safety of people
Being hit by moving objects - Coming into contact with moving machinery, goods, and tools and equipment are critical workplace hazards in the construction industry.	➢ Provide training programmes for workers on machinery and equipment safety ➢ Place fixed guards/ adjustable on dangerous moving and rotating parts of machineries and equipment ➢ Carry out periodic inspections for ensuring their safety of use ➢ Adherence to the recommended isolation procedures before any work is carried out on equipment with moving parts. ➢ Restricted entry to high risk zones supported by adequate barricades, notice boards, etc. ➢ Provide appropriate PPEs to workers to ensure worker safety ➢ Warning hazard signs are displayed to make the users aware

HUMAN CAPITAL

Safety Hazards at AEL	Management Methods
Lifting operations – lifting operations which are carried out at construction sites with the use of lifting equipment are considered high risk operations	➢ Display hazard warning signs to make people aware at the site on lifting operations hazards ➢ Allocate competent signalmen and operators for operating lifting equipment such as mobile cranes, tower cranes, etc. ➢ Carry out periodic inspections, maintenances and repairs for lifting equipment to ensure their safety of use ➢ Obtain third party certificates for lifting equipment such as mobile cranes, tower cranes, etc. for ensuring their safety in use ➢ Follow lifting operations safety practices as a golden safety rule in the organisation ➢ Provide full time supervision for lifting operations ➢ Training programmes for workers on lifting operations safety
Excavations related hazards – Excavations can be seen at every construction site at initial stages of construction with more potential hazards and risks associated.	➢ Check underground buried services before excavations are done ➢ Adapt soil collapsing prevention methods like stepping, shoring and close sheeting ➢ Provide adequate hazard barricades and hazard warning sign boards to make people aware on their associated hazards and risks ➢ Provide designated walkways for people for ensuring safe movement and isolation of hazardous areas and equipment away from people ➢ Maintain good housekeeping at the edges of excavations ➢ Not allowing to place equipment, vehicles materials, etc. at edge of excavations ➢ Provide access and egress ladders and PPEs to workers

GRI ▸ 403-5

SAFETY TRAINING FOCUS FOR 2023/24

Total number of health and safety training programs – 6

Total number of participants – 74

Fire Extinguisher Handling: Educated staff and labour on how to properly handle fire extinguishers to help prevent and mitigate fire incidents.

Emergency Fire Drill: To ensure employees are familiar with evacuation procedures and can respond effectively in case of a fire emergency.

Awareness Session on Ergonomics and Manual Handling: Educated staff and labour about ergonomics and safe manual handling practices to reduce the risk of musculoskeletal injuries and promote overall workplace health.

Training on Scaffolding Erection: Proper erection of scaffolding was demonstrated to ensure worker safety at the construction site.

Training on Slinging, Signaling, and Rigging: Labourers were trained on slinging, signaling, and rigging to be allocated for duties when necessary.

Awareness Session on Reporting Accidents: conducted an awareness session to encourage employees to report accidents promptly for identifying hazards and implementing corrective measures to prevent future incidents and educating employees about relevant legislation, such as the Factories Ordinance Act 1952.

Safety Harness Demonstrations and Training: Demonstrated the step-by-step process of donning the harness, including securing buckles, adjusting straps for a snug fit, and inspecting the harness for any signs of damage or wear with special emphasis on the importance of conducting pre-use inspections of harnesses and associated equipment to identify any defects or deficiencies that could compromise safety.

GRI ▸ 403-9

HEALTH AND SAFETY RECORDS

Description	2023/24	2022/23
Total Safety Hours	2,409,374	3,573,637
Fatalities	-	-
Major accidents	3	2
Minor accidents	3	8
Frequency of major accidents	1.25	0.56
Frequency of minor accidents	1.25	2.24
LTIFR (Lost Time Injury Frequency Rate)	2.49	2.80

Fire Extinguisher Handling Training

EMPLOYEE ENGAGEMENT AND WELLBEING

Employee engagement activities are organised to foster camaraderie, recognise achievements, and enhance overall job satisfaction. Such events include team-building activities, cultural celebrations, wellness programmes and fitness activities, which provide opportunities for employees to connect with colleagues from different departments, share experiences, and build stronger working relationships.

As part of our ongoing commitment to support the personal and educational growth of our employees' families, we proudly implemented our Book Donation Program this year. This initiative is designed to foster a love for reading and provide valuable resources to the children of our employees.

Employee Events

WAY FORWARD

Employee retention will be a key priority going forward. To that end, the Company will aim to develop structured employee retention programmes to address turnover risks, ensuring that valuable talent is retained. These efforts will be accompanied with more robust employee recognition and reward schemes to motivate and acknowledge outstanding performance. Furthermore, AEL aims to focus on the development of its minor category employees, such as Electricians, Welders, and Mechanics. By providing extensive training and certification through collaboration with vocational training centers to enable these employees to obtain NVQ certifications to support skill enhancement.

SOCIAL AND RELATIONSHIP CAPITAL

Overview

AEL's Social and Relationship Capital is represented by the relationships and connections with key stakeholders, encompassing clients, investors, suppliers, and the community, that together form an ecosystem for business continuity and sustained growth.

MATERIAL MATTERS

- Economic Performance
- Practices and Customer Health and Safety
- Socio-Economic Compliance and Indirect Economic Impacts

MANAGEMENT APPROACH

AEL's management approach to Social and Relationship Capital is underscored by a set of clearly defined stakeholder-specific objectives designed to build and retain stakeholder trust over the short, medium and long term. Hence the approach for clients revolves around providing the best in-class value proposition that meets or exceeds expectations. Consistent returns and transparent communication remain the key priority in keeping investors engaged on the Company's performance and strategic direction. Supplier relationships are managed based on the principle of shared value, while the commitment to create strong positive impacts for the wider community drives the approach towards strengthening community ties.

STAKEHOLDER OUTCOMES

Assurance of safe, high-quality and on-time delivery of projects for clients

Access to regular and transparent financial updates for investors

Fair and equitable procurement practices leading to reliable and consistent business opportunities for suppliers.

Open channels for grievance handling and community engagement.

Outputs for AEL and Impact on other Capitals	
Enhanced investor confidence leading to their long-term financial commitment	+
Industry leading reputation for reliability, ethical practices, and excellence in project execution.	+

SDG'S

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

Asphalt Plant

CLIENTS

GRI 3-3, 416 -1, 416 - 2, 417 - 1, 417 - 2, 417 -3

Fully Fledged Construction Solutions

Upholding its reputation as the industry leader, AEL is dedicated to providing comprehensive construction solutions, emphasising innovation, quality, safety and sustainability across all projects.

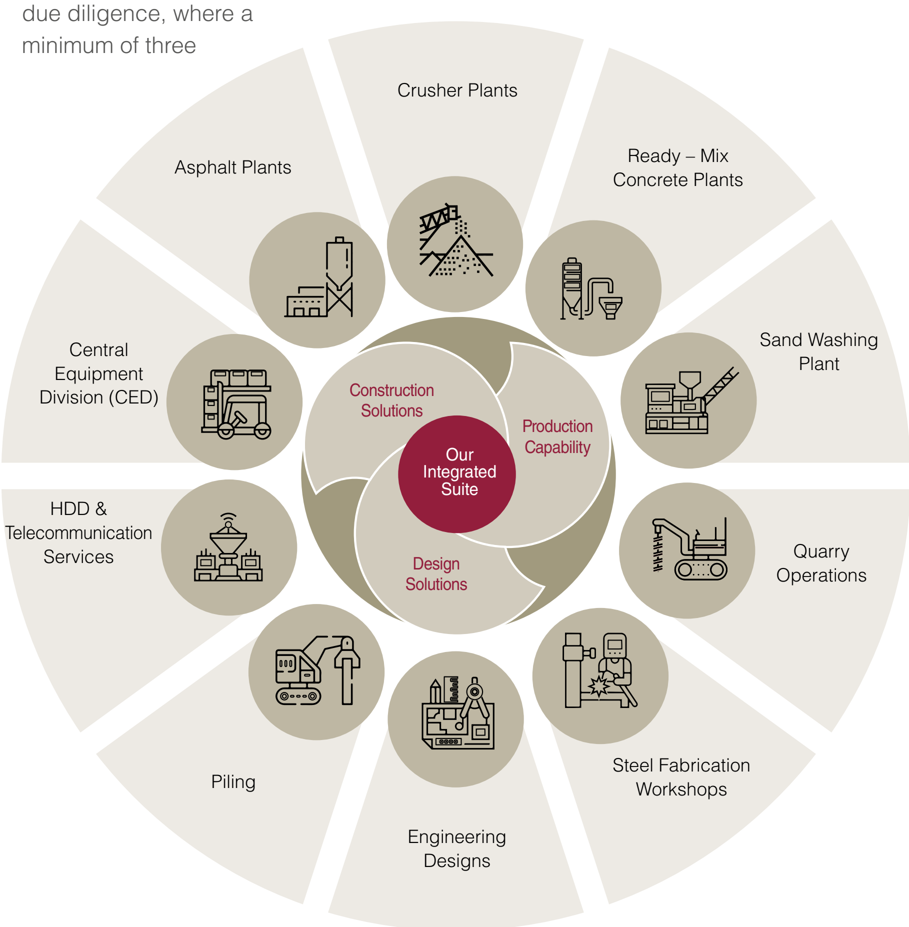
The Company's team of experts work closely with clients to understand project schematics and provide tailored solutions that ensure seamless integration of services and unparalleled attention to detail from the initial design and planning stages through to the final construction and post-construction phases. These efforts are further augmented by leveraging state-of-the-art technology and advanced project management methodologies to enhance efficiency and ensure timely, budget-conscious project delivery.

Moreover, the adherence to ISO standards ensures operations meet internationally recognised benchmarks for safety and quality. The implementation of robust quality management systems under ISO 9001:2015 guarantees the consistent delivery of safe, high-quality construction solutions, underscoring AEL's pursuit of excellence and the desire for continuous improvement in all facets of its operations. At the same time, the ISO 45001:2018 reinforces the commitment to occupational health and safety through the implementation of stringent safety protocols and practices to mitigate workplace hazards to safeguard the well-being of its workforce and fostering safer construction processes. Further the adoption of sustainable building practices in line with the ISO 14001:2015 certification aims to reduce environmental footprint while maximising economic and social advantages for clients and communities.

Process efficiency is supported by rigorous internal controls for continuous assessment and monitoring, and routine due diligence, where a minimum of three audits are conducted during a project: at commencement, during execution, and upon completion. Additionally, ad hoc audits are also performed as needed to maintain the highest standards, while on-site laboratory facilities at every plant and most sites undertake quality assurance testing on various aspects of the construction process. Meanwhile annual audits are performed as part of the ISO re-certification for quality, safety and environmental standards.

Recognising the criticality of collaborating with regulatory bodies and industry stakeholders to stay updated on the latest safety standards and guidelines, AEL actively engages regulators and collaborates with industry groups. These efforts are aimed at better alignment with industry best practices and regulatory requirements across all aspects of the business, translating into a stronger value proposition for customers.

Going above and beyond these standard procedures, contractors are also kept informed on best practices for safely handling and utilising construction materials, thus contributing to a safer working environment and promoting public safety.




Crusher Plant


Ready – Mix Concrete Plant


Quarry Operation


Piling

SOCIAL AND RELATIONSHIP CAPITAL

ENGINEERING DESIGNS

- Structural and architectural design of the two storey nursery and cultural centre building for Shinchoji and Shinnyo En Lanka Guarantee Limited at Kirimandala Mawatha, Narahenpita
- Design of four 15 story buildings comprising a total of 1000 housing units for the Urban Development Authority at Stadiumgama
- Structural design of a viaduct, an overpass, drainage and culverts of the Central Expressway Project- Section 3 Package 1M (From Pothuhera to Galagedara) for the Road Development Authority
- Structural and architectural design of the crop yield stagnation area of the Nakiyadeniya Palm Oil Mill in Galle for Watawala Plantation PLC
- Structural design of the steel roof of the padel tennis courts at Colombo 05 for Padel House (Pvt.) Ltd

PILING

- Identified Protective Work in the main terminal building, Pier 2 and Pier 3 of the Bandaranaike International Airport Development Project (BIADP) Phase II Stage 2
- Construction of Diaphragm Wall for Proposed Star Class Hotel at 594, Galle Road, Colombo 04
- Piling work for the two-story nursery and cultural center building for Shinchoji and Shinnyo En Lanka Guarantee Limited at Kirimandala Mawatha, Narahenpita
- Piling works for the Central Expressway Project - Section 3 Package 1M (from Pothuhera to Galagedara)

Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	100%
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	ZERO
Fines / Penalties paid or Warnings received due to non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	ZERO
Incidents of non-compliance concerning product and service information and labelling	ZERO
Incidents of non-compliance concerning marketing communications	ZERO
Substantiated complaints concerning breaches of customer privacy and losses of customer data	ZERO

PRODUCTION PLANTS

- Phase 1 of the core rock and armour rock supply to the Colombo West International Terminal (CWIT) Project at the Port of Colombo
- Phase II of the core rock and armour rock supply to the Colombo West International Terminal (CWIT) Project at the Port of Colombo.

MECHANICAL & STEEL FABRICATION WORKSHOP

- Installation, testing & commissioning of Fire Protection System of the Export Greenfield (EGF) facility at Ekala
- Design, fabrication & installation of 1500 m^3 fire water tank (2 No's) of the Export Greenfield (EGF) facility at Ekala
- Design, fabrication & installation of drain control automated radial gates (5 No's) & sluice gates (3 No's) of the Export Greenfield (EGF) facility at Ekala
- Fabrication and welding of the reefer structure and support frames of the Colombo West International Terminal (CWIT) Project at the Port of Colombo

CENTRAL EQUIPMENT DIVISION

- Transportation of core rock and armour rock to the Colombo West International Terminal (CWIT) Project at the Port of Colombo
- Levelling of dredged sand of the Colombo West International Terminal (CWIT) Project at the Port of Colombo

EGF Water Tanks

EGF Fire Protection System

EGF Drain Control System

CLIENT RELATIONS

The approach to client relations is founded on a commitment to excellence, transparency, and responsiveness. Working to build strong, long-term relationships, the Company strives to ensure effective engagement and satisfaction at every stage of the client journey. Priority is given to regular communication and updates to ensure clients are informed and involved throughout the project lifecycle.

At both the site and divisional levels, dedicated representatives have been appointed to maintain clear and consistent communication with clients. These interactions also provide a forum for the dissemination of key information regarding contract agreements with specified terms and conditions, information on necessary safety aspects, regulatory requirements and industry best practices, all with a view to ensuring all parties are aligned from the outset. Being a construction Company, routine on-site inspections are also a standard practice for promoting mutual understanding in order to identify and resolve issues promptly.

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

SOCIAL AND RELATIONSHIP CAPITAL

MANAGING COMPLAINTS

AEL operates on the premise that responding to and promptly resolving complaints raised by clients is critical to building trust. As per the Company procedure a designated Complaint Management Officer has been assigned at every operating unit to manage and resolve complaints.

All complaints received are first documented in a complaint register, ensuring transparency and accountability. Once recorded, the complaint is communicated to the respective officer based on its nature. The designated Complaint Management Officer is required to review the complaint and take immediate action to rectify the issue, followed by a thorough investigation to determine the root cause. Findings from the root cause analysis are recorded in the complaint register, alongside the corrective actions implemented to prevent recurrence.

Feedback is also obtained from the complainant to gauge satisfaction and further refine the process. By actively seeking and utilising feedback as the basis for continuous improvement, AEL seeks to reinforce the Company's commitment to excellence and satisfaction.

Complaint statistics for 2023/24

No. of Complaints Received	No. of Complaints Resolved
41	41

Complaints Resolve Ratio

100%

INVESTORS

As a publicly traded entity listed on the Colombo Stock Exchange (CSE), AEL reiterates its commitment to transparent investor relations through proactive efforts to ensure its 8,932 shareholders (representing a 40% equity stake in the Company as of 31st March 2024) are well-informed and actively engaged.

Ensuring Continuous Information Access

In compliance with all mandatory shareholder disclosures required by the CSE to support the timely dissemination of price-sensitive information, AEL ensures continuous access to pertinent information for both individual and institutional investors. Our corporate website (www.accessengsl.com) serves as a comprehensive source offering real-time trading information, financial statements, and research reports. This platform is frequently updated with project-related information to keep shareholders informed of the Company's ongoing activities and developments.

Direct Communication Channels

For investor queries, direct communication is available via email at investor.relations@accessengineeringplc.com. Queries will be reviewed, and if necessary, forwarded to the Directors. They will be addressed at the next Board meeting or sooner if the matter is urgent.

Protecting Shareholders' Rights

AEL protects shareholders' rights by providing timely and sufficient information, allowing effective participation in key decisions, and offering mechanisms to address grievances. This ensures equitable treatment of all shareholders, including minority and foreign shareholders. We ensure timely and accurate disclosure of significant matters, including financial performance and governance, as required by the CSE Listing Rules. We adhere to prescribed accounting standards when preparing financial statements, considering the interests of all stakeholders.

Timely Disclosures and Reporting

Quarterly financial statements are uploaded to our website and submitted to the Colombo Stock Exchange in compliance with Listing Rule No. 7.4.a(i)1 for the benefit of our stakeholders. Annual Reports are uploaded to our website and submitted to the Colombo Stock Exchange within five months of the financial year's end, in accordance with Listing Rule No. 7.5.a(i). We also provide shareholders with additional updates on any matters that concern them as they arise.

Through these efforts, AEL continues to uphold its commitment to transparency, accountability, and shareholder engagement, ensuring that all stakeholders are well-informed and have the necessary information to make informed decisions.

Submission to CSE

Interim Financial Statements	Due Date	Actual Release Date
Three months ended 30th June 2023	15th August 2023	10th August 2023
Six months ended 30th September 2023	15th November 2023	9th November 2023
Nine months ended 31st December 2023	15th February 2024	14th February 2024
Twelve months ended 31st March 2024	31st May 2024	15th May 2024

Annual Report 2022/23	Due Date	Actual Release Date
Publication of Annual Report	31st August 2023	29th August 2023
12th Annual General Meeting held on	30th September 2023	22nd September 2023

Annual Report 2023/24	Due Date	Actual Release Date
Publication of Annual Report	31st August 2024	27th August 2024
13th Annual General Meeting to be held on	30th September 2024	23rd September 2024

Investor Engagment

Engagement Mechanism	Frequency
Annual Reports and AGMs	Annually
Extraordinary General Meetings	As required
Interim Financial Statements	Quarterly
Press releases	As required
Announcements on CSE	As required
Corporate Website	Continous

SUPPLIERS

GRI ▸ 3-3, 204 - 1, 308 -1, 308 - 2, 414-2

Procurement Best Practices

Recognising that suppliers play a vital role in the continuity of operations, AEL's procurement operations are broadly classified as project-based procurements and centralised procurement operations.

A structured approach to project-based procurement aims to ensure a continuous flow of materials, labour, technical services, machinery, equipment and other essential services in alignment with each respective project life cycle, with due consideration to timelines and cost commitments.

Meanwhile centralised procurement operations are managed under the stewardship of AEL's 'Central Procurement Division' in line with the SOP to ensure procurement activities are conducted fairly, accurately, consistently, and transparently at all times. The Policy, designed in accordance with global best practices, sets out comprehensive Standard Operating Procedures (SOP) for sustainable procurement while balancing the technical, social and environmental credentials of suppliers and service providers.

The scorecard method is used to evaluate new suppliers based on a range of criteria, including price, commitment to timely delivery, responsiveness and flexibility, material quality, credit facility, past track record and project delivery. The evaluation process also places significant emphasis on suppliers' commitment to environmental and safety practices with priority given to those in possession of ISO 14001:2015 and ISO 45001:2018 certifications. Of the total score, 10% weightage is assigned to environmental commitment.

Supplier Overview

Category	Products / Services Provided	Total of suppliers 2022/23	New Suppliers screened and on-boarded in 2023/24	Total of suppliers 2023/24
International vendors/suppliers	➢ Supply of Construction Machinery and Equipment	652	47	699
Local vendors/ suppliers,	➢ Provision of construction services such as bar bending, carpentry and masonry, Aluminum work ➢ Labour ➢ Provision of project-specific requirements such as concrete, electrical fittings etc.	20,190	1,090	21,280
Internal suppliers	➢ Production plants supplying quarry products, concrete and asphalt	124	10	134
Inter – company suppliers	➢ Provision of products and services by related companies	35	1	36
Total		21,001	1,148	22,149

% of Local Suppliers

96% (2022/23 - 96%)

New Suppliers

1,148 (2022/23 - 1,444)

Material Purchase Overview

Category	2023/24	2022/23	Variance
Material Purchases	LKR 5,843,085,677	LKR 6,016,010,178	(3%)
Material purchases as a percentage of Cost of Sales	42%	45%	(7%)

Suppliers who qualify through the rigorous selection process are formally invited to adopt the Supplier Code of Conduct, thereby legally binding all suppliers to its terms including the highest standards of safe working conditions, fair and respectful treatment of employees, and ethical business practices. The Supplier Code of Conduct is mandatory for all suppliers and is communicated during the bidding process through the Request for Quotations (RFQ), explicitly informing them of their obligation to comply.

SOCIAL AND RELATIONSHIP CAPITAL

Key Components of AEL's Supplier Code of Conduct

TECHNICAL

- Scope
- Price
- Time for Commencement
- Time for Completion etc.
- Insurance of Works and workmen
- Pre-Bid Meetings
- Specifications, Bill of Quantities, Drawings etc
- Testing & Commissioning
- Agreement
- Payment Terms
- Training
- Defects Liability
- Warranty

SOCIAL

- Care of Works
- Social Security & Welfare….Etc.
- Good Governance
- Avoid using Child labour, Forced labour,
- No discrimination

ENVIRONMENTAL

- Site cleaning
- Protection of environment

Supplier Relations

Taking a proactive approach to supplier relations, AEL aims to foster open communication and mutual understanding, reinforcing the commitment to maintaining high-quality and ethical supplier partnerships.

Key interactions include periodic assessments to ensure adherence to the Supplier Code of Conduct. Additionally, suppliers are engaged through both online and physical meetings. These meetings serve multiple purposes, including clarifying requirements, negotiating terms, and addressing any concerns that arise.

COMMUNITY

GRI ▸ 3-3, 203-1, 203 - 2, 413 -1, 413 - 2

Managing Community Impacts

AEL's core business as a construction company has a substantial impact on the local community, presenting both positive and negative aspects. Various projects undertaken by the Company provide communities with improved access to transport links as well as public infrastructure and utilities such as telecommunications, energy, and water services. Other key positives arising from projects include indirect job creation through opportunities for new business ventures, which contribute significantly to the local and national economy.

However, communities do also encounter negative impacts as a result of construction activities. For instance, road construction can cause damage to utility supplies, leading to disruptions in essential services, and adversely affect air quality and the wider environment as a result of dust, noise, and vibrations associated with construction work. Piling activities can also lead to significant nuisances from noise and vibrations as well as contributing to crack propagation in existing structures. The operation of material production plants can degrade air quality, while blasting operations can damage properties and create air vibrations, disrupting the daily lives of nearby residents. Additionally, road and bridge construction machinery can pose safety hazards and cause public inconvenience to communities in surrounding areas.

AEL strives to mitigate negative impacts through careful planning and community engagement. Accordingly, all project proposals are accompanied with a thorough analysis of the potential environmental risks of the proposed project. This assessment considers all business activities associated with the project to identify potential environmental risks and impacts, such as effects on air and water quality, noise levels, and ecological disruption. Once the environmental risk assessment is complete, an Environmental Impact Assessment (EIA) report is developed documenting data collection, site analysis, and consultations with environmental experts to ensure a holistic understanding of the environmental implications. Following the EIA, an Environment Management Plan (EMP) is formulated outlining specific measures and protocols to manage and mitigate identified environmental risks. This plan includes monitoring procedures, emergency response strategies, and guidelines for sustainable resource use, ensuring that environmental compliance and best practices are adhered to throughout the project lifecycle.

AEL then seeks necessary approvals from relevant environmental authorities. The completed EIA and EMP are submitted to these authorities for review for the purpose of obtaining the required approvals, permits and licenses from the relevant authorities.

Action taken by AEL to mitigate negative impacts to the Community	
Damages to utility supplies during road works	➢ Using equipment to detect underground utilities in order to implement necessary preventive measures ➢ Taking prompt actions to restore/repair
Hazardous areas of workplaces where road works, telecommunication works, etc. are being carried out.	➢ Barricading the working area ➢ Using safety sign boards ➢ Allocation of traffic control signalmen to effectively manage traffic in accordance with the Traffic Management Plan
Public inconvenience on mobility	➢ Notices to raise public awareness about affected areas ➢ Providing alternative options for access and egress of people and for parking as necessary ➢ Ensuring isolation of traffic and people with proper engineering controls ➢ Allocation of traffic control signalmen to effectively manage traffic in accordance with the Traffic Management Plan
Air quality degradation	➢ Using sprinklers to control dust emitted from plant operations ➢ Carrying out periodic air emission tests vehicles, machineries and plants ➢ Periodically monitoring environmental air quality at site premises by a third party ➢ Provide office facilities with full air-conditioning
Vibration and crack propagation	➢ Conducting pre-crack survey before commencement of a project ➢ Continuous measuring and monitoring the level of vibration ➢ Limiting the time of operations of vibratory equipment ➢ Conducting crack surveys and rectifying at the end of the project
Noise disturbance	➢ Monitoring noise levels to ensure they are within prescribed limit ranges by the regulatory bodies ➢ Ensuring that construction machinery such as generators, diesel operated air compressors, etc. have been fitted with silencers to reduce noise ➢ Installation of equipment in sound-proof rooms ➢ Restricting operations of high noise generated equipment/ plants at night time
Cultural issues	➢ Appointing a Public Relationship Officer to build relationship with the local community.

Dust Barriers

Sprinklers

For large projects, a dedicated Public Relations Officer (PRO) is appointed and assigned the responsibility of maintaining continuous communication with the local community to identify and ensure such concerns are addressed promptly and effectively.

The CSR efforts are organized and executed across four thematic areas: Local Community Development, Human Capacity Building, Industry Advancement, and Environmental Stewardship. However, due to the prolonged economic challenges in the Country, which continued to adversely impact AEL's core business in the current financial year as well, the Company was able to engage in few social responsibility projects.

Investment in CSR & Donation

LKR 2.9 Mn

(2022/23 – LKR 1.9 Mn)

WAY FORWARD

Looking ahead, AEL will aim to explore opportunities to enhance safety features and incorporate new technologies to add further value to projects, thereby ensuring the continued safety and satisfaction of its valued customers. At the same time, AEL will strategically diversify its supplier base by expanding the number of suppliers for primary raw materials to secure the most competitive prices. These initiatives aim to fortify AEL's commitment to excellence, innovation, and cost-efficiency, thereby strengthening its market position and fostering sustainable growth.

NATURAL CAPITAL

Overview

As a construction company, Access Engineering PLC's (AEL) operations have a direct and indirect link to the environment. The use of vast amounts of natural resources, including water, energy, and raw materials such as sand and rock leads to the depletion of resources. Moreover, construction activities can result in significant changes in the land surface, leading to disturbances in local ecosystems, affecting flora and fauna and contributing to habitat loss and soil erosion, ultimately leading to the loss of Natural Capital.

MATERIAL MATTERS

Energy

Water

Emissions, Environment, and Biodiversity

MANAGEMENT APPROACH

Understanding the profound impact construction activities have on the environment, AEL maintains a holistic approach to managing Natural Capital based on the overarching mandate set out under the Company's Environmental Policy.

Accordingly, as part of the project pre-planning phase, a mandatory Environmental Impact Assessment (EIA) is carried out to understand the environmental implications. This is accompanied with an Environment Management Plan (EMP) outlining specific measures to manage and mitigate identified risks, including monitoring procedures, emergency response strategies, and sustainable resource use guidelines to maintain environmental compliance and best practices throughout the project lifecycle.

Operating within the highly regulated construction industry, AEL strives for leadership in environmental compliance by adhering to all relevant laws and regulations. These efforts are further augmented by the fully fledged Environmental Management System (EMS) certified under the ISO 14001:2015 Environmental Management Standard, which provides a framework for managing and monitoring aspects like water and electricity consumption and reporting progress on environmental targets for waste and effluents. Regular internal audits along with scheduled ISO 14001:2015 audits drive continuous improvement and efficacy of the EMS.

STAKEHOLDER OUTCOMES

High quality, sustainable construction projects that meet modern environmental standards

Enhanced community health and well-being from reduced environmental impact

Enhanced workplace safety and health conditions due to reduced pollution and improved air quality

Outputs for AEL and Impact on other Capitals		
Potential cost savings from energy-efficient buildings and infrastructure		+
Increased trust and investor confidence from knowing they are working with an environmentally responsible company		+
Ability to form stronger business relationships with suppliers due to shared commitment to environmental sustainability		+

SDG'S

GRI ▸ 2-25, 2-27

Operations with significant actual and potential negative impacts on the environment		Mitigation Strategies Adopted by AEL
Road / Bridge Projects / Quarry Plants	Felling of trees to gain space for road construction	Minimising the number of trees to be cut during project design/ execution
		Investing in tree planting programmes
Piling Operation	Noise and dust generation as well as crack propagation in surrounding structures	Regular monitoring of noise and dust levels and the use of bentonite slurry
Concrete batching plants	Water and land pollution due to cement contamination	Onsite wastewater treatment to improve quality of water discharge
Mechanical Workshop	Waste oil, burnt oil generation and hazardous waste (e.g. oil filters, empty chemical containers, etc.) resulting in water and land pollution,	Handing over to CEA-approved burnt oil handler for reuse/recycle
		Commissioning secondary containment units for storage of hazardous waste
Crusher Plants	Dust generation resulting in air quality degradation	Using sprinklers to control dust emitted from plant operations
		Construction of dust barriers to prevent spreading of dust

Environmental Licenses and Permits obtained by AEL

Environmental Protection License (EPL)

Mining license

Archaeology clearance

UDA clearance

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

There were no incidents of non-compliance relating to environmental regulations reported in the FY 2023/24

NATURAL CAPITAL

Training and awareness forms a vital component of AEL's overall approach to environmental management. In this regard the Management System's Representative at each project is tasked with raising environmental awareness among relevant stakeholders, including employees, suppliers, subcontractors, and the local community to ensure a comprehensive understanding of environmental practices and responsibilities.

Risk and Opportunities associated with Climate Change			
Category	Climate Change Risks	Financial Implications to AEL	
Physical Risks:	Extreme Weather Events - Operational Disruptions	Higher costs resulting from the inability to achieve project deliverables owing to frequent business disruptions	Short - Medium Term
Transition Risks	Policy and Legal - More Stringent regulatory compliance requirements	Increased costs of compliance / fines and /or legal action due to non-compliance	Long Term

GRI ▸ 3-3, 302-1, 302-3

Energy Management

As a construction Company, AEL uses multiple sources of energy in its day to day operations. Electricity is used to power equipment and lighting, while diesel and petrol fuel construction vehicles, generators, and motor vehicles.

Energy consumption across all sources are tracked through the EMS with any deviations from the standard consumption patterns necessitating further investigation, including root cause analysis to identify and address such anomalies.

Total Energy Consumption

228,072,425 J

KEY COMMITMENTS TO IMPROVING ENERGY EFFICIENCY WITHIN THE ORGANISATION

- Including energy efficiency as a key evaluation criterion when purchasing machinery and equipment.
- Choosing the appropriate capacity and size for electrical equipment based on the specific requirements, avoiding excessive/ unnecessary capacity.
- Enhancing energy efficiency of three-phase connections through power factor correction equipment
- Incorporating natural ventilation and lighting whenever possible to minimise electricity consumption at construction sites offices, restrooms, and meal rooms
- Raising awareness among employees to reducing switch off idling air conditioners and lights and promote overall energy saving practices
- Investing in central air conditioning to facilitate independent control air conditioning for separate compartments inside the building such as meeting rooms, meal rooms, etc.
- Installing separate lighting systems for multiple zones that can be operated individually to avoid unnecessary use of lights.
- Regularly monitor monthly electricity consumption to identify any abnormalities and take appropriate actions accordingly.

Energy Consumption within the organization

Type of energy			2023/24	2022/23	
	Units Consumed	Conversion Ratio	Total Energy Consumption (Joules)	Total Energy Consumption (Joules)	Variance
Diesel (Ltr)	5,613,503.20	38.94	218,589,814.53	107,390,167	104%
Petrol (Ltr)	176,332.21	33.17	5,848,057.82	2,910,598	101%
Kerosene (Ltr)	219.80	36.77	8,081.06	3,502	131%
Electricity (kWh)	1,007,353.2	3.60	3,626,471.52	3,814,255	(5%)
Total			228,072,424.93	114,118,521	100%

Energy intensity within the organization

	2023/24	2022/23	Variance
Total Energy Consumption (Joules)	228,072,424.93	114,118,523	100%
Year-end number of employees	1,277	1094	17%
Energy intensity measured in terms of energy consumption per employee (Joules)	178,600	104,313	71%

GRI ▸ 3-3, 305-1, 305-2, 305-7

Emission Monitoring

AEL's operations contribute to various types of emissions. Primarily, the use of fuel-driven equipment and generators results in the release of carbon dioxide (CO_2), nitrogen oxides (NOx), sulphur oxides (SOx), and particulate matter (PM) into the atmosphere. Additionally, asphalt plants emit stack emissions, including volatile organic compounds (VOCs) and other pollutants, during the incineration process.

All emissions from fuel-driven equipment and generators, including those released during routine testing of backup generators are tracked through the EMS. Additionally, to ensure optimal performance and emission control, AEL often seeks out third-party experts to test and verify the machinery used in its operations.

Meanwhile, stack emissions generated during the incineration process at asphalt plants are also monitored as part of the EPL. Going beyond these mainstream approaches, the Company has in recent years taken steps to monitor potential emissions and other pollutants associated with the transportation of imported raw materials through sea and air freight.

GRI ▸ 3-3, 303-1, 303 - 3, 303 - 5

Water And Effluents

Water is used in various aspects of the day to day construction operations. It is essential for ensuring the proper consistency and strength of concrete mix. It is also used extensively in curing works, which is crucial for maintaining moisture in concrete to achieve the desired hardness and durability. Additionally, water is used in various other construction-related activities, such as mixing materials, to mitigate dust emissions and cleaning equipment as well as the sanitation and drinking needs of the workforce.

Water for production and construction needs are drawn from local municipal water lines, while water for drinking is sourced from a third-party service provider. Working to reduce its environmental impact and promote sustainable water use throughout its projects, each project has a comprehensive water management plan outlining strategies and measures to minimise water consumption and incorporating best practices for measuring and managing water usage, including through water metering systems at construction sites, enabling precise tracking of water consumption.

Furthermore, regular training and awareness programmes are conducted to educate employees about the importance of water management and encourage them to actively participate in mitigating water-related impacts.

Total Drinking Water Consumption

139 m3

Total Water-Main Line Consumption

137,002 m3

Drinking Water Consumption	2023/24	2022/23	Variance
Type	Consumption (m3)	Consumption (m3)	
18.9 L Water Bottles	109.22	129.98	(16%)
500 ML Water Bottles	21.50	1,123.50	(98%)
350 ML Water Bottles	7.29	2,544	(100%)
200 ML Water Bottles	0.90	-	100%
Total	138.91	3,797.48	(96%)

Emission Data

Type of Emission	Type of Energy	Units Consumed	Conversion Ratio	2023/24 Total C02 Emission	2022/23 Total C02 Emission	Variance
Direct	Diesel (Ltr)	5,613,503.20	2.74	15,380,998.76	7,556,473	104%
Direct	Petrol (Ltr)	176,332.21	2.28	402,037.44	200,095	101%
Direct	Kerosene (Ltr)	219.80	2.52	553.90	240	131%
Indirect	Electricity (kWh)	1,007,353.2	0.71	715,220.77	752,256	(5%)
Total				16,498,810.88	8,509,064	94%

Number of Import Consignments

Mode of Transport	2023/24	(%)	2022/23	(%)
Air	11	18	6	15
Sea	51	82	35	85
Total Shipments	62	100	41	100

NATURAL CAPITAL

Water Related Impacts attributed to the Construction Industry	
Damage to Water Bodies - Surface runoff which may contain various contaminants, chemicals, and other pollutants generated from construction activities can lead to depositing sedimentation and pollution of nearby water bodies	Groundwater Impacts - Construction activities can disrupt natural hydrological patterns and alter groundwater flow, while excavation and dewatering practices may lower the water table, potentially impacting local wells and underground water sources
Damage to Ecosystems - Improper handling and disposal of construction materials such as cement, chemicals, fuels, and oil can lead to the contamination of inland water bodies	Habitat Destruction - Land clearing for construction purposes can result in the destruction of natural habitats, wetlands, and riparian zones, all of which play crucial a role in water filtration, flood control, and the support of aquatic ecosystems

Equal priority is assigned for the management of effluents generated as a consequence of activities such as equipment cleaning, concrete mixing, and site dewatering as part of the day-to-day operations. The main effluents released by the Company are;

- Suspended Solids: Runoff water containing suspended solids such as sediment, soil particles, and construction debris.
- Bentonite Slurry Mixed with Soil: During the piling stage, a certain amount of bentonite slurry mixed with soil is discharged which has the potential to run off into the inland water bodies.
- Chemicals and Contaminants: Various chemicals, fuel, lubricants and construction materials such as paints, solvents, adhesives, concrete additives and cleaning agents can potentially contaminate water.

- Cementitious Materials: Concrete production is a significant aspect of construction projects, and washing the equipment with residual concrete can lead to the discharge of cementitious materials into water sources. These materials can affect water quality and have negative impacts on aquatic life.
- Construction-related Wastewater: Wastewater generated from construction processes, such as equipment cleaning, concrete mixing, and site dewatering can contain pollutants such as oil, grease, heavy metals, and construction-related chemicals.

All such effluents are channeled to the on-site wastewater treatment plant which has been set up in adherence to the conditions set out under the EPL. As mandated by the EPL, water quality parameters, such as Chemical Oxygen Demand (COD), Biological Oxygen Demand (BOD), Total Suspended Solids (TSS), and pH, are all monitored on an ongoing basis to ensure compliance with the discharge limits set by the Central Environmental Authority. Accordingly, effluents that meet the mandatory quality parameters are safely released into the public drainage line, while any sludge generated is captured separately in sedimentation tanks.

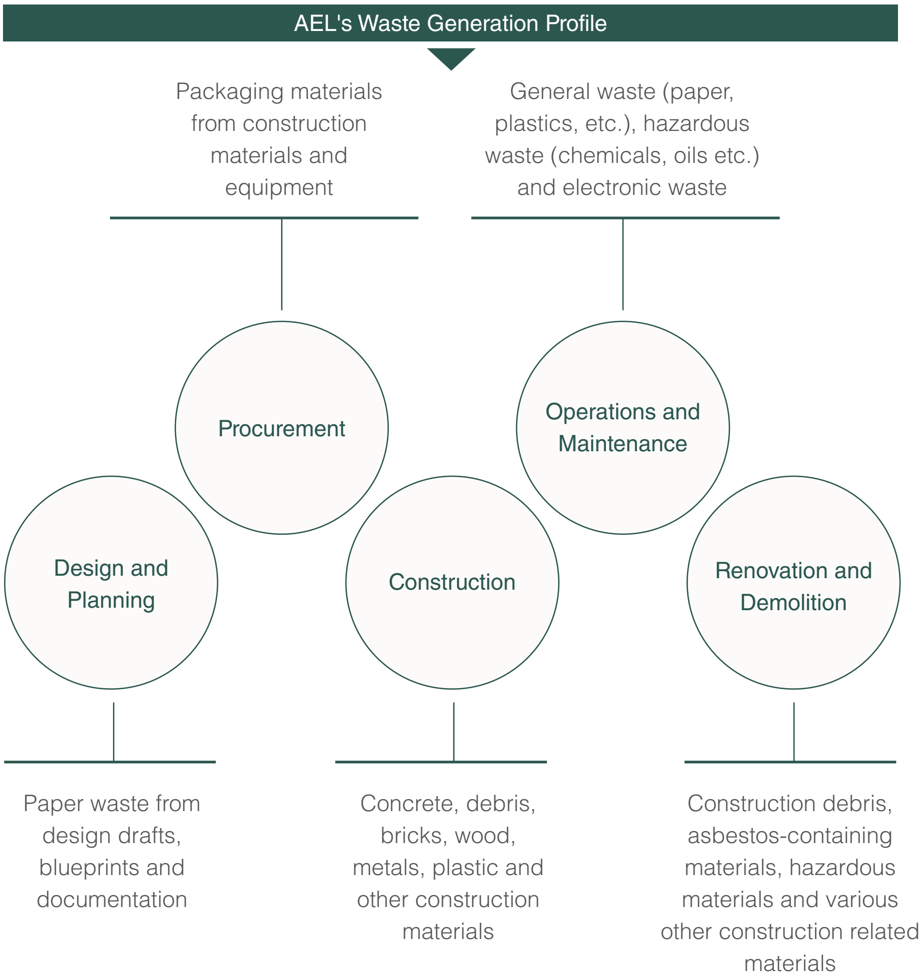
In keeping with global best practices, erosion control measures, such as sediment barriers, silt fences, and sediment ponds are also in place to minimise seepage of sedimentation to nearby water bodies. All construction sites are further equipped with effective stormwater management systems to capture and treat stormwater runoff, preventing pollution and minimising the impact on local waterways.

In the current financial year, a dedicated sedimentation tank was commissioned at the Concrete Batching Plant at Colombo Port (CBCP) to handle the sediment generated from the concrete mixed wastewater.

GRI ▸ 306 - 1, 306 - 2

MATERIAL & WASTE MANAGEMENT

Waste generated across the construction project lifecycle is broadly categorised as hazardous and nonhazardous with specific procedures in place for managing each separate category.



Paper Consumption Data

Type of paper	2023/24 Total consumption (Kgs)	2022/23 Total consumption (Kgs)	Variance
A3 80 GSM	1,995	690	189%
A4 80 GSM	8,575.00	4,545	89%
A5 80 GSM	62.50	6.25	900%
Total	10,632.50	5,241.25	103%

We acknowledge that our paper consumption has been higher than expected this year. To address this, we are actively implementing measures to reduce paper usage, including transitioning to digital documentation systems and enhancing our sustainability practices.

The Company's principle approach to managing nonhazardous waste is underscored by the commitment to reduce waste sent to landfills by focusing on;

- Waste Minimization and Source Separation: The Company adopts best practices to reduce waste generation at the source. This includes optimising material use, planning for efficient construction methods, and selecting materials with minimal waste potential. Source separation involves segregating different types of waste at the point of generation, making it easier to recycle and dispose of them properly. An example is the use of AAC blocks for walls which avoids wall plastering during construction and saves materials.

AAC blocks used at our site

- Waste Sorting and Segregation: Waste sorting and segregation stations are set up to facilitate proper separation of different types of waste. This includes providing separate bins or containers for different waste streams encompassing general waste, recyclables, hazardous waste, and construction debris. Clear signage and education programmes are conducted regularly to help workers understand and follow the waste segregation requirements.
- Recycling and Reuse: This includes recycling and reuse of materials through partnerships with recycling facilities and coordinating the collection, sorting, and processing of recyclable materials such as concrete, timber, metal, and plastics.
- Waste Transportation and Disposal: Working with licensed waste haulers and disposal facilities to ensure waste is handled, transported and disposed of properly in compliance with local regulations and guidelines.

NATURAL CAPITAL

- Waste Circularity: Where possible and practical, salvaging and reclaiming materials from demolition and renovation projects to be repurposed for reuse in future projects.
- Training and Education: Conduct regular training to raise awareness among employees about proper waste handling, segregation, recycling guidelines, and the importance of environmental responsibility. Moreover, employees are encouraged to actively participate in waste management initiatives and report any issues or concerns.

In-house Environment Management System Training Program

By Products of Concrete Waste

REUSE / RECYCLING / CIRCULARITY INITIATIVES BY AEL

Scrap steel from operations are collected and sold to third-party agents for reuse in their operations

Existing paved concrete on certain road projects are crushed and re-used for the base preparation in road works projects.

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

Leftover concrete in the mixer truck is used to cast paving blocks at the batching plants as well as some of the sites

Cement contaminated water generated in the batching plants are sent through a sedimentation process and reused for washing of mixer trucks and other vehicles

Broken cement bricks are used for backfilling after crushing/ sieving

Use of Manufactured Sand & washed Quarry Dust whenever possible to minimise the use of river sand

Recycling the used paper with the assistance of a third party

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

GRI ▸ 304-1

Biodiversity Conservation

Most of our construction sites are located in urban areas where the risk of impacting local biodiversity is minimal. However, a notable exception is our quarry, crusher, and asphalt plant in Vavuniya, which presents a potential negative impact on the local biodiversity and ecosystems.

Mitigation Efforts

To address these potential impacts, AEL has implemented the 'Husma Dena Thuru' project, a long-standing tree planting initiative aimed at offsetting the adverse effects of our Vavuniya operations.

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 Plant and Asphalt Plant	2.1 hectares	Production of asphalt	Leased	Adjacent to	Manufacturing	Terrestrial	Forest Conservation Department

Tree Planting

With the voluntary cooperation of AEL, 33 nursery plants were successfully planted at Thotillagolla Watta and Mirigama Quarry and Crusher locations, enhancing the surrounding land. This initiative not only enhanced the surrounding land but also demonstrated the positive impact of collaborative efforts in improving ecological health.

FUTURE GOALS ON BIODIVERSITY

- Increase tree planting programs
- Expand Reforested Area
- Committing to zero loss of biodiversity

Commitment to Biodiversity Conservation

Recognition for Restoring Kanneliya Forest

WAY FORWARD

Building on current progress, the Company will aim to further expedite its sustainability efforts prioritising several key areas, among them the adoption of energy-efficient technologies such as LED lighting systems, intelligent elevator systems, and energy-efficient HVAC systems to significantly reduce energy consumption at construction sites and office buildings. At the same time, the Company plans to leverage Building Information Modeling (BIM) technology to identify opportunities to enhance maintenance of buildings. Collaboration with energy consultants will also play a critical role in identifying areas for improvement and developing tailored energy-saving strategies. Additionally, AEL will pursue green building certifications such as LEED (Leadership in Energy and Environmental Design) to establish guidelines and benchmarks for sustainable construction practices.

More emphasis will also be placed on increasing the use of environmentally friendly materials like AAC (Autoclaved Aerated Concrete) blocks, VOC (Volatile Organic Compounds) zero paints, and formaldehyde-free products, including plywood, in projects wherever possible.

CAPITAL TRADE-OFFS

We weigh the trade-offs among different capital investments to optimize positive results and minimize value loss. To build a resilient organization, we evaluate the availability and quality of capital resources, balance short-term and long-term goals, and make strategic decisions to generate lasting value while mitigating immediate adverse effects. This process involves careful consideration of the trade-offs involved, ensuring that our decisions contribute to sustainable growth and resilience.

FINANCIAL CAPITAL

Growth in Revenue	4.4%
PAT Growth	7%
Working Capital Ratio	1.24 : 1
Dividend Per Share	LKR 0.5
Return on equity	6%

MANUFACTURED CAPITAL

Invested in Property Plant and Equipment	LKR 168 Mn
Maintenance of Physical Assets	LKR 835 Mn
Location of Production Plant	24
Growth of Net Book Value of PPE	17%

INTELLECTUAL CAPITAL

No. of University Research Programs Conducted	2
No. of Awards	5

HUMAN CAPITAL

Remuneration and Benefits to Employees	LKR 1.95 Bn
Training Hours	2,236
Invested in Training	LKR 1.24 Mn

NATURAL CAPITAL

Energy Consumption	228,072,425 J
Water Consumption (Bottled + Main Line)	137,141 m3
Paper Consumption	10,633 Kg
Energy intensity measured in terms of energy consumption per employee	178,600 J

SOCIAL AND RELATIONSHIP CAPITAL

Complaints resolved ratio	100%
Material Purchases from Suppliers	LKR 5,843 Mn
Investment in CSR & Donation	LKR 2.9 Mn

INVESTOR RELATIONS

Our "Investor Relations" section is central to our dedication to transparency, fostering clear communication, building trust, and maintaining strong relationships with both current and potential shareholders. Investors look forward to a sustainable return on their investment, and it is the responsibility of the Board of Directors to deliver this through effective stewardship. Shareholders expect these returns to come in the form of dividends or capital gains, emphasizing the board's crucial role in fulfilling these expectations.

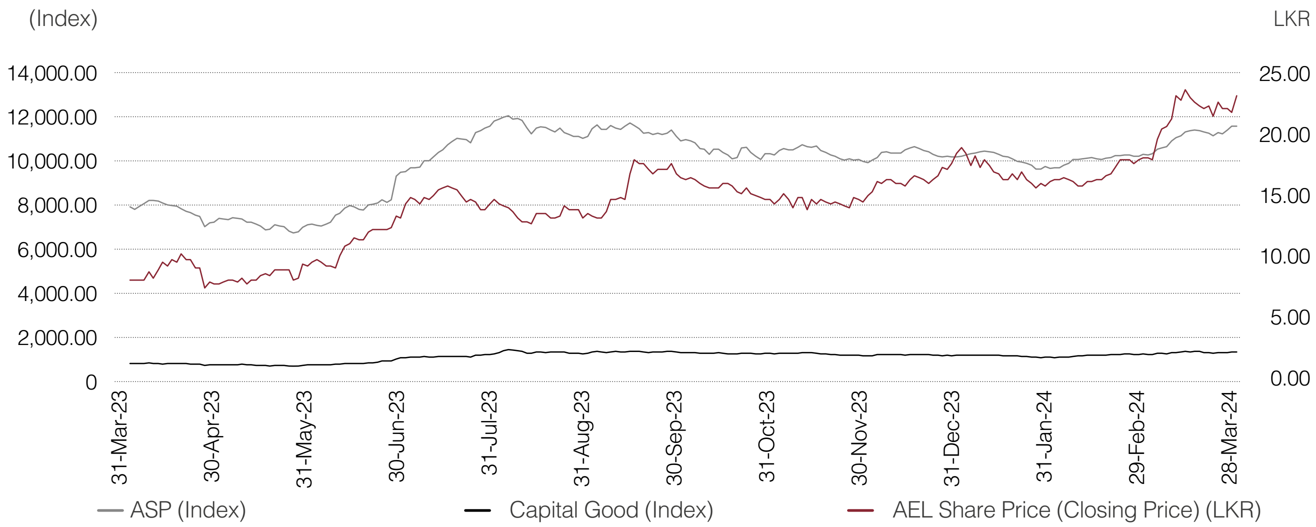
STRUCTURE OF THE SHARE CAPITAL

The stated capital of Access Engineering PLC as at 31st March 2024 amounts to LKR 9,000,000,000 (LKR 9,000,000,000 - 2022/23) and is represented by 1,000,000,000 ordinary shares (1,000,000,000 - 2022/2023). Each share grants the right to one vote for the resolutions that require their approval. There are no other categories of shares.

Company Information

Security Type	Quoted Ordinary Shares
Listed Exchange	Colombo Stock Exchange (CSE) – Main Board
Featured stock indices	All Share Price Index (ASPI)
CSE Stock Symbol	AEL.N0000
GICS Industry Group	Capital Goods (SPCSECGP)
International Securities Identification Number (ISIN)	LK0409N00009

AEL Share Performance in Comparison to Selected Local Indices



INVESTOR RELATIONS

Directors Shareholdings

Name of Director	As at 31st March 2024		As at 31st March 2023	
	Shares	%	Shares	%
Mr. Sumal J S Perera	250,000,000	25.00	250,000,000	25.00
Mr. R. J S. Gomez (Resigned w.e.f. 11th May 2023)	-	-	-	-
Mr. J C Joshua	102,000,000	10.10	102,000,000	10.10
Mr. S H S Mendis	24,300,000	2.43	24,300,000	2.43
Mr. D A R Fernando	24,300,000	2.43	24,300,000	2.43
Mr. S D Munasinghe	24,300,000	2.43	24,300,000	2.43
Mr. S D Perera	2,000,000	0.20	2,000,000	0.20
Prof. K A M K Ranasinghe	100	0.00	100	0.00
Mr. N D Gunaratne	-	-	-	-
Mr. D S Weerakkody	60,597	0.01	60,597	0.01
Mr. Shamal J S Perera	51,159,365	5.12	51,159,365	5.12
	478,120,062	47.81	478,120,062	47.81

Shareholders of AEL

The Company's stated capital represents 8,951 ordinary shareholders as at 31st March 2024 (2022/23: 9,966).

Shareholder Composition

Share Slab	As at 31st March 2024			As at 31st March 2023		
	No of Shareholders	Total No. of shares	Shareholding %	No of Shareholders	Total No. of shares	Shareholding %
1 - 1,000	5,002	1,657,222	0.17	5,202	1,816,684	0.18
1,001-10,000	2,602	10,633,055	1.06	3,182	13,038,871	1.30
10,001-100,000	1,025	33,038,654	3.30	1,229	39,842,547	3.98
100,001-1,000,000	265	80,975,668	8.10	299	83,249,581	8.33
Over 1,000,000	57	873,695,401	87.37	54	862,052,317	86.21
Total	8,951	1,000,000,000	100	9,966	1,000,000,000	100

Categories of Shareholders

Category	As at 31st March 2024			As at 31st March 2023		
	No of Shareholders	Total No. of shares	Shareholding %	No of Shareholders	Total No. of shares	Shareholding %
Local Individual	8,494	755,308,867	75.53	9,488	770,921,219	77.09
Local Institutions	393	235,586,616	23.56	405	217,639,578	21.76
Foreign Individual	55	3,640,897	0.36	62	3,863,777	0.39
Foreign Institutions	9	5,463,620	0.55	11	7,575,426	0.76
Total	8,951	1,000,000,000	100	9,966	1,000,000,000	100

The Names and the Number of Shares held by the Twenty Largest Shareholders of the Company

	Name of Director	As at 31st March 2024		As at 31st March 2023*	
		Shares	%	Shares	%
1	Mr. Sumal.J.S. Perera	250,000,000	25.00	250,000,000	25.00
2	Mr. J.C. Joshua	102,000,000	10.20	101,000,000	10.10
3	Mrs. R.M.N. Joshua	70,000,000	7.00	70,000,000	7.00
4	Mr. Shamal.J.S. Perera	51,159,365	5.12	51,159,365	5.12
5	Mrs D.R.S Malalasekera	45,000,000	4.50	45,000,000	4.50
6	Access International (Pvt) Limited	32,200,000	3.22	32,200,000	3.22
7	Mr. J.W. Nanayakkara & Mrs H.D.Nanayakkara	30,788,574	3.08	30,788,574	3.08
8	Pan Asia Banking Corporation PLC/Foresight Engineering Pvt Ltd	30,000,000	3.00	-	-
	Foresight Engineering (Pvt.) Limited	-	-	30,000,000	3.00
9	Mr. D A R Fernando	24,300,000	2.43	24,300,000	2.43
10	Mr. S D Munasinghe	24,300,000	2.43	24,300,000	2.43
11	Mr. S H S Mendis	24,300,000	2.43	24,300,000	2.43
12	Employee's Provident Fund	20,478,289	2.05	20,478,289	2.05
13	J.B. Cocoshell (Pvt) Ltd	14,870,414	1.49	-	-
14	Confab Steel (Private) Limited	13,593,281	1.36	22,940,000	2.29
15	Mercantile Investments and Finance PLC	13,121,925	1.31	13,121,925	1.31
16	Access Medical (Pvt) Ltd	13,000,000	1.30	13,000,000	1.30
17	Mr. M.J. Fernando (deceased)	12,138,117	1.21	12,138,117	1.21
18	Mr. R.P. Weerasooriya	10,132,479	1.01	10,132,479	1.01
	Deutsche Bank AG as Trustee to Capital Alliance Quantitative Equity Fund	-	-	7,125,871	0.71
19	Hatton National Bank PLC - Capital Alliance Quantitative Equity Fund	7,073,231	0.71	-	-
20	Invenco Capital Private Limited	6,138,518	0.61	1,817,280	0.18
	Sub Total	794,594,193	79.46	783,801,900	78.37
	Others	205,405,807	20.54	216,198,100	21.63
	Total	1,000,000,000	100.00	1,000,000,000	100.00

* Comparative shareholdings as at 31st March 2023 of the twenty largest shareholders as at 31st March 2024

Market Capitalisation

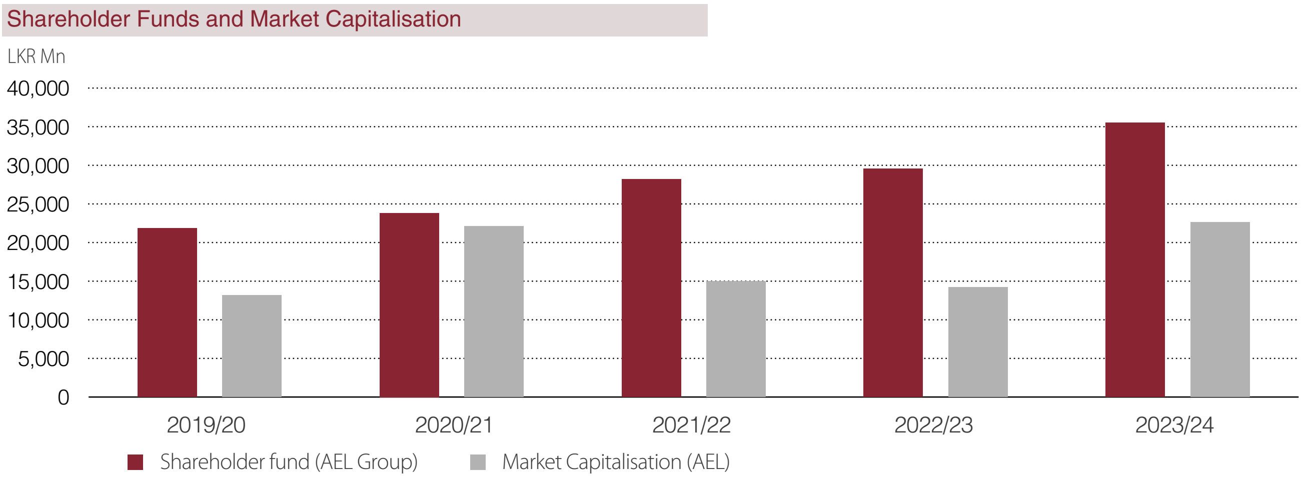
Market capitalisation of the Company has increased by 59% to LKR 22,600 million as at 31st March 2024. (LKR 14,200 Mn as at 31st March 2023).

Public Shareholding & Market Capitalisation Details

Description	As at 31st March 2024	As at 31st March 2023
Shareholder Funds (AEL Group) (LKR Mn)	35,834	29,557
Public Shareholding Percentage (%)	40%	40.1%
Number of Shareholders Representing above Percentage	8,932	9,947
Float Adjusted Market Capitalisation (LKR Mn)	9,041	5,695
AEL Market Capitalisation (LKR Mn)	22,600	14,200
CSE Market Capitalisation (LKR Mn)	4,534,650	3,903,540
AEL's market capitalisation as a percentage of CSE Market Capitalisation	0.50%	0.36%

The Float adjusted market capitalisation of the Company falls under Option 2 of Rule 7.14.1 (i) (a) of the Listing Rules of the Colombo Stock Exchange and the Company has complied with the minimum public holding requirement applicable under the said option.

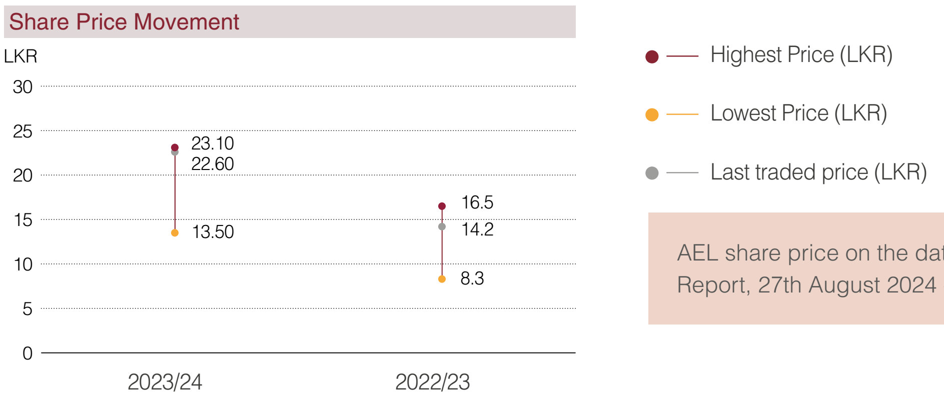
INVESTOR RELATIONS



Share Prices for the Year

AEL's share price increased by 59% in 2023/24 to close at LKR 22.60 indicating strong investor confidence and positive sentiment towards the Company.

Description	2023/24	Date	2022/23	Date
Highest Price (LKR)	23.10	13th March 2024	16.5	20th March 2023 & 4th April 2022
Lowest Price (LKR)	13.50	2nd May 2023	8.3	8th July 2022
Last traded price (LKR)	22.60	28th March 2024	14.2	31st March 2023



AEL share price on the date of approval of the Annual Report, 27th August 2024 - LKR 20.60

Share Trading Details

Description	2023/24	2022/23
Number of trades	23,367	35,852
Number of shares traded	132,460,317	157,122,837
Value of shares traded (LKR Mn)	2,290	1,932
Number of Days Traded	238	235

Dividend Payment

Description	LKR Per Share	Date Announced	Date of Payment
First Interim Dividend for 2023/24	0.50	14th February 2024	18th March 2024
Second Interim Dividend for 2023/24*	1	8th August 2024	5th September 2024

*A second interim dividend was declared on 8th August 2024, after the financial year-end of 31st March 2024. This dividend has not been recognized as a liability in the financial statements for the year ended 31st March 2024, but is disclosed as a note to the financial statements.

Value Creation for Shareholders

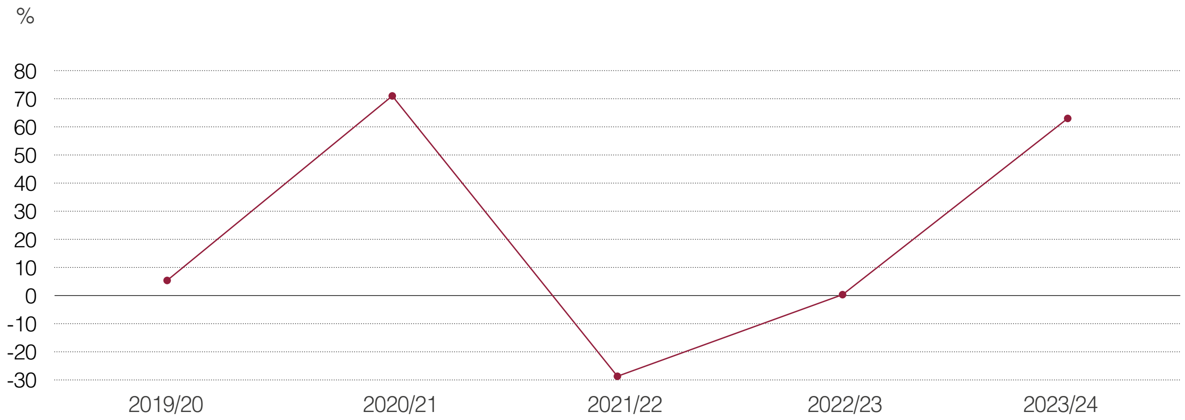
	2023/24		2022/23		2021/22		2020/21		2019/20	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
Net Assets Per Share (LKR)	35.83	25.46	29.56	24.49	27.28	24.44	23.83	22.40	21.83	20.53
Earnings Per Share (LKR)	6.86	1.54	2.48	1.44	5.11	2.58	2.39	2.33	0.98	1.93
Dividend Per Share (LKR)	0.50	0.50	0.75	0.75	0.75	0.75	0.50	0.50	0.50	0.50
Dividend payout (%)	7	32	30	52	15	29	21	21	51	26
Return on Equity	17.92%	6.07%	7.62%	5.90%	16.74%	10.61%	9.00%	10.40%	3.80%	9.38%

Total Shareholder Return

The total shareholder return (TSR) for the AEL share was an impressive 63% over the period under review, reflecting the combined impact of capital appreciation and dividends received by shareholders during this time frame.

Description	2023/24	2022/23	2021/22	2020/21	2019/20
TSR	63%	(0.33%)	(29%)	71%	5%

Total Shareholder Return



Listed Debentures

There were no listed debentures as of 31st March 2024.

Credit Ratings

There were no credit ratings taken as of 31st March 2024.

GRI CONTENT INDEX

Statement of use	Access Engineering PLC has reported in accordance with the GRI Standards for the period 1st April 2023 to 31st March 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
General disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	Inner back cover			
	2-2 Entities included in the organization's sustainability reporting	5			
	2-3 Reporting period, frequency and contact point	5			
	2-4 Restatements of information	4			
	2-5 External assurance	5, 134, 199			
	2-6 Activities, value chain and other business relationships	4 and 5			
	2-7 Employees	95			
	2-8 Workers who are not employees	95			
	2-9 Governance structure and composition	146			
	2-10 Nomination and selection of the highest governance body	163 and 164			
	2-11 Chair of the highest governance body	161 and 162			
	2-12 Role of the highest governance body in overseeing the management of impacts	148			
	2-13 Delegation of responsibility for managing impacts	152			
	2-14 Role of the highest governance body in sustainability reporting	5, 150			
	2-15 Conflicts of interest	147 and 148			
	2-16 Communication of critical concerns	33 - 38			
	2-17 Collective knowledge of the highest governance body	147			
	2-18 Evaluation of the performance of the highest governance body	152			
	2-19 Remuneration policies	176			
	2-20 Process to determine remuneration	176			
	2-21 Annual total compensation ratio	98, 259			
	2-22 Statement on sustainable development strategy	45			
	2-23 Policy commitments	194			
	2-24 Embedding policy commitments	94			
	2-25 Processes to remediate negative impacts	90, 101, 115, 149,150			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
	2-26 Mechanisms for seeking advice and raising concerns	33 - 38, 101			
	2-27 Compliance with laws and regulations	115			
	2-28 Membership associations	91			
	2-29 Approach to stakeholder engagement	33 - 38			
	2-30 Collective bargaining agreements	100	2.3	Not applicable	Collective Bargaining Agreements are not available at AEL
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	39			
	3-2 List of material topics	40-44			
Economic performance					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	79			
	201-3 Defined benefit plan obligations and other retirement plans	255-257			
Market presence					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 202: Market Presence 2017	202-2 Proportion of senior management hired from the local community	96			
Indirect economic impacts					
GRI 3: Material Topics 2021	3-3 Management of material topics	42			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	112			
	203-2 Significant indirect economic impacts	112			
Procurement practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	111			
Anti-corruption					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	90, 91			
	205-2 Communication and training about anti-corruption policies and procedures	90, 91			
	205-3 Confirmed incidents of corruption and actions taken	90, 91			
Anti-competitive behavior					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	90			
Tax					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 207: Tax 2019	207-1 Approach to tax	220-226			
	207-2 Tax governance, control, and risk management	220-226			
	207-3 Stakeholder engagement and management of concerns related to tax	220-226			
	207-4 Country-by-country reporting	-	207-4 a,b,c	Not applicable	AEL has a subsidiary in Kenya, AEL East Africa Limited, whose financial performance is included in the consolidated financial statements of the Group, prepared in accordance with SLFRSs and other applicable mandatory guidelines for the preparation and presentation of financial statements.
Energy					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	116			
	302-3 Energy intensity	116			
Water and effluents					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	117			
	303-3 Water withdrawal	117			
	303-5 Water consumption	117			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Biodiversity					
GRI 3: Material Topics 2021	3-3 Management of material topics	44			
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	121			
Emissions					
GRI 3: Material Topics 2021	3-3 Management of material topics	44			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	117			
	305-2 Energy indirect (Scope 2) GHG emissions	117			
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	117			
Waste					
GRI 3: Material Topics 2021	3-3 Management of material topics	43			
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	119			
	306-2 Management of significant waste-related impacts	119			
Supplier environmental assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	111			
	308-2 Negative environmental impacts in the supply chain and actions taken	111			
Employment					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	96			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	98			
	401-3 Parental leave	98			
Labor/management relations					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	100			

GRI CONTENT INDEX

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Occupational health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	101			
	403-2 Hazard identification, risk assessment, and incident investigation	101			
	403-3 Occupational health services	101			
	403-4 Worker participation, consultation, and communication on occupational health and safety	101			
	403-5 Worker training on occupational health and safety	104			
	403-6 Promotion of worker health	101			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	101			
	403-8 Workers covered by an occupational health and safety management system	101			
	403-9 Work-related injuries	104			
	403-10 Work-related ill health	101			
Training and education					
GRI 3: Material Topics 2021	3-3 Management of material topics	42			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	99			
	404-2 Programs for upgrading employee skills and transition assistance programs	99			
	404-3 Percentage of employees receiving regular performance and career development reviews	99			
Diversity and equal opportunity					
GRI 3: Material Topics 2021	3-3 Management of material topics	42			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	147			
	405-2 Ratio of basic salary and remuneration of women to men	98			
Non-discrimination					
GRI 3: Material Topics 2021	3-3 Management of material topics	42			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	95			
Freedom of association and collective bargaining					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	95			

GRI Standard/ Other Source	Disclosure	Location	Omission		
			Requirement(S) Omitted	Reason	Explanation
Child labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	95,96			
Forced or compulsory labor					
GRI 3: Material Topics 2021	3-3 Management of material topics	41			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	95,96			
Local communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	42			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	112			
	413-2 Operations with significant actual and potential negative impacts on local communities	112			
Supplier social assessment					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 414: Supplier Social Assessment 2017	414-2 Negative social impacts in the supply chain and actions taken	111			
Customer health and safety					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 416: Customer Health and Safety 2017	416-1 Assessment of the health and safety impacts of product and service categories	106,108			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	106,108			
Marketing and labeling					
GRI 3: Material Topics 2021	3-3 Management of material topics	40			
GRI 417: Marketing and Labeling 2017	417-1 Requirements for product and service information and labeling	106,108			
	417-2 Incidents of non-compliance concerning product and service information and labeling	106,108			
	417-3 Incidents of non-compliance concerning marketing communications	106,108			

INDEPENDENT ASSURANCE REPORT TO ACCESS ENGINEERING PLC

GRI 2-5

KPMG
(Chartered Accountants)
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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 2024. The Sustainability Indicators are included in the Access Engineering PLC Integrated Annual Report for the year ended 31 March 2024 (the "Report").

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

Assured Sustainability Indicators	Integrated Annual Report Page
Financial Highlights	14

Limited Assurance Sustainability Indicators	Integrated Annual Report Page
Non-Financial Highlights	15
Information provided on following	
Financial Capital	78 to 83
Manufactured Capital	84 to 87
Intellectual Capital	88 to 93
Human Capital	94 to 105
Social and Relationship Capital	106 to 113
Natural Capital	114 to 121

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 2024, 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 2024, 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 include 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics).

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.

The firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and accordingly maintains a comprehensive system of quality control including documented policies and 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;

INDEPENDENT ASSURANCE REPORT TO ACCESS ENGINEERING PLC

- 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.

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 31 March 2024 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.

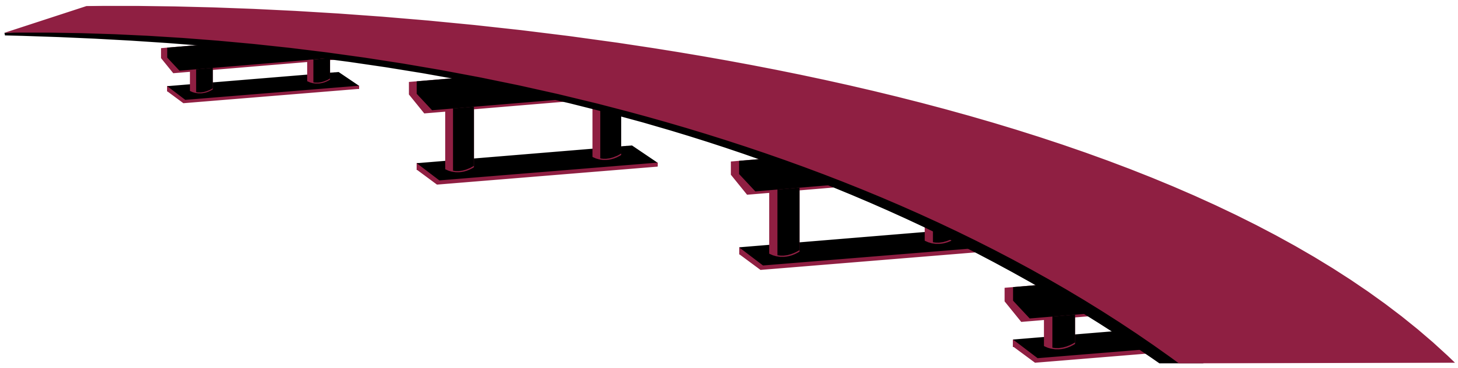
kpmg

CHARTERED ACCOUNTANTS

Colombo

27th August 2024

DEVELOPING THE FUTURE



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

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, 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.

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. In 2023 he was appointed as Managing Director of Access International (Pvt)

Ltd. 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 an Emeritus Professor in Civil Engineering at the University of Moratuwa and Vice President of the National Academy of Sciences, 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 and Pan Asia Bank 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 Chairman of the Information and Communication Technology Agency of Sri Lanka, former Fellow of the National University of Singapore and former Independent Non-Executive Director of Teejay Lanka PLC, United Motors Lanka PLC, Sampath Bank PLC, Hemas Power PLC, Lanka IOC PLC, and the Colombo Stock Exchange.

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/ Senior Independent Director

Dinesh Weerakkody (D.BA) is a former Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC. He currently holds the position of Chairman of the Employers' Federation of Ceylon, Immediate Past Chairman of the International Chamber of Commerce Sri Lanka, and Senior Vice Chairman of the Sri Lanka Institute of Directors. He also serves as a Director of several companies.

Currently, Weerakkody is Advisor on Treasury Affairs to the President and serves as the Chairman of the Board of Investment of Sri Lanka and the Chairman of the Colombo Port City Economic Commission. Additionally, he has previously held key positions, including Chairman of the Employees' Trust Fund Board of Sri Lanka, the National Human Resource Development Council of Sri Lanka, and the International Chamber of Commerce Sri Lanka. Furthermore, he has served as an Advisor to the Prime Minister of Sri Lanka, the Ministry of National Policies and Economic Affairs, and the Minister of Tourism Development.

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

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, Access Logistics Park Ekala (Private) Limited and Sathosa Motors PLC.

LAGATH GAMALATHGE

Senior 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 Senior 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 24 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.

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 24 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 the Executive Director of Harbour Village Private Ltd.

MANOAJ JAYAHSURIYA

General Manager – Project Management Division I

Manoaj joined the Company in March 2006. He has over 37 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.

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 26 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.

DHANUSHKA MUNASINGHE

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 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.

THASANTHA KUMARA

General Manager – Project Management Division IV

Thasantha joined the Company at the beginning of 2013. He has over 28 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.

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 23 years of experience in various disciplines of Civil Engineering mainly in structural engineering designs together with construction.

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 18 years of experience in the field of Finance, Auditing and Taxation. He was also appointed to the Board of Access Projects (Private) Limited in May 2018.

PIVITHIRI JAYASINGHE

Deputy General Manager – Project Management Division II

Pivithiri joined Access Engineering in 2008 as a Trainee Site Engineer and 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 he is a seasoned professional expert in piling, diaphragm wall construction, substructure construction and deep foundation. Pivithiri is a Chartered Engineer with corporate membership in the Institution of Engineers of Sri Lanka.

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 as Deputy General Manager in 2021. He has over 20 years of experience locally and internationally in the fields of quantity surveying and contract administration. He graduated from the University of Moratuwa with BSc (Hons) in Quantity Surveying degree in 2004 and from University of London with LLB (Hons) in 2024. He also completed a MSc in Construction Law and Dispute Resolution attached to University of Moratuwa. He is also a diploma holder in Commercial Arbitration. He is a Chartered Quantity Surveyor having Associate membership from Institute of Quantity Surveyors Sri Lanka (AIQS.SL). He is also an Associate Member of The Chartered Institute of Arbitrators (ACIArb) UK and International Cost Engineering Council Associate (ICECA).

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 24 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 13 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 membership at Chartered Financial Analyst Institute – (CFA) - USA and is a Passed Finalist of Chartered Institute of Management Accountants (CIMA) – UK.

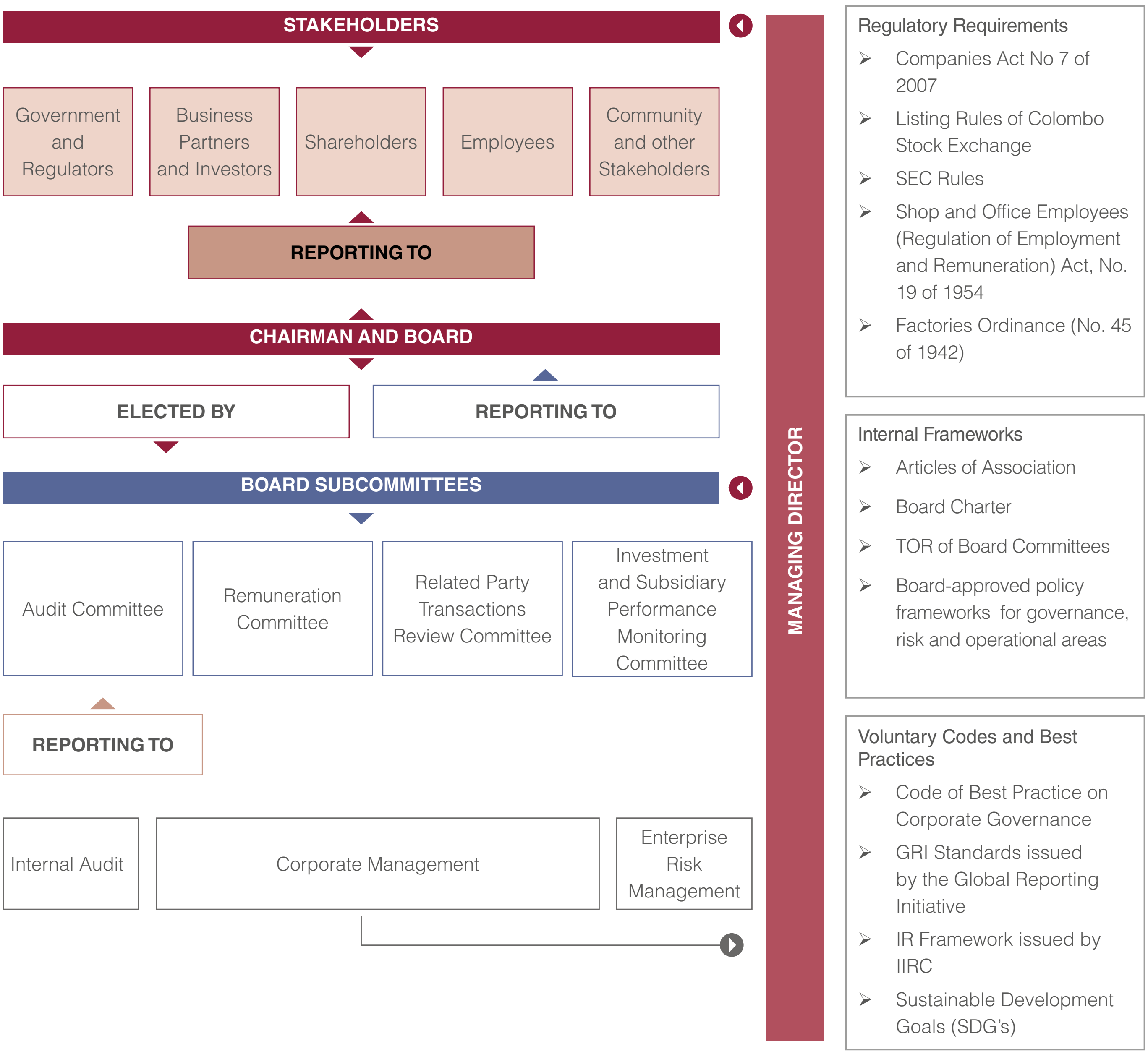
CORPORATE GOVERNANCE

AEL'S APPROACH TO GOOD GOVERNANCE

At Access Engineering, we work with the understanding that high standard 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 fulfil 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.



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 five (5) Non-Executive Directors, of which three (3) function in an independent capacity, thus ensuring no one 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 judgment. 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.

MANAGING CONFLICTS OF INTEREST

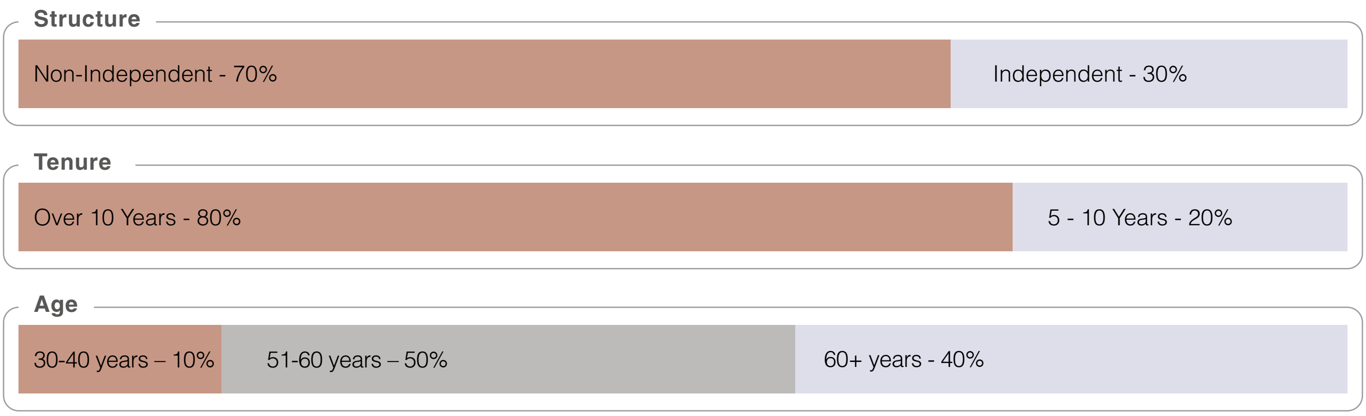
To ensure conflicts of interest are avoided, all Executive Directors are required to adhere to the provisions of the "Company Policy on Disciplinary Management" regarding the avoidance of any potential conflict of interest. Implementation of the policy is periodically monitored by a five-member committee. 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 records of all such declarations. Directors deemed to have a conflict of interest are expected to recuse him/her from participating in any meetings where the item in which he/she has an interest is being discussed.

Board Skills and Competency Matrix

Trait	No. of Directors with Trait
Leadership	10 out of 10
Strategy and Commercial Acumen	10 out of 10
Industry Expertise	7 out of 10
Health and Safety	6 out of 10
Risk Management	8 out of 10
Financial Acumen	8 out of 10
Digital Acumen	9 out of 10

Board Diversity



CORPORATE GOVERNANCE

Names of the Directors	Directorship Status in AEL	No of Board seats held in Listed Companies (Excluding AEL)		No of Board seats held in unlisted Companies	
		Executive Capacity	Non - Executive Capacity	Executive Capacity	Non - Executive Capacity
Mr. Sumal Joseph Sanjiva Perera	Executive	-	01	35	-
Mr. Joseph Christopher Joshua	Executive	01	-	15	03
Mr. Dalpadoruge Anton Rohana Fernando	Executive	-	01	-	08
Mr. Shevantha Harindra Sudharaka Mendis	Executive	-	-	01	06
Mr. Saumaya Dharshana Munasinghe	Executive	-	01	-	08
Mr. Suresh Dilhan Perera	Non-Executive	-	-	01	16
Mr. Shamal Perera	Non-Executive	-	-	26	-
Prof. Kulathilaka Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive	-	02	-	-
Mr. Niroshan Dakshina Gunarathne	Independent Non-Executive	-	-	02	01
Mr. Dinesh Stephan Weerakkody	Independent Non-Executive	-	02	-	10

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 provided 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 risk Management Report on page 178 for comprehensive details on AEL's risk management architecture established under the stewardship of the Board.

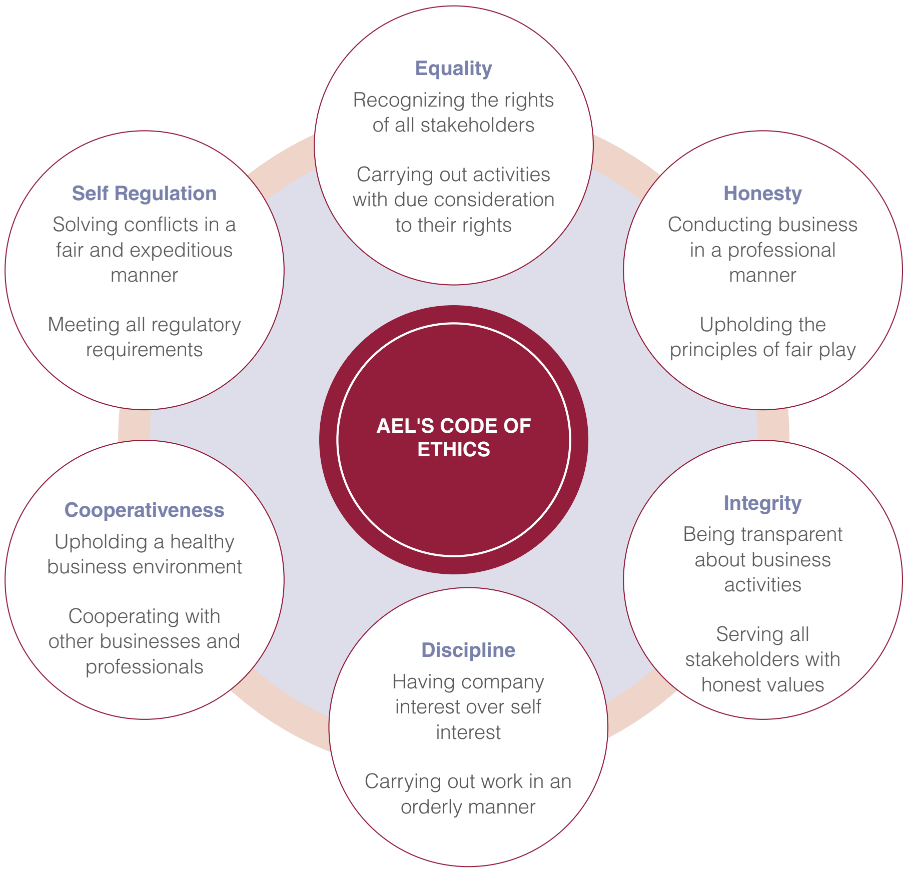
FINANCIAL REPORTING AND INTERNAL CONTROL SYSTEMS

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. The 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 misbehavior 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.



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The Company's Whistle blowing Policy

The Company's whistle blowing 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 the five member Committee. Throughout the investigation process, two-way communication is maintained to ensure the whistleblower is kept informed

CORPORATE GOVERNANCE

of the progress of the investigation. The Whistle blowing 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 recognized 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 page 39 to 44 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 page 33 to 38 for comprehensive details on the mechanisms adopted.

Shareholder Relations and Annual General Meeting

The Board plays a vital oversight role in cultivating shareholders relations.

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 the 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 23rd September 2024.

DIVISION OF RESPONSIBILITY BETWEEN THE CHAIRMAN AND THE MANAGING DIRECTOR

The role of the Board 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 one individual has unfettered powers of decision and control.

The Chairman, who functions in an executive capacity, leads the Board to ensure that the Board fulfils 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 161 to 162.

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 Managing Director is responsible for the management of the company and operations in coordination with Vice Chairman.

BOARD MEETINGS

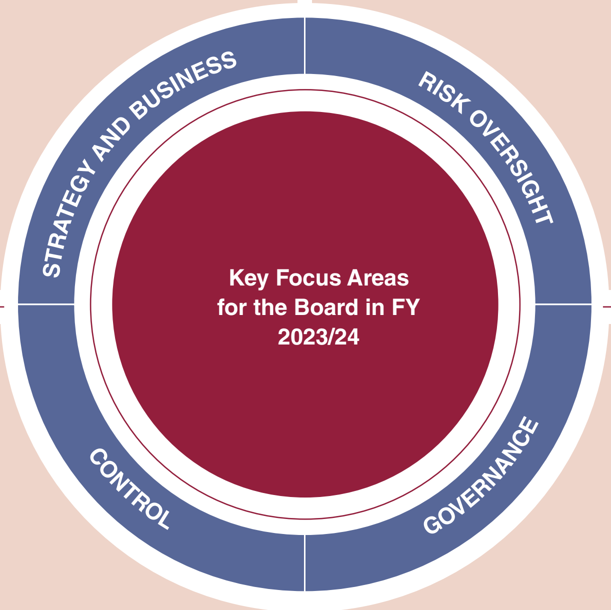
Board meetings are scheduled well in advance, with all Directors being provided adequate notice. Prior to each Board or Committee meeting, the Company Secretary is required to work with the Chairman to set the agenda for the next scheduled Board meeting. The Company Secretary is further required to compile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

#	Name of Director	Director Status	Board Meeting	Audit Committee	RPTR Committee	Investment & Subsidiary Performance Monitoring Committee
1	Mr. S J S Perera	ED	4/4	-	-	
2	Mr. J C Joshua	ED	4/4	-	-	4/4
3	Mr. S H S Mendis	ED	4/4	-	-	
4	Mr. D A R Fernando	ED	4/4	-	4/4	4/4
5	Mr. S D Munasinghe	ED	4/4	-	-	
6	Prof. K A M K Ranasinghe	INED	4/4	5/5	4/4	4/4
7	Mr. N D Gunaratne	INED	4/4	5/5	4/4	4/4
8	Mr. S D Perera	NED	4/4	5/5	-	
9	Mr. D S Weerakkody	SINED	3/4	4/5	3/4	4/4
10	Mr. S J S Perera	NED	3/4	4/5	-	4/4



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

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

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

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

CORPORATE GOVERNANCE

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 Transaction Review Committee, the Board has established one additional Board Sub Committee - the Investment and Subsidiary Performance Monitoring Committee. This Committee helps 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.

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, 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.

Remuneration Committee

Setting up the remuneration policy and making recommendations to the Board on recruitment, remuneration and performance evaluation.

NID - 01 ID - 03

Audit Committee

Oversight responsibilities for the integrity of financial statements, risk management, business ethics, internal control, internal audit function, compliance, review External Auditor's performance and financial reporting.

NID - 02

ID - 03

Related Party Transactions Review Committee

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.

NID - 01 ID - 03

Investment and Subsidiary Performance Monitoring Committee

Assessing and monitoring existing and new investments of AEL and report observations and recommendations to the Board.

NID - 03 ID - 03

REPORT ON BOARD SUBCOMMITTEES

Audit Committee

The committee is responsible for the integrity of Financial Statements, risk management, business ethics, internal controls, 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 2022/23. The Committee appointed by the Board of Directors comprises Three (03) Independent Non-Executive Directors and Two (02) Non-Executive Directors of the Board.

Members of the Audit Committee:

N D Gunaratne (Chairman)	Independent Non-Executive Director
Prof. K A M K Ranasinghe	Independent Non-Executive Director
D S Weerakkody	Senior Independent Non-Executive Director
S D Perera	Non–Executive Director
S 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;
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 173 to 174.

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:

D S Weerakkody (Chairman)	Senior Independent Non-Executive Director
Prof. K A M K Ranasinghe	Independent Non-Executive Director
N D Gunaratne	Independent Non-Executive Director
S D 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:

N D Gunaratne (Chairman)	Independent Non-Executive Director
D S Weerakkody	Senior Independent Non-Executive Director
Prof. K A M K Ranasinghe	Independent Non-Executive Director
D A R 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 175 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.

CORPORATE GOVERNANCE

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, One (01) Non-Executive Director 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 Investment and Subsidiary Performance Monitoring Committee

Prof. K A M K Ranasighe (Chairman)	Independent Non–Executive Director
N D Gunaratne	Independent Non–Executive Director
D S Weerakkody	Senior Independent Non–Executive Director
S J S Perera	Non-Executive Director
J C Joshua	Executive Vice Chairman
D A R Fernando	Managing 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
- 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 should be taken for 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 177.

Beyond the mandatory requirements to set-up the Audit, Remuneration and Related Party Transactions Review Committees, AEL has also set-up its Subsidiary Performance Monitoring Committee 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 meets 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 and services with effective, efficient and innovative solutions
- The top management determines the context of the organization by strategically analyzing and reviewing its internal and external factors to support its strategic direction
- The Company is committed towards the identification of relevant interested parties, their needs and 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 minimize 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 analyzes the internal and external factors affecting the performance of its EMS
- The Company identifies and reviews the needs and the expectations of the 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 and objectives for enhancing its performance

Health and Safety Management System

Health and Safety Management System in 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 and Safety Management System includes management involvement and commitment, hazard identification and risk assessment, hazard control, training, emergency response, incident reporting and 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 and 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 that eliminates 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 adapting 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 156 to 171.

CORPORATE GOVERNANCE

Statement of Compliance under Section 7.6 of the Listing Rules of the Colombo Stock Exchange on Annual Report Disclosures

Principle	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 Relations	Complied
(iv)	The float adjusted market capitalization, Public Holding percentage (%), number of public shareholders and under which option the Listed Entity complies with the minimum Public Holding requirement	Investor Relations	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 Relations	Complied
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Managing Key Risk	Complied
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	During 2023/24 there were no material issues pertaining to employees and industrial relations of the Entity	
(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	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 Relations	Complied
(xi)	Financial ratios and market price information	Investor Relations	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 2023/24 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 Section 9 of the Listing Rules	➢ Board of Directors ➢ Annual Report of the Board of Director ➢ Notes to the Financial Statements ➢ Corporate Governance	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. Details of investments in a Related Party and/or amounts due from a Related Party to be set out separately.	➢ Related Party Transactions Review Committee Report ➢ Notes to the Financial Statements	Complied

Statement of Compliance under Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance

Principle	Description	Comment/Reference	Compliance Status
9.3 - Board Committees			
9.3.1	Minimum required Board Committees	The required committees are maintained and are functioning effectively	Complied
9.3.2	Compliance with the composition, responsibilities and disclosures required in respect of the Board Committees	Corporate Governance	Complied
9.4 - Meeting procedures and the conduct of all General Meetings with shareholders			
9.4.1	Recording of all resolution and the following information upon a resolution being considered at any General Meeting shall be maintained	The company maintains all records and information regarding resolutions considered at General Meetings	Complied
9.4.2	Communication and relations with shareholders and investors	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
9.6 – Chairperson and CEO			
9.6.1	The chairperson of the company shall be a Non-executive Director, unless otherwise a SID is Appointed by the company	A SID has been appointed by the company and a announcement was made to disclose that the Chairperson of the company is an Executive Director	Complied
9.6.2	Market announcement on the rationale behind the appointment of a SID		Complied
9.6.3 a-d	The Requirement for a SID		Complied
9.6.3 e	SID shall make a signed explanatory disclosures demonstrating the effectiveness of their duties	Statement by the Senior Independent Director	Complied
9.6.4	Rationale for the appointment of a SID set out in the Annual Report	Since the Chairperson is also an Executive Director, having a Senior Independent Director is important to prevent any single person from having too much unfettered powers. Having a SID helps to ensure that all Directors can think and decide independently.	Complied
9.7 - Fitness of Directors and CEO			
9.7.1 to 9.7.5	Requirement to meet the fit and proper criteria stipulated by the CSE and related disclosures	The Managing Director and the Board of Directors met and satisfied the fit and proper criteria stipulated by the CSE throughout the year	Complied

CORPORATE GOVERNANCE

Principle	Description	Comment/Reference	Compliance Status
9.8 - Board Composition			
9.8.1	The Board of Directors of a entity shall, at a minimum consist of five Directors	Board of Directors	Complied
9.8.2	Minimum number of Independent Directors	Board of Directors	Complied
9.8.3 (i) to (viii)	Requirements for meeting criteria to be an Independence	Compliance with Code of Best Practice on CG jointly issued by CA Sri Lanka and SEC	Complied
9.8.5 a and b	Signed and dated declaration of each Independent Director Determination of independence or non-independence of each INED	Corporate Governance	Complied
9.9 – Alternative Directors			
a to e	Appointment of Alternative Directors	The board does not have any alternative directors	
9.10 - Disclosures relating to Directors			
9.10.2 and 9.10.3	The company, upon the appointment of a new director to its board and any changes to the board composition shall make an immediate market announcement	Timely market announcement was made through the CSE	Complied
9.10.4 (a-i)	Disclosures in relation to the directors	Board of Directors Corporate Governance Sub-Committees Reports	Complied
9.12 – Remuneration Committee			
9.12.3	The remuneration committee shall establish and maintain a formal and transparent procedure for developing policy on EDs and individual directors	Remuneration Committee Report	Complied
9.12.4	Remuneration for NEDs should be based on a policy of non-discriminatory pay practices to ensure the independence is not impaired	Remuneration of the Non-Executive Directors of the company is recommended by the Board collectively. No Directors is involved in deciding his own remuneration	Complied
9.12.5	The remuneration committee shall have a written terms of reference clearly defining its scope, authority, duties and matters pertaining to the quorum of meeting	Remuneration Committee Report	Complied
9.12.6	Composition	Corporate Governance	Complied
9.12.7	Functions	Corporate Governance	Complied
9.12.8	Disclosure in Annual Report relating to Remuneration Committee	Corporate Governance Remuneration Committee Report Notes to the Financial Statements	Complied
9.13 - Audit Committee			
9.13.2	The audit committee shall have written terms of reference clearly defining its scope, authority, and duties	Audit Committee Report	Complied
9.13.3	Composition	Audit Committee Report	Complied
9.13.4	Functions	Audit Committee Report	Complied
9.13.5	Disclosure in Annual Report	Corporate Governance Audit Committee Report	Complied

Principle	Description	Comment/Reference	Compliance Status
9.14 - Related Party Transactions Review Committee			
9.14.2 (1)	RPTR Committee shall comprise of a minimum of 3 members, majority of whom should be IDs and an ID shall be appointed as the Chairperson	Corporate Governance	Complied
9.14.3	Functions	Corporate Governance	Complied
9.14.4	General Requirements	Corporate Governance RPTR Committee Report	Complied
9.14.5	Review of Related Party Transactions by the RPTR Committee	Corporate Governance RPTR Committee Report	Complied
9.14.6	Shareholder Approval	Corporate Governance RPTR Committee Report	Complied
9.14.8 (1)	Details pertaining to Non-Recurrent Related Party Transaction	Notes to the Financial Statements	Complied
9.14.8 (2)	Details pertaining to Recurrent Related Party Transaction	Notes to the Financial Statements	Complied
9.14.8 (3)	Report of the Related Party Transaction Review Committee	Corporate Governance RPTR Committee Report	Complied
9.14.8 (4)	Declaration by the BODs as an affirmation statement of compliance with the rules pertaining to RPTs or a negative statement otherwise	Report of the Board of Directors	Complied
9.14.9 (1) and (2)	Shareholder approval for acquisition and disposal of substantial assets	There was no acquisition or disposal of substantial assets during the year 2023/24	Complied
9.14.9 (4) (5) and (6)	Competent independent advice with regard to the value of the substantial assets of the Related Party Transaction	There was no related party transaction which amounted to a substantial assets during the year 2023/24	Complied
9.16 - Additional Disclosures			
(i)	Directors have declare all material interests in contracts and have refrained from voting when materially interested	Report of the Board of Directors	Complied
(ii)	Directors have conducted a review of the internal controls and obtained reasonable assurance of their effectiveness and adherence	Report of the Board of Directors	Complied
(iii)	Directors are aware of laws, rules and regulations and their changes particularly to Listing Rules and applicable capital market provisions	Report of the Board of Directors	Complied
(iv)	Disclosures of material non-compliance with laws or regulation and fines by any government or regulatory authority where the Entity operates	Report of the Board of Directors	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.

Principle	Comment	Compliance Status
A Directors		
A.1 The Board		
A.1	The Company is headed by a Unitary Board comprising of ten 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 147. 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 four Subcommittees of the Board of which three are mandatory and one 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 151. As and when the need arise 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 138 to 145.	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 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

Principle	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

CORPORATE GOVERNANCE

Principle	Comment	Compliance Status
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
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 138 to 141.	Complied
A.5 Board Balance		
A.5	The Board compromises of ten Directors of which five are Executive Directors and five are Non-Executive. This ratio was maintained throughout the Financial Year. Composition of the Board is set out on page 147. 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 Directors on the Board has excelled in their respective discipline. Thus their contribution to the decision-making of the Board was noteworthy during the year, both quantitatively as well as qualitatively.	Complied
A.5.2	The Board of Directors of the company Comprises five Non-Executive Directors out of which three are Independent. Composition of the Board is set out on page 147 (five NED in which three should be independent)	Complied
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 Directors 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 2023/24, 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

Principle	Comment	Compliance Status
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
A.5.8	Please refer comment under A.5.7	Complied
A.5.9	The Chairman holds meetings with the NEDs' without the presence of Executive Directors as and when necessary. During the year one such meeting was held.	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 the within two weeks of the meeting the decisions taken and the discussion points are minute and circulated for their review/comments and finalization.	Complied

CORPORATE GOVERNANCE

Principle	Comment	Compliance Status
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	There newly appointed directors during the year (2023/24), and all new appointments are promptly communicated to the CSE together with a brief résumé containing the member's expertise, other Directorships held and independence for public dissemination.	Complied
A.8 Re-Election		
A.8	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 2023 saw the re-election of Company Mr. Shamal J S Perera 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 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 (2023/24). 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 minute 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.	Complied
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 there address the performance remarks of the individual Board members that he has observed during the year.	Complied

Principle	Comment	Compliance Status
A.9.2	Members of the Board and Board Committees carried out self-assessments of their performance for the FY 2023/24 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 2023/24. 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 being 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 138 to 141 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
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 176 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 caliber 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

CORPORATE GOVERNANCE

Principle	Comment	Compliance Status
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 being 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 followed by the same process, also providing specific targets in the ED's TOR which directs the ED in achieving the organizational performance goals in 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
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 259 of this Report. Remuneration committee Report is given in the page no. 176	Complied
B.3.1	Names of the members of the Remuneration Committee and the compensation paid to Key Management Personnel are given in pages 153 and 259 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 289 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

Principle	Comment	Compliance Status
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 teams 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 post to answer them.	Complied
C.1.5	The notice of meeting and related documents is 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
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	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 encourages 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 5 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 acts as contacts 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 175 and Note 29 of Notes to the Financial Statements.	Complied
C.3.1	Refer the Related Party Transactions Review Committee Report on page 175 and Note 29 of Notes to the Financial Statements.	Complied
C.3.2	Refer the Related Party Transactions Review Committee Report on page 175 and Note 29 of Notes to the Financial Statements.	Complied

CORPORATE GOVERNANCE

Principle	Comment	Compliance Status
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 190 to 196 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
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 190 to 196 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 192, 199 to 203 and 198 respectively.	Complied
D.1.6	‘Management Discussion and Analysis’ is given on page 77 to 136 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 page 198.	Complied

Principle	Comment	Compliance Status
D.2.2	The confirmation of the Risk assessment conducted and the principle risks faced by the Company are disclosed in the Enterprise Risk Management report is given on pages 178 to 188 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 2023/24 the Board was satisfied with the effectiveness of the system of internal control in place within the Company.	Complied
D.2.5	Refer page 198 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
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 Disclosures		
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. 173 to 174)	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 gain 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 147 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

CORPORATE GOVERNANCE

Principle	Comment	Compliance Status
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 175	Complied
D.5.4	Refer page 147 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
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.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	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 186 of this Annual Report (Information and Technology Risk)	Complied
G.2	The functions of the CISO are carried out by the Manager IT reporting to the Senior General Manager. The Manager IT is responsible for assessing various Internet of Things (IOT) 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

Principle	Comment	Compliance Status
G.5	The Company adheres to the required level of cyber security by analyzing 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.1.1 Reporting of ESG Factors	Refer Pages 106 to 121 of the Annual Report - Social and Environmental Capital for this requirement	Complied
H.1.2 Environmental Factors	Refer Pages 106 to 121 of the Annual Report - Social and Environmental Capital for this requirement	Complied
H.1.3 Social Factors	Refer Pages 106 to 121 of the Annual Report - Social and Environmental Capital for this requirement	Complied
H.1.4 Governance	Refer Pages 146 to 177 of the Annual Report - Corporate Governance for this requirement	Complied
H.1.5 Board's role on ESG Factors	AEL understands its role and responsibility in ESG reporting and ensures that the company adheres to the ESG reporting requirements.	Complied

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

Principle	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

STATEMENT BY THE SENIOR INDEPENDENT DIRECTOR

I was appointed by the Board as the Senior Independent Director (SID) with effect from 28th November 2023. In accordance with the CSE Listing Rule No. 9.6.3, it is recommended that a Senior Independent Director (SID) be appointed in the event when the Chairman and CEO is the same person or the Chairman is not an Independent Non-Executive Director, or the Chairman and CEO are closely related parties. As per this Listing Rule, AEL is required to have a SID due to Chairman, Mr. Sumal Perera, being an Executive Director.

In order to address issues and concerns regarding the organization and the Board's operations, the SID and Independent Directors should get together at least once a year without the other Directors present. Feedback and recommendations from these meetings will be given to the Chairperson and other Board Members by the SID.

At least once a year, and on other occasions as deemed appropriate, the SID will preside over a meeting of the Non-Executive Directors (NEDs) without the Chairperson present to evaluate the Chairperson's performance.

AEL consistently attempts to uphold the highest standards of corporate governance and is committed to the ideals of good governance. Our Board of Directors actively promotes a culture of compliance by carefully fulfilling legal obligations and freely upholding optional norms. The purpose of this commitment is to increase stakeholder trust and have a beneficial impact on value creation.

As the SID, I am consulted by the Chairman on governance issues when necessary. Additionally, I am available for any Director who wishes to have confidential discussions regarding the company's affairs.

Dinesh Weerakkody

Senior Independent Director

27th August 2024

NOMINATION AND GOVERNANCE COMMITTEE REPORT

In terms of Section 9 of the Listing Rules of the Colombo Stock Exchange the Nominations and Governance Committee of the Company was formed on 14th February 2024.

COMPOSITION AND MEETING ATTENDANCE

Names of the Directors	Directorship Status	Membership Status	Meeting Attendance (14.02.2024)
Prof. K A M K Ranasinghe	Independent Non-Executive Director	Chairman	✓
Mr. D S Weerakkody	Senior Independent Non-Executive Director	Member	✓
Mr. S J S Perera	Non-Executive Director	Member	✓

ACTIVITIES DURING THE YEAR

- Established a formal and transparent procedure to evaluate, select and appoint/re-appoint Directors of the Company
- Developed the succession plan for Board of Directors and Key Management Personnel of the company
- Reviewed the structure, size and composition of the Board and Board Committees with regard to effective discharge of duties and responsibilities
- Reviewed and recommended the overall corporate governance framework of the Company taking into account the Listing Rules of the Exchange, other applicable regulatory requirements and industry/international best practices
- Reviewed the reports received from the Management on compliance with the corporate governance framework of the company including the company's compliance with provisions of the SEC Act, Listing Rules of the Exchange and other applicable laws, together with any deviations/non-compliances and the rationale for same

The Company complies with the Corporate Governance requirements outlined in the Listing Rules of the Colombo Stock Exchange, with detailed information provided on pages 156 to 171.

RE-APPOINTMENTS/ RE-ELECTIONS

According to the Articles of Association, the Committee has recommended to re-elect Mr. S D Perera to the Board at the Annual General Meeting to be held on 23rd September 2024, based on his performance and the contribution made to achieve the objectives of the Board.

Prof. K A M K Ranasinghe

Chairman - Nomination and Governance Committee

27th August 2024

AUDIT COMMITTEE REPORT

The Committee was established under the Corporate Governance rules of Section 9.13 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 system, internal and external audits, risk management processes, compliance with laws and regulations, in line with the approved Audit Committee Terms of Reference.

COMPOSITION

Names of the Directors	Directorship Status	Membership Status
N D Gunaratne	Independent Non-Executive Director	Chairman
Prof. K A M K Ranasinghe	Independent Non-Executive Director	Member
D S Weerakkody	Senior Independent Non-Executive Director	Member
S D Perera	Non–Executive Director	Member
S J S Perera	Non–Executive Director	Member

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 Director	17.05.2023	28.07.2023	09.08.2023	08.11.2023	14.02.2024
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.

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 and the internal audit function
- Recommend appointment, re-appointment, and removal of external auditors and approve the remuneration and terms of engagement of external auditors
- Examine quarterly and year-end financial statements before Board approval
- Develop and implement policies for external auditors providing non-audit services, considering ethical guidelines
- Review the scope and results of internal and external audits, ensuring auditor independence and performance
- Pre-approve all auditing and nonaudit services performed by the external audit firm

AUDIT COMMITTEE CHARTER

AEL has developed an Audit Committee Charter that clearly outlines the objective and duties of the Committee, the responsibilities of each audit committee member and overall administrative arrangements.

COMPLIANCE

Financial Reporting and Significant Judgment

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.

AUDIT COMMITTEE REPORT

The Committee is satisfied that laws and regulations are duly complied with and statutory payments have been made on a timely basis.

AUDIT AND 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 functions 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 2023/24 Internal Audit Plan and continued to monitor progress against this Plan during the year. Results and management action arising from the reviews undertaken in 2023/24 were discussed in detail at each of the Committee's meetings. The Head of Internal Audit attended all of the Committee's meetings during 2023/24 and held discussions with the Committee in the absence of Management.

Risk Management

The Committee obtains and reviews statements from the Heads of Business Units, who identify their respective major business risks and the mitigatory actions taken or planned for managing these risks. The Audit Committee also conducts Environmental, Social, and Governance (ESG) risk assessments, identifying, prioritizing and monitoring sustainability related risks and opportunities. The committee reviews risk management, internal controls, business continuity planning and information security systems, recommending appropriate remedial actions to the Board.

Independent Auditors

The Audit Committee reviewed the independence and objectivity of the Independent External Auditors, Messrs KPMG Sri Lanka, 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.

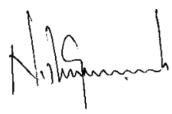
CONTINUING FINANCIAL IMPLICATION OF ECONOMIC SITUATION

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 resulting implications of the 2022 economic situation in Sri Lanka.

Though macro-economic conditions improved, some level uncertainty could prevail in budgeting, cash flow projections and funding arrangements. Further, the Committee is satisfied that the Group and the Company are 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 Gunarathne
Chairman - Audit Committee

27th August 2024

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

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.

COMPOSITION

Names of the Directors	Directorship Status	Membership Status
Mr. N D Gunaratne	Independent Non-Executive Director	Chairman
Mr. D S Weerakkody	Senior Independent Non-Executive Director	Member
Prof. K A M K Ranasinghe	Independent Non-Executive Director	Member
Mr. D A R Fernando	Managing Director	Member

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 Director	17.05.2023	09.08.2023	08.11.2023	14.02.2024
Mr. N D Gunaratne	✓	✓	✓	✓
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. D S Weerakkody	✓	✓	✓	×
Mr. D A R Fernando	✓	✓	✓	✓

ROLE OF THE COMMITTEE

- 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 REVIEWED 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.

DISCLOSURES

A detailed disclosure of all the related party transactions including recurrent and non-recurrent related party transactions which are required to be disclosed under section 9.14.8 of the Listing Rules of the Colombo Stock Exchange has been made in note 29 to the financial statements given in pages 259 to 263 to this report.

N D Gunarathne

Chairman - Related Party Transaction Review Committee

27th August 2024

REMUNERATION COMMITTEE REPORT

Remuneration Committee was established to ensure compliance with the requirements of Section 9.12 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.

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 2023/24.

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

The Committee's composition met the requirements of the Rule 9.12.6 of Listing Rules of the Colombo Stock Exchange. The brief profiles of the existing members of the Committee are given on pages138 to 141 and 153 of the Annual Report.

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.

TERMS OF REFERENCE

The Remuneration 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 setting up the remuneration policy and making recommendations to the Board on recruitment, remuneration and performance evaluation.

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 individual's level in the organizational hierarchy and performance.

DISCLOSURES

The aggregate remuneration of the Executive and Non-Executive Directors for the Financial Year is disclosed under key management personnel compensation in note 29 to the Financial Statements given in page 259.

Dinesh Weerakkody

Chairman - Remuneration Committee

27th August 2024

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, one (1) Non-Executive Director and two (2) Executive Directors as set out below:

Category	Number of Directors
Independent Non-Executive Directors	3
Non-Executive Director	1
Executive Directors	2

The brief profiles of the existing members of the Committee are given on pages 138 to 141 and 154 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 Director	10.05.2023	02.08.2023	01.11.2023	07.02.2024
Mr. N D Gunaratne	✓	✓	✓	✓
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. D S Weerakkody	✓	✓	✓	✓
Mr. J C Joshua	✓	✓	✓	✓
Mr. D A R Fernando	✓	✓	✓	✓
Mr. S 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

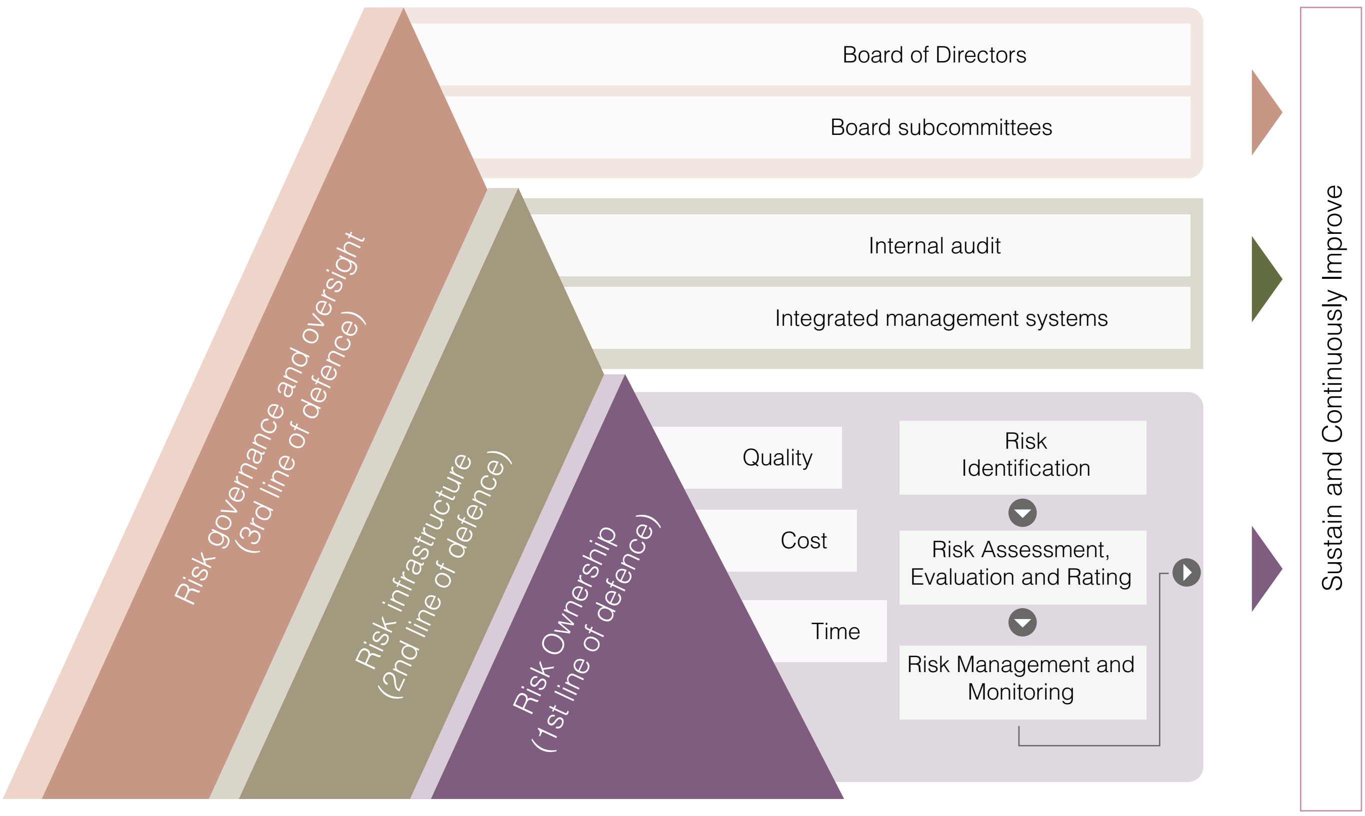
Chairman - Investment and Subsidiary Performance Monitoring Committee

27th August 2024

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, adapt 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 defense consists of operational managers who own and manage risks. They are also responsible for implementing corrective actions to address process and control deficiencies. The second line of defense 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 defense 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 AND OVERSIGHT

To meet the requirements of corporate governance (voluntary and mandatory) and other regulatory bodies, the Board accepts overall responsibility for risk management and determines the nature and extent of the principle 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 principle 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 Audit Committee review specific risk profiles and receives 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 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), 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.

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

Our 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 and 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 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 Audit Committee for review.

Primarily engaged in large scale infrastructure development projects, AEL is constantly challenged by the triple constraints of Time, Cost and 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, we adopt the following approach to managing these risks.

MANAGING KEY RISKS

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.

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.

RISK MANAGEMENT AND 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 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 whistle blowing 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.

Enforcing an organizational risk culture begins at the level of Personal Predisposition, where the employees introspect and analyze 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 2023/24, Access Engineering PLC has taken various initiatives to enforce its risk culture. Initiatives included:

- Awareness programs in order to train and educate 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 assist with the management of risk and to improve the overall transparency of the companies

Integrated Risk Management Report - FY 2023/24						
Risk Management Policies	Corporate and Risk Governance	Code of Conduct	Mandatory Training	Remuneration and Rewards	Risk Appetite	Corporate Values

RISK RATING PROCESS

The following diagram summarizes the risk rating process of AEL

Identify key stakeholders → Risk category (Business and operational, finance, legal, strategic) → Identify risk → Impact of risk → Existing control methods → Risk rating (Risk assessment matrix)

OBJECTIVES

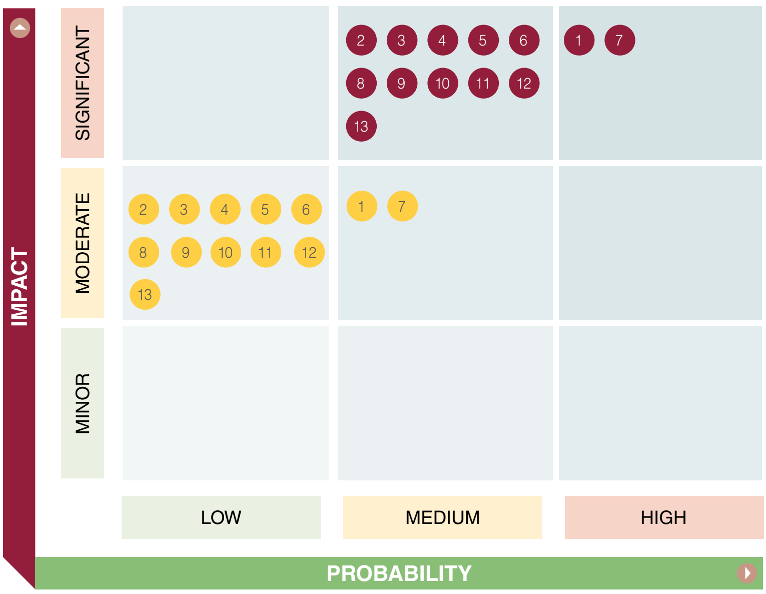
- To minimize risk of not meeting profit expectations
- To comply with the Regulatory Requirements
- To maintain a sound system of internal controls to safeguard shareholders' wealth and Company assets
- To ensure faster response to market opportunities by maintaining a 'sufficient' liquidity position at all times
- To move towards diverse business segments those are synergized with our core business in order to manage our exposure to cyclical downturns in our core business due to external factors
- Continue ourselves 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

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.



Risk positioning before mitigation action Risk positioning after mitigation action

OUR PRINCIPLE RISKS

The Board and the Audit Committee concluded that the level of risk associated with the Company's principle risks is currently consistent with the Company's overall appetite in relation to these risks. The "heat map" sets out the positioning of our principle 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 principle risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2022/2023	2023/2024	Risk Mitigation actions
Operating Risks	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 and reputation ➢ Depleting stocks ➢ Missing regular maintenance of the machineries and equipment	Decreased	Decreased	➢ Conducted frequent progress review meetings for business units to monitor work progress and budgetary controls and accordingly took precautionary actions when and 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 2023/24 productivity was increased as evident by the improvement in operational margins and efficient Project Management was observed throughout all operational units.		
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 ➢ Successfully utilized the fiber optic monitoring technology in pile load testing in our high-rise building projects
			During 2023/24 technological Risk remained unchanged as the technological risk associated with the construction industry does not significantly impact the company.		
Socio-economic and Political Risk	Risks arising from socio-economic changes, political changes or instability in the country.	➢ Continuation of the suspension of funding for certain infrastructure development projects by multilateral and bilateral funding agencies and local banks ➢ New regulations and fiscal policies intended to stimulate economic growth might raise costs or limit market access	Increased	Decreased	➢ Impact of the socio-economic and political variables was assessed during the periodic Corporate Management meetings ➢ Suspension of projects that was made effective in 2022 continued in 2023/24 for certain projects while others resumed with the overall improvement in the macroeconomic environment ➢ Operations of the production plants were limited to strategic geographical locations ➢ Regularly conducted risk assessments to identify potential impacts of new policies and developed contingency plans
			During 2023/24 Socio-economic and political risk reduced fueled by the improvement in the economic and social environment. Political landscape of the country improved too as evidenced by the improvement in country rating and the outlook measured by the international Rating Agencies. Resumption of fund disbursement by funding agencies following the successful completion of overseas debt restructuring by GoSL, helped reduce this risk further.		

Risk	Risk Description	Impact on KPI's	2022/2023	2023/2024	Risk Mitigation actions
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 situation and migration ➢ Loss of growth opportunity and career advancement due to industry stagnation	Increased	Decreased	➢ Developed an operational plan to optimize available resources including staff ➢ Increased training and awareness for staff ➢ Granted financial and non-financial benefits for all employees ➢ Increased the number of meetings pertaining to employee relations and grievances handling (Key Staff Forum)
			During 2023/24, Human capital risk Decreased. During the year employee turnover ratio was comparatively lower than the previous year and training and development hours also increased compared to FY 2022/23.		
Quality, Environment, Health and Safety Performance Risk	Risks arising from potential degradation in the overall product quality, environment performance and employee health and safety	➢ Impact on achieving continual growth of the Company ➢ Damage stakeholder relationships ➢ Impairing Company reputation	Decreased	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 ➢ Educated employees on correct practices of management system process ➢ Processes were refined, reviewed and streamlined with the operations
			During 2023/24 Quality, Environment, Health and Safety Performance Risk decreased in tandem with the contraction of the industry and core business.		
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 penalty	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 taxation
			During 2023/24 compliance risk remained unchanged. AEL adhered to its risk mitigation strategies in order to maintain a high standard of regulatory compliance.		

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2022/2023	2023/2024	Risk Mitigation actions
Competition Risk	Risks arising from competitive forces resulting in loss of growth and erosion of margins.	➢ Impact on total revenue growth ➢ Underlying operating margin ➢ Underlying Earnings Per Share ➢ Work won and secured and probable orders	Increased During 2023/24, competition risk increased due to the limited work available within the industry.	Increased	➢ Ensured high standards of quality in finished products ➢ Increased efficiency through the adaption of best practices ➢ Diversified business operations to reduce the impact of competition ➢ Utilized company assets more efficiently ➢ Adhered to international standards to compete globally ➢ Formed partnerships with global companies to expand reach and capabilities
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 volatility of 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 ➢ Impact on profitability	Increased During 2023/24 Finance Risk decreased due to the gradual reduction of interest cost associated with loan financing, appreciation of the Sri Lankan Rupee and gradual relaxation of import restrictions.	Decreased	➢ Restructured the loan portfolio to reduce annual finance cost ➢ 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 ➢ Reduced the credit period offered to buyers ➢ Implemented the use of management systems / platforms that provides crucial information to simplify and diminish potential financial risks

Risk	Risk Description	Impact on KPI's	2022/2023	2023/2024	Risk Mitigation actions
Reputation Risk	Risks arising from an event or incident that 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 2023/24 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 ➢ Adapted 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 ➢ Stricly monitored 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 were delivered in a timely manner ➢ The senior management consistently monitored and ensured that contractors follow proper operational and working practices

MANAGING KEY RISKS

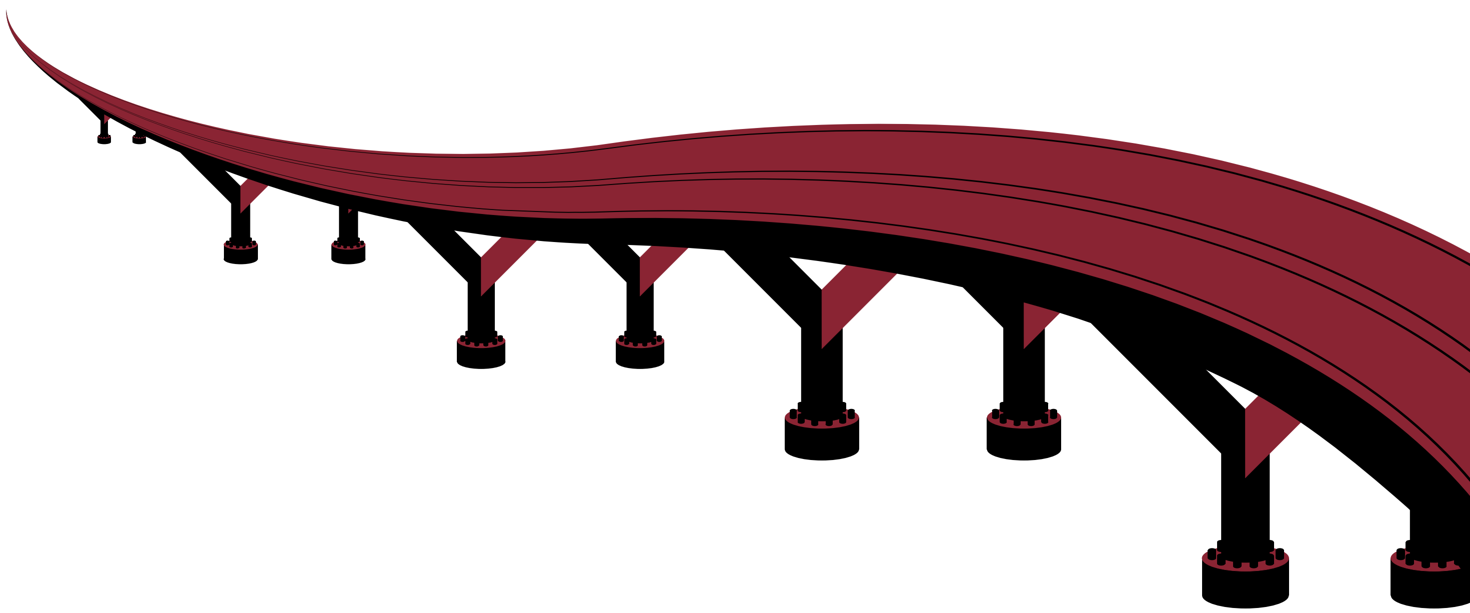
Risk	Risk Description	Impact on KPI's	2022/2023	2023/2024	Risk Mitigation actions
IT Related Risk	Risks arising from breakdowns and failures in information systems and the use of obsolete systems	➢ Impact on regulatory reporting deadlines of SEC and CSE ➢ Reduce underlying operating margin due to cost for time and data recovery ➢ Loss of reputation due to loss of credibility	Unchanged During 2023/24 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 ➢ Carried 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 trained 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	2022/2023	2023/2024	Risk Mitigation actions
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 ➢ Potential delays expected in receiving materials and services leading to an overall decline in performances across various business activities ➢ Potential risk of receiving materials / machineries that do not meet technical specifications	Increased During 2023/24, Procurement risk remained unchanged due to the restriction of imports, limitations in extending credit by suppliers, unavailability of resources and adverse foreign exchange exposure.	Unchanged	➢ 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 ➢ Conducted regular supplier evaluations to ascertain their financial strength, social and environmental conduct ➢ Consistently analyzed the market conditions and existing vendors to evaluate and strategize a path whereby, materials/services were 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 ➢ Considered Ex-works payment terms instead of CIF terms to manage freight cost through local forwarders

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	2022/2023	2023/2024	Risk Mitigation actions
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 ➢ Risk of going concern of the Company	Unchanged During 2023/24 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.	Unchanged	➢ The Internal Audit Department conducted audits on a regular basis in areas, which were 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
Foreign currency risk	Risks arising from foreign currency shortages and foreign currency loss	➢ Decreasing construction and construction related material prices with LKR appreciation ➢ Availability of materials, due to the price adjustment of imported material prices with the availability of foreign currency and import relaxation	Increased During 2023/24 foreign exchange risk decreased due to the appreciation of the Sri Lankan Rupee and availability of foreign currency.	Decreased	➢ Maintained a healthy balance in the revenue mix between local and foreign currency

REINFORCING THE FUTURE



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 2024. 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 2024, 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 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

PRINCIPAL BUSSINESS 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 265 for a brief description of the principal activities of the Company and subsidiaries.

INVESTMENT ACTIVITIES DURING THE YEAR

The company has invested amount of LKR 1,762,634,046/= 15% of share capital in the South Asia Commercial and Logistics Hub for the development of a multi – story warehousing and logistics facility Refer Note no. 33.1.

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 18 to 24 The Segment-wise contribution to Group revenue, results, assets and liabilities are provided in Note 4 (page 214) 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 199 to 203 of this Annual Report.

FINANCIAL RESULTS AND APPROPRIATIONS

Revenue

Revenue generated by the Group amounting to LKR 21,501 Mn (2023 – LKR 20,565 Mn). Similarly the Company revenue amounted to LKR 18,323 Mn (2023 – LKR 17,556 Mn). A detailed revenue analysis is presented in Note 5 (Page 216) 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 6,854 Mn (2023 – LKR 2,436 Mn) and LKR 6,861 Mn (2023 – LKR 2,482 Mn) respectively. In addition, the profit after tax of the Company was LKR 1,545 Mn (2023 – LKR 1,444 Mn).

Furthermore, the Group total comprehensive income attributable to parent was LKR 6,777 Mn (2023 – LKR 2,718 Mn). The Company's total comprehensive income for the year was LKR 1,469 Mn (2023 – LKR 1,516 Mn).

Access Engineering PLC for the year ended 31 March

	2024 LKR'000	2023 LKR'000
Balance brought forward from the previous year	15,162,485	14,322,381
Surcharge tax adjustment	Nil	(596,919)
Balance brought forward from the previous year (Adjusted)	15,162,485	13,725,462
Profit after tax	1,544,940	1,444,473
Other adjustments	(75,397)	(7,450)
Amount available for appropriation	16,632,028	15,162,485
1st interim dividend	500,000	Nil
2nd interim dividend	1,000,000	Nil
Balance carried forward to the following year	15,132,028	15,162,485

*In accordance with LKAS 10 – Events after the reporting period, the 2nd interim dividend (2023/24) has not been recognized as liability in the financial statements as at 31 March 2024.

Dividends

First interim dividend of LKR 0.5 Per Share was declared on 14 February 2024 and paid on 18 March 2024.

Second interim dividend of LKR 1 Per Share was declared on 8 August 2024 and will be paid on 5 September 2024.

Revenue Reserves

The Revenue reserves of the Group and the Company as at 31 March 2024 amounted to LKR 26,834 Mn (2023 – LKR 20,557 Mn) and LKR 16,461 Mn (2023 – 15,492 Mn) respectively. The movement during the year is disclosed in the Statement of Changes in Equity on page 206.

Accounting Policies

The significant accounting policies adopted in the preparation of Financial Statements of the Group and the company is given on page 209 of the Annual Report.

The Financial Statements of the Company have been prepared in accordance with the Sri Lanka Accounting Standards (SLFRSs and LKASs) and the policies adopted thereof are given on pages 210 to 284 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 2024 total donations made by the Group and the Company amounted to LKR 3,572,093 (2023 – LKR 2,619,306) and LKR 2,759,093 (2023 – LKR 982,905) respectively.

Taxation

A detailed statement of the income tax and deferred tax applicable to the Group and Company disclosed with a reconciliation of the accounting profits with the taxable profits are provided in Note 9 to the Financial Statements.

Corporate Social Responsibility

The Company continued its respective CSR initiatives with a range of programs activities and specifications. Further details of the same are displayed on page 113 in this Annual Report.

Property, Plant and Equipment [PPE] and Intangible Assets

The capital expenditure on property, plant, and equipment in terms of the Group and the Company equaled to LKR 349 Mn (2023 – LKR 495Mn.) and LKR 168 Mn (2023 – LKR 268 Mn) respectively. Related information and movements have been disclosed in Note 11 (pages 226 to 232)to the Financial Statements.

In addition to Group invested LKR 3.6 Mn for intangible assets of the Group and the Company additions during the year amounted to LKR Nil (2023 – LKR Nil and LKR Nil (2023 – LKR Nil respectively. All other related details to intangible assets are disclosed under the Note 14 (page 238) 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 232) 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 LKR
	A	R	P	
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	1,600,000,000
No 116 & 118 Dawson Street, Colombo 02		2	5.43	1,000,000,000
Sathosa Motors PLC				
Peliyagoda - Leasehold land (99 years)	2	-	23.93	4,828,654
No. 86, Vauxhall Street, Colombo 02	-	2	3.07	910,000,000

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

Location	Extent A	Extent R	Extent P	Carrying value of Land 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, Negambo	41	2	27.45	2,200,000,000
Kimbulapitiya, Negambo	-	3	16.25	13,008,718
Harbour Village (Private) Limited				
No. 250, SrimathRamanathanMawatha, 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 36,363 Mn (2023 – LKR 21,308 Mn.) and LKR 1,196 Mn (2023 – LKR 1,196 Mn) respectively. All information related to revaluation of the investment properties are provided in Note 13 (page 236) to the Financial Statements.

INVESTMENTS

A detailed description of the Company's investment in quoted shares held as at 31 March 2024 is given in Note 21 (page 248) to the Financial Statements.

Additionally, a detailed description of the Company's fixed deposits and debentures held as at 31 March 2024, are disclosed in Note 20.2 and Note 22 (page 248) to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company is LKR 9, 000 Mn representing 1,000 Mn ordinary shares. (2023 – LKR 9,000 Mn representing 1,000 Mn ordinary shares). Details are given in Note 24 (page 249) 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. In addition to Type 04 of the debenture fully paid on April 2023. (Early settlement approved on extraordinary general meeting held on 10 March 2023).

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 252.

SHARE INFORMATION

Shareholders

Eight thousand nine hundred fifty one shareholders were registered as at 31 March 2024 (9,966 shareholders as at 31 March 2023). Detailed analysis of the same is given on page 124 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 124 to 126 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 197.

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 138 to 141.

For the year ended 31 March 2024	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. D S Weerakkody was re-designated as a Senior Independent Director w.e.f. 28th November 2023.

RETIREMENT AND RE-ELECTION OF DIRECTORS

In terms of Article 88(i) of the Articles of Association, Mr. Suresh Dilhan Perera who retires 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 288 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 164.

FIT AND PROPER ASSESSMENT OF DIRECTORS

In terms of Rule 9.7.4 of the Listing Rules of the Colombo Stock Exchange, Declarations were obtained from the Directors who confirmed that they have continuously satisfied the Fit and Proper Assessment Criteria set out in the Listing Rules during the financial year under review and as at the date of such Declarations.

Additional disclosures pertaining to Directors

(i) Material Business relationships

None of the Directors or close family members have any material business relationships with other Directors of the Company

(ii) Other directorships held by the Directors

Other directorships held by Directors are disclosed on page 262.

BOARD COMMITTEES

The Audit Committee, Remuneration Committee, Related Party Transactions Review Committee, Investment and Subsidiary Performance Monitoring Committee and Nominations and Governance 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 172 to 177. The composition of the said Committees as at 31st March 2024 is as follows:

AUDIT COMMITEE

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 COMMITEE

Mr. N D Gunaratne - Chairman

Prof. K A M K Ranasinghe

Mr. D S Weerakkody

Mr. D A R Fernando

INVESTMENT AND SUBSIDIARY PEFORMANCE MONITORING COMMITEE

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

NOMINATION AND GOVERNANCE COMMITTEE

Prof. K A M K Ranasinghe - Chairman

Mr. D S Weerakkody

Mr. S J S Perera

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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NOMINATIONS AND GOVERNANCE COMMITTEE

The Nominations and Governance Committee was formed by the Board of Directors on 14th February 2024 in terms of Rule 9.11 of the Listing Rules of the Colombo Stock Exchange to establish and maintain a formal procedure for the appointment of new Directors and re-election of Directors to the Board through the Nominations and Governance Committee and comprises of the following members:

Prof. K A M K Ranasinghe - Chairman

Mr. D S Weerakkody

Mr. Shamal J S Perera

Declaration under Rule 9.14.8 (4) 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 31st March 2024.

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 2024 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 259)to the Financial Statements

NON-RECUREENT 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 2023, which require specific disclosures in the 2023/24 Annual Report as required by Listing Rule 9.14.8(1) of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission..

RECUREENT 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 2023 Audited Financial Statements, which required additional disclosures in the 2023/24 Annual Report under Colombo Stock Exchange Listing Rule 9.14.8(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 29.1.3 to the Financial Statements on page 259.

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 259) 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 2024 and 31 March 2023 are as follows.

	Shareholding as at 31/03/2024	Shareholding as at 31/03/2023
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	51,159,365

*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 164 to 171 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.

SUSTANBILITY

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 79.

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 2024 a total of 1,277 Persons were in employment (1,094 persons as at 31 March 2023). Refer Human Capital on Pages 96 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 2024 the trade and other payables in terms of the Group and the Company amounted to LKR 34,061 Mn (2023 – LKR 28,870 Mn) and LKR 13,602 Mn (2023 – LKR 12,111 Mn) respectively. Details of the same are given on Note 28 on page 258.

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 114 to 121 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 263) to the Financial Statements covering commitments and contingencies.

CONTINGENT LIABILITIES

Except as disclosed in Note 30 (Page 263) 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 188 to 272.

EVENTS OCCURING AFTER THE REPORTING PERIOD

Except for the matters disclosed in Note 31 (Page 264) 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.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

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 its 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 Pages 199 to 203.

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 5,400,000 is payable by the Company to the Auditors for the year under review comprising LKR 4,500,000 as audit fees and LKR 900,000 for non-audit services.[on Note 8 of page 219]

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.

ADDITIONAL DISCLOSURES BY THE BOARD OF DIRECTORS IN TERMS OF RULE 9.16 OF THE LISTING RULES

(i) We have declared all material interests in contracts involving in the Company and we have refrained from voting on matters in which we were materially interested;

(ii) We have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of our effectiveness and successful adherence therewith

(iii) We made arrangements to make ourselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;

(iv) There were no material non-compliance with law or regulation or any fines, which are material, imposed by any Government or regulatory authority in any jurisdiction where the Company has operations.

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 26 August 2024 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 Thirteen Annual General Meeting will be held on 23 September 2024 at 2.00 P.M

The notice of the Annual General Meeting appears on page 289.

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 (Pvt) Ltd
Secretaries

27 August 2024
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 199 to 203.

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 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 ended, 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, the Statement of Changes in Equity, Statement of Cash Flows and Notes thereto.

During the course of preparation of 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 discharged 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 199 to 203 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 263) to the Financial Statements covering commitments and contingencies.

By Order of the Board,

P W Corporate Secretarial (Pvt) Ltd

Secretaries

27 August 2024

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 2023/24 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 31st March 2024 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

27th August 2024

INDEPENDENT AUDITORS' REPORT

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KPMG
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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 statements of financial position as at March 31, 2024, 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 material accounting policies and other explanatory information as set out on pages 210 to 284.

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 of March 31, 2024, 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 for professional Accountants issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company 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.

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 Bn for the year ended 31 March 2024. 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 certifications from quantity surveyors appointed by the customers or 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.

INDEPENDENT AUDITORS' REPORT

KPMG

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. 36.4 Bn as at 31 March 2024. 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. • Engaging our own internal specialized resources to assess the reasonability of the valuation technique, discount rates, per perch and square feet prices. • 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.

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 2024, the goodwill and investment in subsidiaries amounting to Rs. 525 Mn and Rs. 27 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 subsidiaries' 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 31 March 2024 net of trade receivables were Rs. 9 Bn after provisions of Rs. 608 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.

KPMG

- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements 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, actions taken to eliminate threats or safeguards applied.

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.

CHARTERD ACCOUNTANTS
Colombo, Sri Lanka

27 August 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Revenue	5.1	21,501,114,385	20,564,633,275	18,323,339,950	17,556,370,250
Cost of sales		(14,145,482,039)	(14,705,842,008)	(14,065,768,523)	(13,370,299,375)
Gross profit		7,355,632,346	5,858,791,267	4,257,571,427	4,186,070,875
Other income	6.1	550,957,525	1,351,258,534	972,879,856	2,772,325,772
Change in fair value of investment property	6.2	1,114,115,247	3,466,984,624	-	169,091,350
Administrative expenses		(1,897,052,421)	(2,096,169,600)	(972,660,173)	(999,088,977)
Selling and distribution expenses		(85,106,790)	(32,608,326)	-	-
Other expenses		(170,759,818)	(714,586,536)	(73,177,162)	(617,387,734)
Operating profit		6,867,786,089	7,833,669,963	4,184,613,948	5,511,011,286
Finance costs	7.1	(2,986,864,647)	(4,757,027,406)	(2,296,288,283)	(4,401,125,112)
Finance income	7.1	390,470,983	893,701,601	306,434,706	809,206,821
Share of results of equity-accounted investees, net of tax	16.2	33,178,401	406,927,909	-	-
Profit before tax		4,304,570,826	4,377,272,067	2,194,760,371	1,919,092,995
Income tax (expense) / reversal	9.1	2,548,983,513	(1,940,924,967)	(649,819,648)	(474,620,160)
Profit for the period		6,853,554,339	2,436,347,100	1,544,940,723	1,444,472,835
Profit attributable to:					
Equity holders of the parent		6,860,884,579	2,481,965,080	1,544,940,723	1,444,472,835
Non-controlling interest		(7,330,240)	(45,617,980)	-	-
Profit for the period		6,853,554,339	2,436,347,100	1,544,940,723	1,444,472,835
Other comprehensive income					
Items that will not be reclassified to profit or loss in subsequent periods					
Remeasurement of defined benefit liabilities	27.1	(119,830,303)	58,637,124	(109,033,571)	46,697,984
Revaluation of land and buildings	11.1/11.2	-	237,691,252	-	79,019,133
Non quoted equity investments at FVOCI – net change in fair value	17	926,066	-	926,066	-
Related tax	9.1	35,944,482	(61,318,460)	32,710,071	(54,147,790)
Items that will be reclassified to profit or loss in subsequent periods					
Foreign currency translation difference of foreign operations		457,051	1,275,688	-	-
Other comprehensive income for the period, net of tax		(82,502,704)	236,285,604	(75,397,434)	71,569,327
Total comprehensive income for the period, net of tax		6,771,051,635	2,672,632,704	1,469,543,289	1,516,042,162
Total comprehensive income attributable to;					
Equity holders of the parent		6,777,314,015	2,718,127,763	1,469,543,289	1,516,042,162
Non-controlling interest		(6,262,380)	(45,495,059)	-	-
Total comprehensive income for the period, net of tax		6,771,051,635	2,672,632,704	1,469,543,289	1,516,042,162
Basic earnings per share	10	6.86	2.48	1.54	1.44
Dividend per share	24.3			0.50	0.75

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

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

As at 31 March	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Assets					
Non-current assets					
Property, plant and equipment	11.1/11.2	6,066,782,580	5,569,748,043	3,931,030,960	3,349,081,908
Right of use assets	12.1	2,610,728,430	2,674,642,709	196,744,612	203,942,586
Right of use assets - prepayment	12.1.1	9,017,304	1,237,084,632	9,017,304	1,237,084,632
Investment property	13.1	36,362,575,558	21,307,743,685	1,195,500,000	1,195,500,000
Investment property- work in progress	13.3	2,263,358,227	11,720,990,970	-	-
Intangible assets and goodwill	14.1	563,715,551	578,329,784	29,952,675	43,588,155
Investment in subsidiaries	15	-	-	26,711,408,498	26,772,923,813
Equity-accounted investees	16.1	2,179,378,255	971,511,970	1,878,099,456	655,465,410
Non-current financial assets	17	1,436,066	510,000	1,436,066	510,000
Deferred tax assets	9.4	4,194,961,691	351,274,159	-	-
		54,251,953,662	44,411,835,952	33,953,189,571	33,458,096,504
Current assets					
Inventories	18.1	20,341,289,862	15,945,251,765	2,923,636,459	2,844,782,987
Trade and other receivables	19.1	15,794,366,079	15,587,430,144	9,566,648,552	9,215,075,944
Amount due from related parties	29.2	139,386,083	82,238,504	3,516,713,534	4,144,219,498
Current tax assets	9.3	153,847,647	52,426,627	-	-
Other current financial assets	20	2,920,754,106	3,220,199,784	2,618,214,225	2,907,793,820
Short term investments	21	54,791,527	151,027,060	54,791,527	151,027,060
Short term deposits	22	1,416,886,032	2,569,299,538	-	1,693,917,249
Cash and cash equivalents	23	3,459,023,227	696,144,034	1,662,018,872	137,489,717
		44,280,344,563	38,304,017,456	20,342,023,169	21,094,306,275
Total assets		98,532,298,225	82,715,853,408	54,295,212,740	54,552,402,779
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	816,043,457	815,586,406	329,293,246	329,293,246
Retained earnings		26,018,195,806	19,741,338,842	16,132,027,892	15,162,484,603
Equity attributable to equity holders of the parent		35,834,239,263	29,556,925,248	25,461,321,138	24,491,777,849
Non-controlling interests	34	2,408,801,713	2,415,064,093	-	-
Total equity		38,243,040,976	31,971,989,341	25,461,321,138	24,491,777,849
Non-current liabilities					
Government grants	25	4,607,163	4,826,544	-	-
Loans and borrowings	26	17,029,620,101	12,786,649,626	11,653,746,000	12,692,992,379
Lease liabilities	12.2	178,211,892	222,215,070	108,923,766	100,061,541
Employee benefit liabilities	27	366,267,110	260,979,068	306,785,840	196,653,438
Deferred tax liabilities	9.4	3,383,192,538	2,958,595,374	317,205,513	382,723,649
		20,961,898,804	16,233,265,682	12,386,661,119	13,372,431,007
Current liabilities					
Trade and other payables	28	34,061,155,275	28,870,356,999	13,602,191,921	12,111,492,173
Amount due to related parties	29.3	385,434,999	70,733,664	172,734,914	229,089,551
Loans and borrowings	26	4,228,304,414	3,452,178,411	2,338,024,239	2,547,248,406
Lease liabilities	12.2	89,043,717	41,325,560	8,732,440	6,662,782
Current tax liabilities	9.3	342,400,174	250,452,558	310,525,394	221,044,343
Unclaimed dividends		19,130,987	64,408,986	15,021,575	19,656,006
Bank overdraft	23	201,888,879	1,761,142,207	-	1,553,000,662
		39,327,358,445	34,510,598,385	16,447,230,483	16,688,193,923
Total liabilities		60,289,257,249	50,743,864,067	28,833,891,602	30,060,624,930
Total equity and liabilities		98,532,298,225	82,715,853,408	54,295,212,740	54,552,402,779
Net asset per share		35.83	29.56	25.46	24.49

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

27 August 2024
Colombo.

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the parent						
	Stated capital	Revaluation reserve	Foreign currency translation reserve	Retained earnings	Total	Non–controlling interests	Total equity
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Balance as at 1 April 2022	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	29,556,925,248	2,415,064,093	31,971,989,341
Profit for the year	-	-	-	6,860,884,579	6,860,884,579	(7,330,240)	6,853,554,339
Other comprehensive income for the year, net of tax	-	-	457,051	(84,027,615)	(83,570,564)	1,067,860	(82,502,704)
Total comprehensive income for the year	-	-	457,051	6,776,856,964	6,777,314,015	(6,262,380)	6,771,051,635
Cash dividends (Note 24.3)	-	-	-	(500,000,000)	(500,000,000)	-	(500,000,000)
Balance at 31 March 2024	9,000,000,000	817,841,594	(1,798,137)	26,018,195,806	35,834,239,263	2,408,801,713	38,243,040,976

Company	Stated capital	Revaluation reserve	Retained earnings	Total equity
	LKR	LKR	LKR	LKR
Balance at 1 April 2022	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
Profit for the year	-	-	1,544,940,723	1,544,940,723
Other comprehensive income for the year, net of tax	-	-	(75,397,434)	(75,397,434)
Total comprehensive income for the year	-	-	1,469,543,289	1,469,543,289
Cash dividends (Note 24.3)	-	-	(500,000,000)	(500,000,000)
Balance at 31 March 2024	9,000,000,000	329,293,246	16,132,027,892	25,461,321,138

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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Cash flows from operating activities					
Profit before tax		4,304,570,826	4,377,272,067	2,194,760,371	1,919,092,995
Adjustments for:					
Depreciation of property plant and equipment	11.1/11.2	1,115,932,107	1,235,167,671	869,633,946	970,083,257
Depreciation of right- of - use assets	12.1	101,944,149	109,219,719	7,197,974	9,882,334
Amortisation and impairment of intangible assets	14.1	18,211,837	22,828,883	13,635,480	14,438,659
Provision for employee benefits	27.1	65,992,461	82,073,484	51,379,212	67,318,526
Impairment losses/ write-off of trade and other receivables/inventories		67,266,246	201,011,521	31,160,474	145,609,350
Increase in fair value of investment properties	13.1	(1,114,115,247)	(3,466,984,624)	-	(169,091,350)
Impairment of Investment in Subsidiaries		-	-	61,515,315	609,097,792
Impairement of Goodwill		45,795,592	656,616,126		
Gain on disposal of property, plant and equipment	6.1	(161,326,534)	(75,649,931)	(113,527,088)	(31,343,908)
Loss on asset write off		3,310	46,238,186	3,310	518,880
Amortisation of government grant	25	(219,381)	(219,387)	-	-
Share of results of equity-accounted investees, net of tax	16.2	(33,178,401)	(406,927,909)	-	-
Dividend income from investments in subsidiaries	6.1	-	-	(601,766,821)	(1,657,237,732)
Net finance cost	7.1	2,596,393,664	3,863,325,805	1,989,853,577	3,591,918,291
Operating profit before working capital changes		7,007,270,629	6,643,971,611	4,503,845,750	5,470,287,094
Changes in:					
Inventories		(4,396,038,096)	(1,332,924,730)	(78,853,472)	1,036,538,460
Trade and other receivables		(273,040,645)	12,273,882,308	(415,727,961)	12,613,602,364
Other current financial assets		299,445,678	337,223,825	289,579,595	401,212,195
Amounts due from related parties		(57,147,579)	(73,899,403)	627,505,964	(3,793,271,758)
Trade and other payables		5,107,782,314	940,706,538	1,447,160,253	(1,996,188,653)
Amounts due to related parties		314,701,334	(732,015)	(56,354,637)	37,791,045
Cash generated from/ (used in) operating activities		8,002,973,635	18,788,228,134	6,317,155,492	13,769,970,747
Finance cost paid		(2,768,436,411)	(4,278,267,472)	(1,921,300,591)	(3,909,226,303)
Income tax paid	9.3	(667,549,468)	(181,482,843)	(562,417,577)	(152,322,890)
Surcharge tax paid		-	(597,977,967)	-	(596,918,504)
Gratuity paid	27	(80,534,722)	(85,968,994)	(50,280,381)	(66,630,930)
Net cash flows generated from/ (used in) operating activities		4,486,453,034	13,644,530,858	3,783,156,943	9,044,872,120

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Cash flows from investing activities					
Purchase of property, plant and equipment		(348,815,443)	(495,356,632)	(168,149,532)	(268,901,800)
Right of use assets-prepayment		(55,898,231)	(792,819,801)	(55,898,231)	(792,819,801)
Purchase of intangible assets	14.1	(3,597,604)	-	-	-
Purchase of investment properties	13.1	(64,246,024)	(9,271,597)	-	-
Purchase of investment properties - work in progress	13.3	(4,418,837,859)	(9,952,162,762)	-	-
Proceeds from sale of property, plant and equipment		181,137,580	116,846,604	114,055,870	34,741,486
Investment in equity-Accounted Investees		(1,762,634,046)	-	(1,762,634,046)	-
Divestment in equity-accounted investees		540,000,000	600,000,000	540,000,000	600,000,000
Investment in subsidiary		-	-	-	(5,955,929,990)
(Investment)/Withdrawal in short term deposits		955,231,346	(258,617,638)	1,500,000,000	157,361,541
Dividend income from investments in subsidiaries		-	-	601,766,821	577,776,117
Dividend income from equity-accounted investees		-	1,079,461,615	-	1,079,461,615
Finance Income received		358,333,023	539,143,448	273,702,537	481,754,387
Net cash flows used in investing activities		(4,619,327,258)	(9,172,776,763)	1,042,843,419	(4,086,556,445)
Cash flows from financing activities					
Dividends paid to equity holders of the parent		(500,000,000)	(750,000,000)	(500,000,000)	(750,000,000)
Proceeds from loans & borrowings	26.2	36,456,849,678	14,991,946,368	26,652,733,011	13,501,923,826
Repayment of loans & borrowings	26.2	(31,437,191,343)	(21,799,972,193)	(27,900,641,700)	(20,024,123,146)
Repayment of Debenture	26.1	(561,857)	(20,000)	(561,857)	(20,000)
Payment of lease liabilities	12.2	(64,089,733)	(55,849,073)	-	-
Net cash flows generated from/ (used in) financing activities		4,455,006,745	(7,613,894,898)	(1,748,470,546)	(7,272,219,320)
Increase in cash and cash equivalents		4,322,132,521	(3,142,140,803)	3,077,529,816	(2,313,903,645)
Cash and cash equivalent at the beginning of the year		(1,064,998,173)	2,077,142,630	(1,415,510,944)	898,392,700
Cash and cash equivalent at 31 March	23	3,257,134,348	(1,064,998,173)	1,662,018,872	(1,415,510,945)

The Accounting Policies and Notes form an integral part of these financial statements.

Figures in brackets indicate deductions.

INDEX TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

This section provides Corporate and Group information about Access Engineering PLC, its subsidiaries, joint venture and associates.

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 32 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 2024 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 2024 were authorised for issue by the Board of Directors on 27 August 2024.

1.4. Responsibilities for the Financial Statements

The Board of Directors are 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 ACCOUNTING

This section covers the basis of preparation of Financial Statements including policies, assumptions, judgements, estimates, and adoption of Sri Lanka Accounting Standards (SLFRSs/LKASs). Accounting policies and basis for judgements and estimates that are specific to notes in section 4, is given in the relevant note.

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 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. Components of Financial Statements

The consolidated financial statements include the following components:

- Statement of Profit or Loss and Other Comprehensive Income providing information on the financial performance of the Group and the Company for the year under review.
- Statement of Financial Position providing information on the financial position of the Group and the Company as at the year end.
- Statement of Changes in Equity depicting all changes in shareholders' funds during the year under review for the Group and the Company.
- Statement of Cash Flow providing information to users on the ability of the Group and the Company to generate cash and cash equivalents and utilisation of those cash flows.
- Notes to the financial statements comprising material accounting policies and other explanatory information.

2.3. 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 classified as fair value through profit or loss which are measured at fair value.
- Retirement benefit obligations measured at the present value of the defined benefit
- 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

2.4. Materiality and Aggregation

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

2.5. 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 are 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.

2.6. 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, refer Note no 38.

2.7. 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 2024 is included in the following notes.

Accounting Policies	Note
Going concern	Note 2.8
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 2.9.5
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 and liabilities	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

Accounting Policies	Note
Recognition of subsidiaries based on de facto control over an investee	Note 33
Significant Influence over equity accounted investee	Note 16.4.2

2.8. 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.

In making this assessment the management has considered the potential negative impact that the current economic conditions could bring to the business operation of the Group. Furthermore, changes in underlying economic factors have fluctuated the prices of inputs and outputs of automobile and property sectors.

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.

2.9. Summary of material accounting policies

Summary of material 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 material but are not covered in any other sections.

NOTES TO THE FINANCIAL STATEMENTS

2.9.1 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 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.

2.9.2 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.

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

2.9.3 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.

2.9.4 Foreign currencies

2.9.4.1 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.

2.9.4.2 Foreign operations

Subsidiary 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.

2.9.5 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.

2.9.6 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.

2.10. Changes in accounting policies and disclosures

Changes in material accounting policies

Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (Amendments to LKAS 1 and IFRS Practice Statement 2) from 1 April 2023. Although the amendments result in changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity- specific accounting policy information that users need to understand the other information in the financial statements.

New and amended standards and interpretations

The Company has consistently applied new and amended standards from 1 April 2023, but do not have a material 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.

NOTES TO THE FINANCIAL STATEMENTS

3.1 Classification of liabilities as current or non-current and Noncurrent liabilities with covenants (Amendments to LKAS 1)

The amendments aims to clarify the requirements on determining whether a liability is current or non-current, and require new disclosures for non-current liabilities that are subject to future covenant. The amendments apply for annual reporting period beginning on or after 1 January 2024.

The amendments in classification of liabilities as current or noncurrent (Amendments to LKAS 01) affect only the presentation of liabilities in the statement of financial position not the amount or timing of recognition of any asset, liability, income or expenses or the information that entities disclose about those item.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

3.2 Supplier finance arrangements (Amendments to LKAS 7 and SLFRS 7)

The amendments introduce new disclosures relating to supplier fiancé arrangements that assist users of the financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and on an entity's exposure to liquidity risk. The amendments apply for annual reports beginning on or after 1 January 2024

3.3 Lease liability in a sale and leaseback (Amendments to SLFRS 16)

The amendment is intended to improve the requirements for sale and leaseback transactions in SLFRS 16. It does not change the accounting for leases unrelated to sale and leaseback transactions. The amendment applies retrospectively to annual reporting periods beginning on or after 1 January 2024.

The amendments are not expected to have a material impact on the Group.

3.4 Lack of exchangeability (Amendment to LKAS 21)

The amendments clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

3.5 General requirements for disclosure of sustainability-related financial information (SLFRS S1) and Climate-related disclosures (SLFRS S2)

In June 2023 the International Sustainability Standards Board (ISSB) released its first two sustainability disclosure standards, IFRS S1 and IFRS S2. During the year, CA Sri Lanka issued the localised standards based on these IFRSs designated as SLFRS S1 SLFRS S2. These standards will become effective for the Group from 1 April 2025. No financial impact is expected on the Group except for additional disclosures.

4. SEGMENT INFORMATION

Accounting policy

Operating 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 workshops.

4.1 Business segment

For the year ended 31 March 2024	Construction LKR	Construction–related material LKR	Property LKR	Automobile LKR	Adjustments & eliminations LKR	Group Total LKR
Revenue						
External customers	10,291,759,430	6,228,570,312	2,825,882,987	2,154,901,656	-	21,501,114,385
Inter-segment	2,342,173,295	853,705,301	113,447,959	18,548,480	(3,327,875,035)	-
Total revenue	12,633,932,725	7,082,275,613	2,939,330,946	2,173,450,136	(3,327,875,035)	21,501,114,385
Segment operating profit	2,784,604,613	1,323,910,989	3,135,111,449	298,708,221	(674,549,182)	6,867,786,089
Net finance income / (cost)	(1,284,438,262)	(768,111,298)	(417,807,344)	(139,109,435)	13,072,676	(2,596,393,663)
Share of results of equity-accounted investees, net of tax (Note 16.2)	-	-	-	-	33,178,401	33,178,401
Income tax expense	(428,584,265)	(168,055,667)	3,188,059,536	(42,436,091)	-	2,548,983,513
Segment profit	1,071,582,086	387,744,023	5,905,363,642	117,162,695	(628,298,106)	6,853,554,339
Capital expenditure	108,600,584	119,422,143	4,617,432,184	111,332,017	(121,289,998)	4,835,496,929
Depreciation and amortisation	675,543,619	273,381,034	57,147,611	111,144,103	16,927,578	1,134,143,944
As at 31 March 2024						
Segment assets	50,899,350,601	5,721,648,436	68,913,593,776	3,877,748,548	(30,880,043,135)	98,532,298,225
Segment liabilities	27,999,763,381	2,562,693,510	32,104,207,898	1,652,042,910	(4,029,450,453)	60,289,257,249

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	53,682,680,475	3,584,463,206	(31,826,172,712)	82,715,853,408
Segment liabilities	29,405,333,005	2,633,035,175	22,268,762,152	1,480,605,695	(5,043,871,960)	50,743,864,066

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 / Construction related material

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

	Group		Company	
For the year ended 31 March	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Roads and highways construction	1,904,553,605	1,477,688,734	1,904,553,605	1,477,688,734
Water and drainage construction	71,070,192	130,089,585	71,070,192	130,089,585
Bridge construction	438,613,337	1,334,513,403	438,613,337	1,334,513,403
Building and other construction	7,637,900,302	6,995,705,659	8,691,321,480	6,695,473,589
Design income	2,505,705	99,150,386	110,265,705	102,150,386
Sale of construction-related material	5,094,792,088	6,352,773,355	5,467,223,121	6,657,357,430
Hiring income	1,295,269,786	681,400,297	1,562,726,360	961,973,578
Fabrication income	75,624,727	175,050,985	77,566,150	197,123,545
Vehicle sales and after sales services	2,154,901,656	1,921,395,757	-	-
Rental income	2,825,882,987	1,396,865,114	-	-
	21,501,114,385	20,564,633,275	18,323,339,950	17,556,370,250

5.1.1 Timing of revenue recognition

	Group		Company	
For the year ended 31 March	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Revenue recognised at a point in time	11,446,471,244	10,527,485,507	7,107,515,631	7,816,454,553
Revenue recognised over time	10,054,643,141	10,037,147,768	11,215,824,319	9,739,915,697
	21,501,114,385	20,564,633,275	18,323,339,950	17,556,370,250

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.

Dividend

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.

Resturent and membership income

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

6.1 Other Income

For the year ended 31 March	Note	Group		Company	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Dividend income from investments in subsidiaries		-	-	601,766,821	1,657,237,732
Rent income		6,210,715	31,573,817	26,500,515	48,298,172
Gain on disposal of property, plant and equipment		161,326,534	75,649,931	113,527,088	31,343,908
Foreign exchange gain		231,109,604	1,118,234,174	217,078,607	1,002,946,531
Sundry income		124,017,333	113,101,892	9,974,146	32,499,429
Parking fee income		4,032,679	-	4,032,679	-
Restaurant and membership income		24,260,660	12,698,720	-	-
		550,957,525	1,351,258,534	972,879,856	2,772,325,772

6.2 Change in fair value of investment property

For the year ended 31 March	Note	Group		Company	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Gain on fair value changes of investment property	13.1	1,114,115,247	3,466,984,624	-	169,091,350
		1,114,115,247	3,466,984,624	-	169,091,350

Accounting policy and detailed note of the investment properties are disclosed on Note no 13

NOTES TO THE FINANCIAL STATEMENTS

7. NET FINANCE INCOME / (COSTS)

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 costs

For the year ended 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Finance income				
Interest income on fixed deposits	67,942,295	341,579,541	45,870,735	269,441,785
Interest income on repurchase agreements	1,030,220	59,611,246	1,030,220	59,025,584
Other interest income	73,547,129	121,862,138	11,582,412	110,090,776
Interest Income on Promissory note	18,631,219	46,389,448	18,631,219	46,389,448
Dividend income on financial assets at fair value through profit or loss	2,670,701	6,235,613	2,670,701	6,235,613
	163,821,564	575,677,986	79,785,287	491,183,206
Interest income on retention receivable	79,334,374	138,127,277	79,334,374	138,127,277
Interest income on staff loans	17,302,560	12,240,370	17,302,560	12,240,370
Interest income on contract liability	130,012,485	167,655,968	130,012,485	167,655,968
Total finance income	390,470,983	893,701,601	306,434,706	809,206,821
Finance costs				
Interest on finance leases	(29,287,250)	(49,966,258)	(10,931,883)	(16,167,380)
Interest on bank overdraft	(51,060,900)	(247,568,515)	(22,988,544)	(212,195,006)
Interest on debenture	(35,098)	(60,493)	(35,098)	(60,493)
Interest on bank loan	(2,479,219,007)	(3,706,615,225)	(1,835,070,366)	(3,428,030,809)
Reversal of Interest Income	(63,207,660)	-	(63,207,660)	-
Interest on related party loan	-	(61,676,389)	-	(53,530,899)
Net change in fair value of financial assets at FVTPL	(98,501,327)	(265,298,814)	(98,501,327)	(265,298,814)
Promissory note discounting expense	-	(65,020,670)	-	(65,020,670)
	(2,721,311,242)	(4,396,206,364)	(2,030,734,878)	(4,040,304,071)
Unwinding of prepaid retention receivable expenses	(79,334,374)	(138,127,277)	(79,334,374)	(138,127,277)
Unwinding of prepaid staff loan expenses	(17,302,560)	(12,240,370)	(17,302,560)	(12,240,370)
Unwinding of significant financing component	(168,916,471)	(210,453,395)	(168,916,471)	(210,453,394)
Total finance costs	(2,986,864,647)	(4,757,027,406)	(2,296,288,283)	(4,401,125,112)
Net finance costs	(2,596,393,664)	(3,863,325,805)	(1,989,853,577)	(3,591,918,291)

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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Auditors' remuneration - statutory audit & related services		13,062,599	12,861,938	4,500,000	3,957,000
Auditors' remuneration - non-audit services		1,129,400	763,005	900,000	700,000
Net change in fair value of financial assets at FVTPL		98,501,327	265,298,814	98,501,327	265,298,814
Write-off/ provision for of trade receivables		96,317,420	151,542,636	26,016,517	136,276,910
Provision for related party receivables		-	-	-	5,081,375
Provision / (reversal) of retention receivables		(5,564,342)	36,862,872	5,143,956	4,251,065
Provision / (reversal) of inventories		(23,683,581)	4,749,774	(2,078,008)	7,512,598
Donation		3,572,093	2,619,306	2,759,093	982,905
Staff expenses	8.1.1	2,459,861,163	2,541,314,317	2,023,342,371	1,841,480,795
CSR expense		91,750	1,810,683	91,750	906,146
Depreciation of property, plant and equipment	11.1/11.2	1,115,932,107	1,235,167,671	869,633,946	970,083,257
Amortisation and impairment of intangible assets	14.1	18,211,837	22,828,883	13,635,480	14,438,659
Amortisation of right-of-use-assets	12.1	101,944,149	109,219,719	7,197,974	9,882,334
Loss on asset write-off		3,310	46,238,186	3,310	518,880

8.1.1 Staff expenses

	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Defined benefit plan costs - Gratuity	27.1	65,992,461	82,073,484	51,379,212	67,318,526
Defined contribution plan costs - EPF		91,291,775	137,003,624	72,761,482	91,827,220
Defined contribution plan costs - ETF		26,127,346	33,875,814	18,186,261	22,966,567
Directors' emoluments and fees	29.1.3.B	89,205,000	93,804,125	71,475,000	41,159,375
Staff cost		2,187,244,581	2,194,557,270	1,809,540,416	1,618,209,107
		2,459,861,163	2,541,314,317	2,023,342,371	1,841,480,795

As at 31 March	Group 2024	Group 2023	Company 2024	Company 2023
Number of employees	1,934	1,751	1,277	1,094

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 2022/23 and 2023/24.

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.

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

For the year ended 31 March	Note	Group		Company	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Current income tax:					
Current income tax charge	9.2	704,675,611	389,432,881	633,861,309	331,906,117
Under provision or (over provision) in prior year		129,486,762	-	48,766,404	-
Deferred tax:					
Relating to origination and reversal of temporary differences	9.4	(3,383,145,886)	973,336,968	(32,808,065)	(40,714,221)
Impact on changes in tax rates		-	578,155,118	-	183,428,264
Income tax expense/(reversal) reported in the Statement of Profit or Loss		(2,548,983,513)	1,940,924,967	649,819,648	474,620,160
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		(35,944,482)	17,591,137	(32,710,071)	14,009,395
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	(35,944,482)	61,318,460	(32,710,071)	54,147,790

The Group income tax reversal mainly due to the deferred tax impact as per the Inland Revenue act number 24 of 2017 refers to a 100% enhanced capital allowance recoverable against the future unrelieved loss of Access Logistic Park Ekala (Private) Limited, a fully owned subsidiary of company.

NOTES TO THE FINANCIAL STATEMENTS

9.2 Reconciliation between accounting profit and current tax expense

For the year ended 31 March	Note	Group		Company	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Accounting profit before tax		4,304,570,826	4,377,272,067	2,194,760,371	1,919,092,995
Aggregate non-deductible expenses		2,555,460,658	2,923,405,468	1,494,240,122	2,396,723,115
Aggregate allowable items		(2,805,529,547)	(2,947,963,454)	(1,031,464,009)	(1,273,595,005)
Current year tax losses not utilized		37,216,981	28,336,533	-	-
Tax losses set-off against the current taxable income (9.2.1)		(901,203,247)	(849,615,121)	-	-
Total statutory income		3,190,515,671	3,531,435,493	2,657,536,484	3,042,221,105
Exempted income		(488,045,601)	(1,696,783,492)	(487,564,088)	(1,696,783,492)
Taxable income		2,702,470,070	1,834,652,001	2,169,972,396	1,345,437,613
Taxable income at 2%		317,624,995	300,598,344	-	-
Taxable income at 14%		-	239,582,936	-	239,582,936
Taxable income at 18%		-	76,140,798	-	76,140,798
Taxable income at 24%		-	430,432,560	-	345,932,349
Taxable income at 30%		2,270,642,340	765,771,908	2,055,769,663	661,656,083
Dividend tax at 14%		-	18,024,375	-	18,024,375
Dividend tax at 15%		114,202,735	4,101,080	114,202,733	4,101,072
		2,702,470,070	1,834,652,001	2,169,972,396	1,345,437,613
Tax @ 2%		6,352,500	6,011,967	-	-
Tax @ 14%		-	33,541,611	-	33,541,611
Tax @ 18%		-	13,705,344	-	13,705,344
Tax @ 24%		-	103,303,814	-	83,023,764
Tax @ 30%		681,192,702	229,731,572	616,730,899	198,496,825
Dividend tax @ 14%		-	2,523,413	-	2,523,412
Dividend tax @ 15%		17,130,409	615,160	17,130,410	615,161
Current income tax charge		704,675,611	389,432,881	633,861,309	331,906,117

9.2.1 Tax loss reconciliation

As at 31st March	Group	
	2024 LKR	2023 LKR
Tax losses brought forward	4,638,662,582	5,400,494,624
Adjustments to tax loss brought forward and tax losses arising during the year	13,748,111,636	87,783,079
Utilization of tax losses	(901,203,247)	(849,615,121)
Tax losses carried forward	17,485,570,971	4,638,662,582

Tax losses mainly generated from Access Logistic Park Ekala (Private) Limited and W U S logistic (Private) Limited,Detailed note of income and deferred tax rates are disclosed on Note No 9.6

9.3 Current tax liabilities / (assets)

As at 31st March	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year		198,025,931	(8,986,164)	221,044,343	41,977,711
Provision made during the year (Note 9.2)		704,675,611	389,432,881	633,861,309	331,906,117
Adjustments for the prior year		129,486,762	-	48,766,404	-
Payments made during the year		(667,549,468)	(181,482,843)	(562,417,577)	(152,322,890)
WHT recoverable		(176,086,309)	(937,943)	(30,729,085)	(516,595)
Balance at the end of the year		188,552,527	198,025,931	310,525,394	221,044,343
Made-up as follows					
Current tax assets		(153,847,647)	(52,426,627)	-	-
Current tax liabilities		342,400,174	250,452,558	310,525,394	221,044,343
		188,552,527	198,025,931	310,525,394	221,044,343

9.4 Deferred tax liabilities / (assets)

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	2,607,321,215	994,870,650	382,723,649	185,861,816
Expense for the year recognized in profit or loss	(3,383,145,886)	1,551,492,086	(32,808,065)	142,714,043
Expense for the year recognized in OCI	(35,944,482)	61,318,460	(32,710,071)	54,147,790
Expense for capitalized during year	-	(359,981)	-	-
Balance at the end of the year	(811,769,153)	2,607,321,215	317,205,513	382,723,649
Made-up as follows				
Deferred tax assets	(4,194,961,691)	(351,274,159)	-	-
Deferred tax liabilities	3,383,192,538	2,958,595,374	317,205,513	382,723,649
	(811,769,153)	2,607,321,215	317,205,513	382,723,649

NOTES TO THE FINANCIAL STATEMENTS

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

As at 31st March	2024		2023	
	Temporary difference LKR	Tax effect on temporary difference LKR	Temporary difference LKR	Tax effect on temporary difference LKR
Group				
Accelerate depreciation for tax purpose	1,226,144,810	367,843,443	1,323,851,483	379,492,621
Revaluation of land and building to fair value	386,325,192	115,897,557	386,325,192	115,897,558
Revaluation of investment property to fair value	14,207,296,325	4,262,188,897	12,518,844,523	3,755,653,357
Leasehold land and buildings (right-of-use-assets)	417,524,811	125,257,444	153,877,089	46,163,127
Provision for impairment of trade & retention receivables	(697,934,366)	(209,380,309)	(637,236,870)	(191,171,061)
Provision for impairment of related party receivable	(5,081,375)	(1,524,413)	(5,081,375)	(1,524,413)
Provision for inventories	(11,636,707)	(3,491,012)	(33,242,290)	(9,972,684)
Defined benefit obligations	(365,111,171)	(109,533,353)	(260,979,068)	(78,630,898)
Lease liabilities	(377,853,717)	(113,356,116)	(116,625,386)	(34,987,616)
Unutilized tax losses	(17,485,570,971)	(5,245,671,291)	(4,638,662,582)	(1,391,598,775)
	(2,705,897,169)	(811,769,153)	8,691,070,716	2,607,321,215
Company				
Accelerate depreciation for tax purpose	950,166,411	285,049,923	1,038,943,809	311,683,142
Revaluation of land and building to fair value	223,990,314	67,197,094	223,990,314	67,197,094
Revaluation of investment property to fair value	614,599,500	184,379,850	614,599,500	184,379,850
Leasehold land and buildings (right-of-use-assets)	226,550,955	67,965,287	203,942,586	61,182,776
Lease liabilities	(117,656,206)	(35,296,862)	(106,724,323)	(32,017,297)
Provision for impairment of trade & retention receivables	(528,432,041)	(158,529,612)	(497,271,568)	(149,181,470)
Provision for impairment of related party receivable	(5,081,375)	(1,524,413)	(5,081,375)	(1,524,413)
Defined benefit obligations	(306,785,839)	(92,035,754)	(196,653,438)	(58,996,033)
	1,057,351,720	317,205,513	1,275,745,505	382,723,649

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 standard rate of 30% has been used for profits of all segments for the year. 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 into with the Board of Investment (BOI) of Sri Lanka, under Section 17 of the BOI Act No. 04 of 1978, Access Realties (Private) Limited 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 transactions 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 01 April 2003.

In accordance with the agreement entered into 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 rate period covering 01 April 2010 to 31 March 2025.

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 1,352,998,468/- as at 31 March 2024 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

According to 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 12 years subject to the condition that over of LKR 2,500 Mn is made in the project within a period of 3 years from the date of 04 April 2013.

Accordingly, the profit arising from the business is exempt from income tax for the period covering 01 April 2017 to 31 March 2029.

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 1,665,159,179/- as at 31 March 2024, 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 provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company is liable for income tax at 30%. Deferred tax asset has not been recognized in the financial statements as at 31 March 2024 because the Board of Directors is of the opinion that the deferred tax asset amounting LKR 100,325,640/- (2022/23 LKR 96,100,439/-) would not be crystalized in the foreseeable future.

As per the provisions of new Inland Revenue Act No.24 of 2017 and amendments thereto, the standard rate for corporate tax of ARL Elevate (Private) Limited is 30%.

Sathosa Motors PLC and its Subsidiary

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 standard rate of 30% has been used for profits of all segments for the year. The Rate of 30% has been used for Deferred Tax.

Sathosa Motors PLC has recognized LKR 26 Mn as a deferred tax asset on the deductible temporary differences arising from tax defined benefit obligations, obsolete stocks, debtor impairment and right of use assets.

Access Projects (Private) Limited

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 standard rate of 30% has been used for profits of all segments for the year. The Rate of 30% has been used for Deferred Tax..

Access Projects (Private) Limited has recognised a LKR. 56,179,943/- as a deferred tax asset on the deductible temporary arising from the tax losses, tax defined benefit obligations, obsolete stocks, debtor impairment and right of use assets.

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 2024.

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.

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) ,Accordingly, income tax rates standard rate of 30% has been used for profits of all segments for the year. The Rate of 30% has been used for Deferred Tax.

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.

NOTES TO THE FINANCIAL STATEMENTS

WUS Logistics (Private) Limited

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 standard rate of 30% has been used for profits of all segments for the year. The Rate of 30% has been used for Deferred Tax.

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% enhanced capital allowance and any unrelieved losses can be deducted when computing income from business for ten(10) succeeding years.

The Company has recognized unutilized tax loss amounting of LKR 4,332,782,223/= as at 31 March 2024 mainly due to the enhanced capital allowance claimed in computing assessable income.

Lanka AAC (Private) Limited

"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 standard rate of 30% has been used for profits of all segments for the year. The rate of 30% has been used for Deferred Tax.

Access Logistics (Private) Limited

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 standard rate of 30% has been used for profits of all segments for the year. The Rate of 30% has been used for Deferred Tax.

Access Logistics Park Ekala (Private) Limited

"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 standard rate of 30% has been used for profits of all segments for the year. The Rate of 30% has been used for Deferred Tax.

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.

The Company has recognized unutilized tax loss amounting of LKR 12,801,954,313/= as at 31 March 2024 mainly due to the enhanced capital allowance of claimed in computing assessable income.

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	2024	2023	2024	2023
Profit attributable to ordinary equity holders of the parent (LKR)	6,860,884,579	2,481,965,080	1,544,940,723	1,444,472,835
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)	6.86	2.48	1.54	1.44

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.

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	15 - 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.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of beginning and ending balances by classes of assets

11.1 Group

	Freehold				
	Land LKR	Building LKR	Plant and machinery LKR	Motor vehicles LKR	Office equipment LKR
Cost or Valuation					
Balance at 01 April 2022	589,643,210	744,434,233	6,976,728,139	1,639,840,097	748,702,748
Additions/Transfers	-	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
Additions/Transfers	-	-	190,545,960	-	13,293,686
Disposals/derecognitions and adjustments	-	-	(82,310,180)	(116,943,509)	(3,561,590)
Balance at 31 March 2024	787,393,210	746,459,733	7,189,247,372	1,503,278,160	796,274,036
Accumulated Depreciation and Impairment Losses					
Balance at 01 April 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/derecognition	-	-	(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
Depreciation charge for the year	-	53,616,929	487,702,971	138,461,629	78,097,039
Disposals/derecognitions and adjustments	-	-	(82,310,039)	(102,351,747)	(3,225,737)
Transfers (from revaluation adjustment)	-	-	-	-	-
Balance at 31 March 2024	-	209,055,358	5,319,612,737	1,069,047,954	711,950,782
Carrying value					
At 31 March 2024	787,393,210	537,404,375	1,869,634,635	434,230,206	84,323,254
At 31 March 2023	787,393,210	591,021,304	2,166,791,787	587,283,597	149,462,460

The Group property, plant and equipment with a cost of LKR. 5,720 Mn (2023 - LKR. 5,243 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 2023/24 (2022/23-Nil).

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

				Leasehold			
	Furniture and fittings	Tools	Other construction equipment	Building	Motor Vehicles	Capital work-in-progress	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
	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
	7,526,775	41,956,149	-	1,295,179,767	10,839,900	73,438,764	1,632,781,001
	(1,328,952)	(2,990,288)	(7,120,613)	-	(4,000,000)	-	(218,255,132)
	519,917,640	1,240,550,129	772,356,094	1,955,481,839	10,839,900	188,095,287	15,709,893,400
	338,084,584	870,595,132	328,388,478	284,771,182	1,733,336	-	7,917,191,895
	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	-	8,725,619,487
	52,192,424	128,593,141	104,390,114	70,819,606	2,058,254	-	1,115,932,107
	(1,142,499)	(2,731,244)	(3,412,838)	-	(3,266,670)	-	(198,440,774)
	-	-	-	-	-	-	-
	434,477,435	1,107,695,454	500,357,175	289,589,001	1,324,924	-	9,643,110,820
	85,440,205	132,854,675	271,998,919	1,665,892,838	9,514,976	188,095,287	6,066,782,580
	130,292,307	219,750,711	380,096,808	441,532,677	1,466,660	114,656,523	5,569,748,043

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 2024. 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 2022	236,000,000	94,912,243	6,167,113,718	1,433,686,717	532,532,416
Additions / Transfers	-	-	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
Additions / Transfers	-	-	124,007,888	-	4,326,679
Disposals / Derecognition	-	-	(82,310,180)	(59,354,000)	(1,929,990)
Balance at 31 March 2024	294,000,000	94,912,243	6,358,174,523	1,374,131,617	533,057,922
Accumulated Depreciation and Impairment Losses					
Balance at 01 April 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
Depreciation charge for the year	-	11,108,951	410,809,262	125,581,834	53,723,437
Disposals / derecognition	-	-	(82,310,039)	(58,825,231)	(1,926,907)
Balance at 31 March 2024	-	23,389,413	4,868,090,291	958,522,935	500,969,440
Carrying value					
At 31 March 2024	294,000,000	71,522,830	1,490,084,232	415,608,682	32,088,482
At 31 March 2023	294,000,000	82,631,781	1,776,885,747	541,719,285	81,488,323

Company property, plant and equipment with a cost of LKR. 5,070 Mn (2023- LKR. 4,711 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.

Leashold building

Leashold building represents the value of building of the company in a leasehold land of UDA for 30 years period.

Furniture and fittings	Tools	Other construction equipment	Leasehold Building	Total
LKR	LKR	LKR	LKR	LKR
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
2,304,884	37,510,081	-	1,283,965,558	1,452,115,090
(515,267)	(2,295,119)	(3,412,860)	-	(149,817,416)
178,169,625	1,126,321,688	772,356,094	1,283,965,558	12,015,089,270
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
13,494,033	116,134,380	104,390,114	34,391,935	869,633,946
(515,224)	(2,295,085)	(3,412,838)	-	(149,285,324)
171,774,445	1,028,214,932	498,704,919	34,391,935	8,084,058,310
6,395,180	98,106,756	273,651,175	1,249,573,623	3,931,030,960
17,584,372	176,731,089	378,041,311	-	3,349,081,908

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)

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.

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.

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 2024 and 2023.

NOTES TO THE FINANCIAL STATEMENTS

12.1 Right-of-use-assets

As at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance at the beginning of the year	2,847,657,112	2,841,371,492	215,939,209	126,857,338
Additions	38,029,870	122,944,881	-	89,081,871
Disposal of prepaid lease rental	-	(116,659,261)	-	-
Balance at the end of the year	2,885,686,982	2,847,657,112	215,939,209	215,939,209
Accumulated depreciation				
Balance at the beginning of the year	173,014,403	104,625,425	11,996,623	2,114,289
Amortisation expense	101,944,149	109,219,719	7,197,974	9,882,334
Amortisation of disposal of prepaid lease rental	-	(40,830,741)	-	-
Balance at the end of the year	274,958,552	173,014,403	19,194,597	11,996,623
Carrying value				
As at 31 March	2,610,728,430	2,674,642,709	196,744,612	203,942,586

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 hold land of UDA for 30 years period. The construction of car park has been completed and operated from July 2023. In addition to the building on leasehold land at right of use assets Prepayment transfer to the property plant & equipment amounting of LKR 1,283,965,558/=.

As at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance at the beginning of the year	1,237,084,632	444,264,831	1,237,084,632	444,264,831
Additions	55,898,230	792,819,801	55,898,230	792,819,801
Transfer to Building on lease hold land	(1,283,965,558)	-	(1,283,965,558)	-
Balance at the end of the year	9,017,304	1,237,084,632	9,017,304	1,237,084,632

12.2 Lease liabilities

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	263,713,174	262,661,779	106,724,323	1,846,047
Additions during the year	38,029,870	122,944,882	-	89,081,871
Adjustment/ Cancellation and Termination	-	(100,802,032)	-	5,952,723
Interest expense	29,644,362	34,757,618	10,931,883	10,127,682
Payments made during the year	(64,089,733)	(55,849,073)	-	(284,000)
Balance at the end of the Year	267,297,673	263,713,174	117,656,206	106,724,323
Interest in Suspense	(42,064)	(172,544)	-	-
Balance at the end of the Year	267,255,609	263,540,630	117,656,206	106,724,323
Payable within one year	89,043,717	41,325,560	8,732,440	6,662,782
Payable after one year	178,211,892	222,215,070	108,923,766	100,061,541
Balance at the end of the Year	267,255,609	263,540,630	117,656,206	106,724,323

12.3 Maturity analysis - contractual undiscounted cash flows

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Within the next 12 months	107,801,699	81,351,339	19,665,880	7,923,152
Between 1 and 2 years	106,759,640	86,268,680	11,742,728	11,742,728
Between 2 and 3 years	56,451,188	87,787,440	11,742,728	11,742,728
Between 3 and 4 years	52,310,836	70,967,335	11,742,728	11,742,728
Between 4 and 5 years	42,648,711	43,632,716	11,742,728	11,742,728
Beyond 5 years	288,543,520	331,532,967	262,159,592	273,902,320
	654,515,594	701,540,477	328,796,384	328,796,384

12.4 Amounts recognised in profit or loss on SLFRS 16 - Leases

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
2023/24 Lease under SLFRS 16				
Amortisation of right-of-use assets	101,944,149	109,219,719	7,197,974	9,882,334
Interest expense on lease liabilities	29,602,298	34,585,074	10,931,883	16,167,380

NOTES TO THE FINANCIAL STATEMENTS

12.5 Amounts recognized in cash flows for 2023/24 on SLFRS - Leases

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Payment of lease liabilities	(64,089,733)	(55,849,073)	-	(284,000)

There were no right of use assets pledge by the Group and Company as security for facilities obtained from the Banks.

13 INVESTMENT PROPERTY

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 property

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the Year	21,307,743,685	17,831,487,464	1,195,500,000	1,026,408,650
Additions/ Acquisitions	64,246,024	9,271,597		
Transfer from investment property- Work-in-progress (Note 13.3)	13,876,470,602	-	-	-
Gain on fair value changes	1,114,115,247	3,466,984,624	-	169,091,350
Balance at the end of the year	36,362,575,558	21,307,743,685	1,195,500,000	1,195,500,000
Rental income derived from investment property	2,760,480,141	994,372,853	18,456,300	16,778,454
Direct operating expenses (including repair and maintenance) generating rental income	409,193,118	165,563,984	-	-

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 2024.

Description of valuation techniques used and key inputs to valuation of investment properties;

					Significant unobservable inputs				
Location	Extent	Method of valuation	Freehold Building Square Feet	Estimated price per perch LKR	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	LKR 8,000	1	465	-	Positive
Land depicted at No.267, Dehiwala Road, Maharagama.	3 R and 1 P	Open market value method	-	2,500,000	-	-	300	-	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	Contractor method	216,718	10,000,000 16,000,000	LKR 6,000 LKR 11,000	1	5,000	758	Positive
Access Realties 2 (Private) Limited									
30 Stories Buildings at No 116, 118, 264/5 and 278/4 Dawson street, Colombo 2	-	Investment method	404,403	12,500,000	LKR 18,000	1	7,350	311	Positive
Sathosa Motors PLC									
Land depicted at No. 86, Vauxhall Street, Colombo 02	2 R 3.07 P	Contractor method	4,043	11,000,000	LKR 4,000	1	925	45	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	Open market value method	625,293	250,000	LKR 4,500 LKR 15,000	1	9,275	-	Positive
	27.45 P			450,000					
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.

Contractor method

The replacement cost (Contractor's) method is used to value properties which do not generally exchange on the open market and for which comparable evidence therefore does not exist. The valuations are based on two components: the depreciated cost of the building element and the market value of the land. Current building costs and often the land price will be established by comparison.

NOTES TO THE FINANCIAL STATEMENTS

13.3 Investment property - Work-in-progress

As at 31 March	Group	
	2024 LKR	2023 LKR
Balance at the beginning of the year	11,720,990,970	1,768,828,208
Additions	4,418,837,859	9,952,162,762
Transfer to Investment property	(13,876,470,602)	-
Balance at the end of the year	2,263,358,227	11,720,990,970

Investment properties work-in-progress consists development at No.250, Srimath Ramanathan Mawatha, Kotahena, Colombo 15 by Harbour Village (Private) Limited.

Investment property - work-in-progress amounting of LKR 13,870,470,602/= for Access Logistic Park Ekala (Private) Limited has been transferred to Investment property during the year.

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

IIntangible 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

Net carrying value of goodwill

Goodwill arising on business combinations have been allocated to the following cash generating units (CGU's) for impairment testing.

As at	31.03.2024	31.03.2023
Sathosa Motors PLC	432,588,101	432,588,101
Harbour Village (Private) Limited	90,394,715	90,394,715
Lanka Acc (Private Limited	2,413,066	2,413,066
	525,395,882	525,395,882

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;

As at	31.03.2024	
	Business growth rate	Discount rate
Sathosa Motors PLC	4.92%	13.4%
Harbour Village (Private) Limited	-	13.58%
Lanka Acc (Private) Limited	5%	12%

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.

Asset category	Business Growth rate decrese by`	Discount rate increase by
Sathosa Motors PLC	6.87%	11.9%
Harbour Village (Private Limited	-	1.64%
Lanka Acc (Private Limited	3.15%	3.47%

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 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
Additions		3,597,604	-	3,597,604	-	-
At 31 March 2024		205,771,872	1,182,012,008	1,387,783,880	142,017,832	142,017,832
Accumulated amortisation and impairment losses						
At 1 April 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
Amortisation		18,211,837	-	18,211,837	13,635,480	13,635,480
At 31 March 2024		167,452,203	656,616,126	824,068,329	112,065,157	112,065,157
Carrying value						
At 31 March 2024		38,319,669	525,395,882	563,715,551	29,952,675	29,952,675
At 31 March 2023		52,933,902	525,395,882	578,329,784	43,588,155	43,588,155

Software in intangible assets mainly consists of the SAP Enterprise Resource Planning system software and SAP user license acquired by the Compan

Intangible assets with a cost of LKR 123 Mn (2023 - LKR. 19 Mn) and LKR 81 Mn (2023 - 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 (2023 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT 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	2024 LKR	2023 LKR
Investment in subsidiaries - quoted (Note 15.2)		1,196,572,767	1,196,572,767
Investment in subsidiaries - unquoted (Note 15.3)		25,514,835,731	25,576,351,046
		26,711,408,498	26,772,923,813

15.2 Quoted Investments

	Company						
		2024			2023		
	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				1,018,749,000			762,788,314

15.3 Unquoted Investments

	Company						
		2024			2023		
	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	12,296,416	100	122,964,160
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	826,072,840	100	8,260,728,400	826,072,840	100	8,260,728,400
AEL East Africa Limited	Kenya	1,000	100	255,558	1,000	100	255,558
				26,185,448,838			26,185,448,838
Less :Provision for impairement in value of Investment in subsidiaries (Note15.4)				(670,613,107)			(609,097,792)
Carrying value of unquoted Investments				25,514,835,731			25,576,351,046

15.4 Movement in provision for impairment of investments in subsidiaries

For the year	Note	2023/24	2022/23
Balance as at 01 April	15.6	609,097,792	-
Impairment made during the year	15.5	61,515,315	609,097,792
Balance as at 31 March		670,613,107	609,097,792

15.5 Provision for impairement 2023/24

In during the year an impairment assessment was carried out as at 31 March 2024 and it was noted that amount of LKR 61,515,315/= further impaired of Access Projects (Private) Limite

15.6 Provision for impairement 2022/23

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 investements 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.

in equity accounted investees are carried at cost less any accumulated impairment losses.

16.1 Carrying amount of interest in equity-accounted investees

			Group		Company	
	Number of shares	Effective holding %	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Investment in joint venture						
Blue Star Realties (Private) Limited	60,150,000	60	79,384,429	726,116,546	60,000,000	600,000,000
Investment in an associate						
ZPMC Lanka Company (Private) Limited	5,546,544	30	337,359,780	245,395,424	55,465,410	55,465,410
South Asia Commercial & Logistics Hub Limited (Note 16.4.2)	5,571,444	15	1,762,634,046	-	1,762,634,046	-
			2,179,378,255	971,511,970	1,878,099,456	655,465,410

NOTES TO THE FINANCIAL STATEMENTS

16.1.1 Reconciliation of carrying amount of interest in equity-accounted investees

As at 31st March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
At the beginning of the year	971,511,970	2,245,154,983	655,465,410	1,255,465,410
Add/ (Less) - Group's share of results of equity-accounted investees, net of tax	33,178,401	406,927,909	-	-
Divestment in join venture	(540,000,000)	(600,000,000)	(540,000,000)	(600,000,000)
Investment in an associate	1,762,634,046	-	1,762,634,046	-
Goodwill Impairment	(45,795,592)	-	-	-
Prior year adjustment	(2,150,570)	-	-	-
Dividends received from joint venture	-	(1,079,461,612)	-	-
Carrying amount of interest in equity accounted investees	2,179,378,255	971,511,970	1,878,099,456	655,465,410

16.2 Group's share of total comprehensive income

For the year ended 31st March	2024 LKR	2023 LKR
Joint venture	(58,785,956)	334,292,401
Associate	91,964,357	72,635,508
	33,178,401	406,927,909

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 2024.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. In the year 2022/23, AEL received a sum of LKR 600,000,000/= and during year 23/24 received a sum of LKR 540,000,000/= as capital reduction. Cumulative value of the investment is LKR. 60,000,000/= as at 31 March 2024. 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:

	2024 LKR	2023 LKR
Non-current assets	2,227,330	5,531,428
Current assets	300,025,073	1,585,213,477
Non-current liabilities	(92,179,245)	(164,023,410)
Current liabilities	(77,699,786)	(294,972,662)
Net assets (100%)	132,373,372	1,131,748,833
Group's share of net assets	79,384,429	680,320,954
Goodwill	-	45,795,592
Carrying amount of interest in joint venture	79,384,429	726,116,546
Revenue	-	2,137,016,791
Total comprehensive income	(98,025,460)	557,431,885
Group's share of total comprehensive income	(58,785,956)	334,292,401
Dividends received by the Group	-	1,079,461,612

The joint venture had no material contingent liabilities or capital commitments as at 31 March 2023 or as at 31 March 2024.

16.4 Investment in an associate

16.4.1 ZPMC Lanka Company (Private) Limited

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:

	2024 LKR	2023 LKR
Non-current assets	30,318,149	34,260,782
Current assets	1,715,912,933	1,332,571,977
Non-current liabilities	(32,935,797)	(19,737,518)
Current liabilities	(590,527,903)	(530,394,516)
Net assets	1,122,767,382	816,700,725
Group's share of net assets	337,359,780	245,395,424
Carrying amount of interest in associate	337,359,780	245,395,424
Revenue	1,545,746,818	1,544,495,560
Total Comprehensive Income	306,066,658	241,738,297
Group's share of total comprehensive income	91,964,357	72,635,508

There were no dividends received from the associate during 2023/24 (2022/23 - Nil).

The associate had no material contingent liabilities or capital commitments as at 31 March 2023 or as at 31 March 2024.

16.4.2 South Asia Commercial and Logistics Hub Limited

South Asia Commercial and Logistic Hub Limited a private limited liability company formed with the agreed share holding 70% of Fortune Centre Group Limited, 15% of Sri Lanka Port Authority and 15% of Access Engineering PLC under the BOT agreement.

The purpose of the BOT agreement is to Finance, design, construct, develop, operate, manage and maintain South Asia Commercial and Logistic hub.

The Company has invested LKR 1,762,634,046/- during the year as a part of 15% stake in the company. Further the company has not started operations yet.

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	2024 Group / Company		2023 Group / Company	
	Total Cost LKR	Carrying amount LKR	Total Cost LKR	Carrying amount LKR
Non-listed equity investment				
Access CHEC JV (Private) Limited	510,000	1,436,066	510,000	510,000
Carrying amount as at 31 March	510,000	1,436,066	510,000	510,000

No Strategic investments were disposed of during 2023/24 , 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 (Group) 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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Inventories		3,483,630,027	3,735,351,184	2,482,973,049	2,634,408,324
Work in Progress		16,818,497,474	12,187,486,326	450,028,103	221,817,364
Goods In Transit		71,713,605	78,649,080	-	-
Provision for inventories (Note 18.1.1)	18.1.1	(32,551,244)	(56,234,825)	(9,364,693)	(11,442,701)
		20,341,289,862	15,945,251,765	2,923,636,459	2,844,782,987

18.1.1 Movement in provision for inventories

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	56,234,825	51,485,051	11,442,701	3,930,103
Provision for/ (Reversal of) inventory provision	(23,683,581)	4,749,774	(2,078,008)	7,512,598
Balance at the end of the year	32,551,244	56,234,825	9,364,693	11,442,701

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	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Trade receivables (Note 19.2)	9,095,289,400	9,288,542,651	7,690,034,384	7,657,330,128
Other receivables (Note 19.3)	4,659,244,587	3,253,960,053	297,027,711	229,417,647
Advance and prepayments (Note 19.4)	1,983,979,621	3,015,989,134	1,523,733,986	1,299,389,863
Contract assets (Note 19.5)	55,852,471	28,938,306	55,852,471	28,938,306
	15,794,366,079	15,587,430,144	9,566,648,552	9,215,075,944

19.2 Trade receivables

As at 31st March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Trade Receivables	9,703,136,303	9,830,158,344	8,161,205,640	8,102,484,867
Less: Provision for impairment of trade receivables (Note 19.2.1)	(607,846,903)	(541,615,693)	(471,171,256)	(445,154,739)
	9,095,289,400	9,288,542,651	7,690,034,384	7,657,330,128

NOTES TO THE FINANCIAL STATEMENTS

19.2.1 Movement in Provision for impairment of trade receivables

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	541,615,693	390,580,604	445,154,739	309,196,919
Net provision for impairment of trade receivables	66,231,210	151,035,089	26,016,517	135,957,820
Balance at the end of the year	607,846,903	541,615,693	471,171,256	445,154,739

19.3 Other receivables

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Other tax receivables	266,994,160	171,404,163	72,703,876	4,786,158
Others	4,392,250,427	3,082,555,890	224,323,835	224,631,489
	4,659,244,587	3,253,960,053	297,027,711	229,417,647

19.4 Advances and prepayments

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Deposits and prepayments	122,482,463	126,838,465	60,219,170	57,486,030
Advances	1,724,974,066	2,775,009,580	1,357,061,100	1,157,526,122
Refundable deposit	136,523,092	114,141,089	106,453,716	84,377,712
	1,983,979,621	3,015,989,134	1,523,733,986	1,299,389,864

19.5 Contract assets

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	28,938,306	40,870,713	28,938,306	40,870,713
Adjustments for the year	42,102,878	(4,952,071)	42,102,878	(4,952,071)
Amount recognised at cost	(15,188,713)	(6,980,336)	(15,188,713)	(6,980,336)
Balance at the end of the year	55,852,471	28,938,306	55,852,471	28,938,306

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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Retention receivable (Note 20.1)		2,183,700,058	2,244,443,291	1,890,598,196	2,049,881,734
Staff loans		142,794,371	130,324,340	133,356,352	120,071,558
Prepaid retention receivable expenses		560,830,540	810,844,182	560,830,540	703,252,557
Prepaid staff loan expenses		33,429,137	34,587,971	33,429,137	34,587,971
Total other current financial assets		2,920,754,106	3,220,199,784	2,618,214,225	2,907,793,820

20.1 Retention receivable

As at 31 March	Note	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Retention receivable		2,273,756,893	2,340,064,468	1,947,858,981	2,101,998,563
Less: Provision for impairment of retention receivables (Note 20.1.1)		(90,056,835)	(95,621,177)	(57,260,785)	(52,116,829)
		2,183,700,058	2,244,443,291	1,890,598,196	2,049,881,734

20.1.1 Movement in Provision for impairment of retention receivable

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	95,621,177	58,758,305	52,116,829	47,865,764
Net provision for / (reversal of) impairment of retention receivables	(5,564,342)	36,862,872	5,143,956	4,251,065
Balance at the end of the year	90,056,835	95,621,177	57,260,785	52,116,829

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 31 March	2024		2023	
	Number of shares	Market Value LKR	Number of shares	Market Value LKR
Group / Company				
Quoted investments				
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
LOLC Holdings PLC	-	-	10,609	3,978,375
Lanka IOC PLC	-	-	125,000	21,437,500
The Fortress Resorts PLC	-	-	716,824	15,770,128
Bairaha Farms PLC	4,200	726,600	24,000	3,480,000
Peoples Leasing & Finance PLC	45,234	497,574	45,234	357,349
People's Merchant Finance PLC	100	47,000	100	520
First Capital Holdings PLC	60,000	2,064,000	206,500	6,566,700
Lankem Ceylon PLC	22,000	1,496,000	252,500	19,114,250
Lankem Developments PLC	1,306,000	22,071,400	1,487,121	37,178,007
Maskeliya Plantations PLC	56,046	1,793,453	200,000	7,300,000
Watawala Plantations PLC	15,000	1,330,500	15,000	1,117,500
Capital Alliance PLC	30,000	1,590,000	-	-
Tokyo Cement Campany (Lanka) PLC	450,000	23,175,000	-	-
Total	1,988,580	54,791,527	4,892,770	151,027,060

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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Fixed deposits	1,416,886,032	2,569,299,538	-	1,693,917,249
	1,416,886,032	2,569,299,538	-	1,693,917,249

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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Cash at bank	3,406,946,901	679,071,840	1,641,170,746	129,422,998
Cash in hand	52,076,326	17,072,194	20,848,126	8,066,719
Cash and cash equivalents in the Statement of Financial Position	3,459,023,227	696,144,034	1,662,018,872	137,489,717
Bank overdraft	(201,888,879)	(1,761,142,207)	-	(1,553,000,662)
Cash and cash equivalents for the purpose of Statement of Cash Flows	3,257,134,348	(1,064,998,173)	1,662,018,872	(1,415,510,945)

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)

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

	2024		2023	
	Number of shares	Value of shares LKR	Number of shares	Value of shares LKR
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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
At the beginning of the year	815,586,406	576,619,466	329,293,246	250,274,113
Revaluation reserve	-	237,691,252	-	79,019,133
Foreign currency translation reserve	457,051	1,275,688	-	-
At the end of the Year	816,043,457	815,586,406	329,293,246	329,293,246

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	
	2024 LKR	2023 LKR
Dividends on ordinary shares:		
Final dividend (2021/22)	-	750,000,000
Interim dividend (2023/24)	500,000,000	-
Total dividends	500,000,000	750,000,000
Dividend per share	0.50	0.75

Second interim dividend of LKR 1,000Mn for the financial year 2023/24 has been declared on 8 August 2024 and will be paid on 5 September 2024. (Note 31 - events after the reporting period on page 264)

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	
	2024 LKR	2023 LKR
Balance at the beginning of the year	4,826,544	5,045,931
Amortisation	(219,381)	(219,387)
Balance at the end of the year	4,607,163	4,826,544

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	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Current portion of loans and borrowings					
Debentures	26.1	-	561,857	-	561,857
Term loan	26.2	4,228,304,414	3,451,616,554	2,338,024,239	2,546,686,549
		4,228,304,414	3,452,178,411	2,338,024,239	2,547,248,406
Non current portion of loans and borrowings					
Debentures	26.1	-	-	-	-
Term loan	26.2	17,029,620,101	12,786,649,626	11,653,746,000	12,692,992,379
		17,029,620,101	12,786,649,626	11,653,746,000	12,692,992,379

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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance at the beginning of the year	561,857	560,000	561,857	560,000
Repayments during the year	(561,857)	(20,000)	(561,857)	(20,000)
Balance at the end of the year	-	540,000	-	540,000
Interest payable	-	21,857	-	21,857
Carrying value as at the end of the year	-	561,857	-	561,857
Debenture payable within one year	-	561,857	-	561,857
Debenture payable after one year	-	-	-	-
	-	561,857	-	561,857

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. In addition to Type 04 of the debenture has been fully paid on April 2023. (Early settlement approved on extraordinary general meeting held on 10 March 2023).

Debt security related ratios

For the year ended / as at 31 March	Company	
	2024	2023
Debt to equity ratio (%)	55	62
Quick assets ratio (times)	1.06	1.09
Interest cover (times)	2.10	1.49

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 loans

As at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance at the beginning of the Year	16,238,266,180	23,046,292,005	15,239,678,928	21,761,878,248
Obtained during the year	36,456,849,678	14,991,946,368	26,652,733,011	13,501,923,826
Repayment during the year	(31,437,191,343)	(21,799,972,193)	(27,900,641,700)	(20,024,123,146)
Balance at the end of the Year	21,257,924,515	16,238,266,180	13,991,770,239	15,239,678,928
Loan payable within one year	4,228,304,414	3,451,616,554	2,338,024,239	2,546,686,549
Loan payable after one year	17,029,620,101	12,786,649,626	11,653,746,000	12,692,992,379
	21,257,924,515	16,238,266,180	13,991,770,239	15,239,678,928

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	Loan value LKR Mn.	2024 LKR Mn.	2023 LKR Mn.
Company							
Access Engineering PLC	Seylan Bank Limited	Short term loans	Monthly Re- Price	12 Months	875	1,505.65	-
		Long term loans	Fixed rate	48 Months	3,500	2,009.02	3,107.77
	National Development Bank	Long term loans	Fixed rate -Unsecured	48 Months	1,000	-	466
	Commercial Bank of Ceylon PLC	Short term loans	Monthly Re - Price - Unsecured	12 Months	1,600	-	72.43
		Long term loans	Fixed rate - Unsecured	48 Months	5,300	5,275.12	7,122.36
	Bank of Ceylon	Short term loans	Monthly Re- Price	12 Months	1,940	773.96	1,309.10
		Long term loans	Fixed rate	36 Months	3,600	1,456.92	183.82
	Hatton National Bank PLC	Short term loans	Weekly AWPLR	12 Months	275	-	4.55
		Long term loans		48 Months	1,700	-	1,812.61
	People's Bank	Long term loans	Monthly Re - Price - Unsecured	48 Months	3,000	2,971.11	-
	Nations Trust Bank	Short term loans	AWPLR +.25%	12 Months	500	-	405.85
	Sampath Bank	Short term loans	Mothly AWPLR	12 Months	1,075	-	501.36
	Cargills Bank	Short term loans	Mothly AWPLR	12 Months	500	-	253.37
Group							
Access Projects (Private) Limited	Commercial Bank of Ceylon PLC	Bank loan	AWPLR plus margin Unsecured	60 Months	200	127.01	170.07
		Bank loan	AWPLR plus margin Unsecured	03 Months	401.7	29.06	49.80
		Bank loan	Fixed rate Unsecured	36 Months	12	8.60	2.33
	Seylan Bank PLC	Short term loans	AWPLR plus margin Unsecured	12 Months	100	100	
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	525	525	680.00
		Term Loan	AWPLR + 9%	60 Month	100.00	54.99	75.00
		Term Loan	Interest free	60 Month	150	125	-
	Seylan Bank PLC	Revolving short term loans	Market rate over AWPLR	03 Month	300	300	-
Lanka AAC (Private) Limited	Sampath Bank PLC	Long term loans	Fixed Rate	60 Months	72	4.37	11.24
		Long term loans	Fixed Rate	24 Months	13.71	-	0.16
	Bank of Ceylon	Long term loans	Fixed Rate	60 Months	25	25	-
		Long term loans	Fixed Rate	24 Months	25	17	0.16
Access Logistic park Ekala (Private Limited	Commercial Bank of Ceylon PLC	Long term loans	Fixed Rate	60 Months	4,500	4,320	-
		Long term loans (USD 6,000 Mn)		60 Months	1,800	1,630	-

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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Balance at the beginning of the year	260,979,068	323,511,702	196,653,438	242,663,826
Current service cost	25,742,073	33,219,839	16,964,829	29,705,633
Interest cost	40,250,388	48,853,645	34,414,383	37,612,893
Actuarial losses / (gain)	119,830,303	(58,637,124)	109,033,571	(46,697,984)
	446,801,832	346,948,062	357,066,221	263,284,368
Less: Payments made during the year	(80,534,722)	(85,968,994)	(50,280,381)	(66,630,930)
Balance at the end of the year	366,267,110	260,979,068	306,785,840	196,653,438

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		Company	
		2024 LKR	2023 LKR	2024 LKR	2023 LKR
Current service cost		25,742,073	33,219,839	16,964,829	29,705,633
Interest cost		40,250,388	48,853,645	34,414,383	37,612,893
Expense Recognised in Statement of Profit or Loss	27.1.1	65,992,461	82,073,484	51,379,212	67,318,526
Actuarial (gain)/ losses recognised in other comprehensive income		119,830,303	(58,637,124)	109,033,571	(46,697,984)
Total provision for the year		185,822,764	23,436,360	160,412,783	20,620,542

The actuarial present value of the Group's and Company's promised retirement benefits as at 31st March 2024 amounted to LKR 366,267,110/= and LKR 306,785,840/= respectively.

27.1.1 Expenses recognised in Statement of Profit or Loss

As at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Cost of sales	38,527,615	45,067,228	36,630,010	48,335,561
Administrative expenses	27,464,846	37,006,256	14,749,202	18,982,965
	65,992,461	82,073,484	51,379,212	67,318,526

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 2024 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:

	2024	2023
Discount rate (%)	12.24	17.5
Expected annual average salary increment rate (%)	9.00	9.00
Attrition rate (%)	5	5
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 12.24% p.a (2022/23-17.5% p.a) to discount future liabilities.

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 2024 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:

	2024	2023
Discount rate (%)	11% - 13%	17% - 20%
Expected annual average salary increment rate (%)	8% - 12%	8% - 12%
Attrition rate (%)	12% - 32%	12% - 46%
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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Effect on the defined benefit obligation liability;				
Increase by one percentage point in discount rate	(22,945,787)	18,141,636	(20,855,708)	(10,563,082)
Decrease by one percentage point in discount rate	25,578,708	46,198,004	23,700,798	11,768,062
Increase by one percentage point in salary increment rate	27,672,037	46,229,273	24,216,472	12,618,956
Decrease by one percentage point in salary increment rate	(24,946,171)	17,313,045	(21,622,837)	(11,440,035)

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	
	2024 LKR	2023 LKR
Within the next 12 months (next annual reporting period)	25,928,298	23,963,487
Between 1 and 2 years	22,722,806	19,676,229
Between 3 and 5 years	84,484,086	72,523,771
Between 6 and 10 years	220,494,808	195,810,387
Total expected payments	353,629,998	311,973,874
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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Trade creditors		10,062,063,559	6,916,658,335	6,235,490,685	6,227,734,533
Other tax payable		45,791,076	16,208,049	-	-
Accrued expenses		1,527,626,096	3,641,339,834	896,159,618	908,010,217
Mobilization advance		5,524,522,659	4,018,822,706	5,244,304,090	3,012,758,061
Advances received		14,656,401,406	12,518,079,433	455,833,192	1,175,174,466
Retention payable		624,582,347	924,825,707	429,919,556	474,603,501
Security deposit		1,279,683,352	521,211,540	-	-
Contract liabilities	28.1	340,484,780	313,211,395	340,484,780	313,211,395
		34,061,155,275	28,870,356,999	13,602,191,921	12,111,492,173

28.1 Contract liabilities

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Balance at the beginning of the year	313,211,395	271,710,514	313,211,395	271,710,514
During the year addition	47,907,935	167,655,968	47,907,935	167,655,968
Recognised in profit or loss during the year	(20,634,550)	(126,155,087)	(20,634,550)	(126,155,087)
Balance at the end of the year	340,484,780	313,211,395	340,484,780	313,211,395

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.

29.1.1 Parent and Ultimate Controlling Party

The Company does not have an identifiable parent of its own

29.1.2 Transactions with Key Management Personnel (KMP)

Key Management Personnel (KMP) of the Company consist of the members of the Board directing and controlling the activities of the Company (Executive and Non-Executive Directors) . As the Company is the ultimate parent of the subsidiaries (listed in Note 32), the Board of Directors of the Company has the authority and responsibility for planning or controlling the activities of the Group directly or indirectly. Accordingly, the Board of Directors of the Company (Executive and Non Executive) are KMP of the of the Company. No loans have been given to the Directors. Details of compensation are given in Note 8.1.1 to the Financial Statements.

29.1.3 Directors' Loan paid & compensation paid

A. Directors' Loan paid

No loans have been given to the Directors of the Company.

B. Compensation of Key Management Personnel of the Group

As at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Directors emoluments & fees	89,205,000	93,804,125	71,475,000	41,159,375
Total compensation paid to key management personnel	89,205,000	93,804,125	71,475,000	41,159,375

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

The names of Directors of Access Engineering PLC, who are also directors of subsidiaries joint ventures and equity accounted investees companies are stated on page 262 in Note 29.5 to the Financial Statements.

Transactions with Close Family Members of Key Management Personnel (KMP)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include;

(a) That person's children and spouse or domestic partner

(b) Children of that person's spouse or domestic partner and

(c) Dependent of that person or that person's spouse or domestic partner

(d) Details of Directors and their spouses' shareholdings are given on page 125.

There were no transactions with the close family members during the year.

29.1.4 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 2024.

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 175 - 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.

NOTES TO THE FINANCIAL STATEMENTS

29.2. Amounts due from related parties

As at 31 March	Group 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Access International (Private) Limited	8,453,311	6,997,029	3,639,563	2,324,747
Access International Projects (Private) Limited	347,947	3,941,857	-	-
Access Industrial Systems (Private) Limited	-	13,180	-	13,180
ATSL International (Private)Limited	-	34,268	-	34,268
Sathosa Motors PLC	-	-	25,435,056	45,836,875
Harbour Village (Private) Limited	-	-	2,479,705,878	344,418,378
Access Motors (Private) Limited	-	-	6,363,808	7,790,127
Access Projects (Private) Limited	-	-	7,417,539	621,969
Blue Star Realties (Private) Limited	835,339	-	835,339	-
Access Transport & Services (Pvt) Ltd	2,083,304	2,619,512	-	-
Access Real Estate (Private) Limited	3,741	190,199	-	-
ZPMC Lanka (Private) Limited	1,532,034	103,778	-	-
Access Realties (Private) Limited	-	-	1,332,719	242,784
Access Residenacies Pvt Ltd	-	44,203	-	-
Access Natural Water (Private) Limited	6,000	-	-	-
Reprographics (Pvt) Ltd	-	13,180	-	13,180
WUS Logistics (Private) Limited	-	-	-	168,187,916
Lanka A A C (Private) Limited	-	-	40,438,642	15,427,279
Access Logistics (Private) Limited	-	-	4,406,585	27,128,819
Access Logistics Park Ekala (Private) Limited	-	-	947,138,405	3,467,457,413
AEL East Africa Limited	-	-	5,081,375	5,081,375
Foresight Engineering (Pvt) Ltd	126,124,407	3,558,733	-	-
Access-CHEC JV (Pvt) Limited	-	64,722,563	-	64,722,563
	139,386,083	82,238,504	3,521,794,909	4,149,300,873
Less -Provision for Impairment of Receivables	-	-	(5,081,375)	(5,081,375)
	139,386,083	82,238,504	3,516,713,534	4,144,219,498

29.3 Amounts due to related parties

As at 31 March	Group		Company	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Access International (Private) Limited	378,239,326	59,694,368	246,943	49,959,218
Access Natural Water (Private) Limited	541,461	517,351	217,286	262,032
Access International Projects (Private) Limited	-	5,138,399	-	1,702,936
Reprographics (Private) Limited	234,679	516,323	234,679	488,608
Access Motors (Private) Limited	-	-	2,262,830	2,179,189
Access Projects (Private) Limited	-	-	3,099,075	780,230
Sathosa Motors PLC	-	-	4,849,549	786,555
Access Realties (Private) Limited	-	-	8,608,827	46,224,222
Access Realties II (Private) Limited	-	-	88,462	344,614
ARL Elevate (Private) Limited	-	-	32,500	-
Access Industrial Systems (Private) Limited	6,369,619	4,867,223	3,068,571	3,776,821
Access Lifestyle (Private) Limited	49,914	-	-	-
W U S Logistics (Pvt) Ltd	-	-	97,233,381	97,233,381
Lanka A A C (Private) Limited	-	-	4,004,271	4,642,647
Access Logisitics Park Ekala (Private) Limited	-	-	48,532,982	20,453,540
AEL East Africa Limited	-	-	255,558	255,558
	385,434,999	70,733,664	172,734,914	229,089,551

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	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Subsidiaries				
Sales of goods / rendering of services	-	-	3,203,162,145	2,737,904,987
Purchases of goods / receiving of services	-	-	(174,207,907)	(321,360,758)
Dividend received	-	-	601,766,821	577,776,117
Investment in shares	-	-	-	(5,955,929,990)
Equity accounted investees				
Investment in shares	(1,762,634,046)	-	(1,762,634,046)	-
Interest paid	-	(53,530,899)	-	(53,530,899)
Dividend received	-	1,079,461,615	-	1,079,461,615
Other related party companies				
Sales of goods / rendering of services	243,259,992	243,400,090	222,420,733	217,531,793
Purchases of goods / receiving of services	(98,102,138)	(202,305,909)	(24,383,631)	(76,557,646)

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	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	√						
South Asia Commercial and Logistic Hub 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		√		√			

29.6 Related Party Transaction

29.6.1 Non-recurrent related party transaction

There were no non-recurrent related party transactions which in aggregate value exceeds 10% of the equity or 5% of the total assets, whichever is lower of the Group as per financial statements ending March 31, 2024, which require additional disclosures in the 2023/24 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

29.6.2 Recurrent related party transaction

There were no recurrent related party transactions which in aggregate value exceeds 10% of the consolidated revenue Group as per financial statements ending March 31, 2024, which require additional disclosures in the 2023/24 annual report under the Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practice on Related Party Transactions under the Securities and Exchange Commission Directive issued under section 13(c) of the Securities and Exchange Commission Act.

29.6.3 Guarantees

Details of guarantees given in respect of related parties are given in Note no 30.1.2 to the Financial Statements.

29.6.4 Interest on related party Loans and Advances

Interest on related party Loans and Advances are decided based on the inter bank lending rates, associated risk and purpose for which funds are used.

There are no related parties or related party transactions other than those disclosed in Note no 29.4 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 2024, 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/ 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, (a) the offer made by the Plaintiff for the buy back of the shares in 2nd Defendant is valid and reasonable; (b) the 1st Defendant is liable to transfer the shares to the Plaintiffs at the price offered; (c) the Plaintiffs have exercised the buy back option; (d) the 1st Defendant is not entitled to treat the MOU for the buy back dated 30th September, 2019 as being expired; (e) that the 1st Defendant is holding shares in 2nd Defendant Company in Trust for the Plaintiffs; and have also claimed for interim relief. The Court fixed the Pre - trial hearing on 10th October 2024.

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 29th July 2021 delivered Commercial High Court in case bearing No.CHC/43/2021/MR judgment entered on 9th May 2023 varying the order of the Commercial High Court dated 29th 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.

On 9th May 2023, the Court having heard counsel appearing for both parties and having considered the commercial interest of the parties, of consent of the parties formally granted leave to appeal on question of law as set out in the Petition of the Defendant. The Supreme Court then proceeded to pronounce judgement varying the Order of the Commercial High Court dated 29th 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

NOTES TO THE FINANCIAL STATEMENTS

g(ii)-(iv) and j(i)-(v) of the Plaint. Further the Supreme Court directed the Learned Judge of the Commercial High Court to conclude the matter before the Commercial High Court expeditiously and preferably within 12 months.

Accordingly the proceedings before the Supreme Court now stand terminated.

30.1.1.2 Legal Cases filed by the Company

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 29 August 2024.

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 on 15 October 2024.

30.1.2 Guarantees

Bank guarantees issued by the banks on behalf of the Company are as follows;

Bank	Amount LKR
Hatton National Bank PLC	1,147,148,939
Bank of Ceylon	2,727,990,711
People's Bank	612,170,684
Commercial Bank of Ceylon PLC	424,578,343
Cargills Bank Limited	540,205,228
Seylan Bank PLC	2,503,538,280
DFCC Bank PLC	264,640,000
Sampath Bank PLC	468,734,155
	8,689,006,340

Corporate guarantees issued by the Company on behalf of Access Projects (Private) Limited, Sathosa Motors PLC and Access Logistic Park Ekala (Private) Limited for banking facilities are LKR 250Mn, LKR 500Mn & USD 14,589,000/= respectively.

Subsequent to the reporting date a corporate guarantee issued by the Company on behalf of Harbour Village (Private) Limited amount of LKR 6,500 Mn dated on 22nd April 2024 for obtaining the banking facilities.

30.1.3 Tax Assessments

Assessment of income tax for the year of assessment 2020/21

The department of Inland Revenue has raised an assessment of income tax for the year of assessment 2020/21 by disallowing some of the expenses claimed by the company and charging interest on related party receivable to pay LKR 68,792,362/-. The company has made a valid request for administrative review of the assessment. The determination by the commissioner general of Inland Revenue is still pending as at 31 March 2024.

The directors are confident that ultimate resolution would be in favour of the company and there will not have a material adverse impact on the Financial statement of the company on the above tax assessment.

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	45,148,106	623,512,008	668,660,114

31. EVENTS AFTER THE REPORTING PERIOD

All material events after the reporting date have been considered, disclosed and adjusted where applicable.

Company

Second Interim Dividend

Pursuant to the resolution adopted on 8 August 2024, the Board of the directors of the Company approved the payment of a second interim dividend of one rupee (1.00 rupee per share amounting to LKR 1,000,000,000/- for the year ended 31 March 2024.

As required by Section 56 (2) of the Companies Act No. 07 of 2007, the Board of Directors has confirmed that the Company satisfied the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007, and has obtained a certificate from auditors, prior to declaring the final dividend.

In accordance with the LKAS 10- Events after the reporting period, the second interim dividend has not been recognized as a liability in the financial statements as at 31 March 2024.

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	
			2024	2023
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
South Asia Commercial and Logistic Hub Limited	Commercial property development	Sri Lanka	15	

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 Group Directory on pages no 52 to 76.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 Investment in Associate - 2023/24

South Asia Commercial and Logistic Hub Limited

The company has invested amount of LKR 1,762,634,046/= in 15% of the share capital of South Asia Commercial and Logistic Hub Limited. Refer Note no 16.4.2.

33.2 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.

34. NON-CONTROLLING INTERESTS

Non- controlling interest is initially measured at their proportionate share of the acquires 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	2024	2023
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%

NOTES TO THE FINANCIAL STATEMENTS

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 2024	Access Projects (Private) Limited LKR	Sathosa Motors PLC LKR	Harbour Village (Private) Limited LKR	Lanka AAC (Private) Limited LKR	Total LKR
Non-current assets	303,816,008	1,964,087,616	2,759,306,947	312,761,024	5,339,971,595
Current assets	1,666,978,950	1,907,297,126	21,667,502,597	91,188,509	25,332,967,182
Non-current liability	(157,126,419)	(327,904,508)	(52,814,482)	(45,491,665)	(583,337,074)
Current liability	(1,401,615,475)	(1,317,774,595)	(20,114,537,382)	(111,915,420)	(22,945,842,872)
Net asset	412,053,064	2,225,705,639	4,259,457,680	246,542,448	7,143,758,831
Net asset attributable to non-controlling interest	82,410,613	783,442,629	1,419,677,245	123,271,224	2, 408,801,713
Revenue	1,179,050,694	2,173,450,136	-	148,117,694	3,500,618,524
Profit / (loss) for the Year	(69,000,327)	118,568,321	(86,591,964)	(22,999,162)	(60,023,132)
Other Comprehensive Income	(7,893,817)	3,279,789	-	3,830,979	(783,049)
Total Comprehensive Income	(76,894,144)	121,848,110	(86,591,964)	(19,168,183)	(60,806,181)
Profit / (loss) attributable to Non Controlling Interest	(13,800,065)	47,802,686	(28,861,101)	(11,499,581)	(6,358,061)
OCI attributable to Non Controlling Interest	(1,578,763)	510,893	-	1,915,490	847,620
Total comprehensive income attributable to non controlling interest	(15,378,828)	48,313,579	(28,861,101)	(9,584,091)	(5,510,441)
Cash flows from / (used in) operating activities	(56,987,661)	(32,474,318)	1,436,297,520	30,632,264	1,377,467,806
Cash flows from / (used in) investment activities	(208,783)	(145,458,516)	(847,012,006)	(53,984,667)	(1,046,663,972)
Cash flows from / (used in) financing activities	42,526,581	158,985,706	(3,000,000)	40,467,808	238,980,095
Net increase/ (decrease) in cash and cash equivalents	(14,669,863)	(18,947,128)	586,285,514	17,115,405	569,783,929

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	4,576,568,199
Current assets	2,098,061,289	1,601,004,392	13,126,194,882	53,187,894	16,878,448,457
Non-current liabilities	(150,584,767)	(300,956,103)	(52,880,819)	(11,412,991)	(515,834,680)
Current liabilities	(1,751,110,795)	(1,179,649,591)	(10,746,485,760)	(57,370,815)	(13,734,616,961)
Net assets	488,947,208	2,103,857,525	4,346,049,651	265,710,631	7,204,565,015
Net assets 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	(245,066,377)
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	18,937,810	(211,486,386)
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	(39,153,353)	(55,470,813)	29,335,377	(2,175,129)	(67,463,918)

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 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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 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.

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35.1 Classification of Financial assets and financial liabilities - Group

As at 31 March	Financial instruments recognised through profit or loss		Financial instruments at amortised cost	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial assets				
Equity securities	54,791,527	151,027,060		
Trade and other receivables	-	-	13,624,062,919	12,485,239,630
Amounts due from related parties	-	-	139,386,083	82,238,503
Other current financial assets	-	-	2,920,754,106	3,220,199,784
Short-term deposits	-	-	1,416,886,032	2,569,299,538
Cash and cash equivalent	-	-	3,459,023,227	696,144,034
Corporate debt securities	-	-	-	
Financial liabilities				
Unsecured bond issue	-	-	-	-
Bank over draft	-	-	-	-
Interest bearing borrowings	-	-	-	-
Trade payable	-	-	-	-
Amount due to related parties	-	-	-	-
Lease Liabilities	-	-	-	-
Unclaimed dividend		-	-	-
Total	54,791,527	151,027,060	21,560,112,367	19,053,121,489

35.2 Financial assets and liabilities by categories in accordance with SLFRS 9 - Company

As at 31 March	Financial instruments recognised through profit or loss		Financial instruments at amortised cost	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial assets				
Equity Securities	54,791,527	151,027,060		
Trade and Other Receivables	-	-	8,020,811,934	7,966,339,329
Amounts due from related parties	-	-	3,516,713,534	4,144,219,498
Other Current Financial Assets	-	-	2,618,214,225	2,907,793,820
Short-Term Deposits	-	-	-	-
Cash and Cash Equivalent	-	-	1,662,018,872	137,489,717
Corporate Debt Securities	-	-	-	-
Financial liabilities				
Unsecured Bond Issue	-	-	-	-
Bank Over Draft	-	-	-	-
Interest bearing borrowings	-	-	-	-
Trade Payable	-	-	-	-
Amount Due to Related Parties	-	-	-	-
Lease Liabilities	-	-	-	-
Unclaimed dividend		-	-	-
Total	54,791,527	151,027,060	15,817,758,565	15,155,842,364

	FVOCI – equity instruments		Total		Financial liabilities measured at amortised cost	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
	1,436,066	510,000	56,227,593	151,537,060	-	-
		-	13,624,062,919	12,485,239,630	-	-
		-	139,386,083	82,238,503	-	-
		-	2,920,754,106	3,220,199,784	-	-
		-	1,416,886,032	2,569,299,538	-	-
		-	3,459,023,227	696,144,034	-	-
		-	-	-	-	-
	-	-	-	-	-	561,857
	-	-	-	-	201,888,879	1,761,142,207
	-	-	-	-	21,257,924,515	13,991,770,239
	-	-	-	-	11,966,329,258	8,362,695,582
	-	-	-	-	385,434,999	70,733,664
	-	-	-	-	267,255,609	263,540,630
	-	-	-	-	19,130,987	64,408,986
	1,436,066	510,000	21,616,339,959	19,204,658,549	34,097,964,247	24,514,853,165

	FVOCI – equity instruments		Total		Financial liabilities measured at amortised cost	
	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
	1,436,066	510,000	56,227,593	151,537,060	-	-
	-	-	8,020,811,934	7,966,339,329	-	-
	-	-	3,516,713,534	4,144,219,498	-	-
	-	-	2,618,214,225	2,907,793,820	-	-
	-	-	-	-	-	-
	-	-	1,662,018,872	137,489,717	-	-
	-	-	-	-	-	-
	-	-	-	-	-	561,857
	-	-	-	-	-	1,553,000,662
	-	-	-	-	13,991,770,239	15,239,678,928
	-	-	-	-	6,665,410,241	6,702,338,034
	-	-	-	-	172,734,914	229,089,551
	-	-	-	-	117,656,206	106,724,323
	-	-	-	-	15,021,575	19,656,006
	1,436,066	510,000	15,873,986,158	15,307,379,424	20,962,593,175	23,851,049,361

NOTES TO THE FINANCIAL STATEMENTS

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 (9.4 - 46.03)	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 Contractor 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			
		2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial assets									
Unquoted equity securities	(17/35.1)	54,791,527	151,027,060	-	-	1,436,066	510,000	56,227,593	151,537,060
Non financial assets									
Land and building	11.1	-	-	-	-	3,489,334,782	1,533,852,943	3,489,334,782	1,533,852,943
Investment property	13.1	-	-	-	-	36,362,575,558	21,307,743,685	36,362,575,558	21,307,743,685

36.3.2 Fair value hierarchy – Company

As at 31 March	Note	Fair value hierarchy						Total	
		Level 1		Level 2		Level 3			
		2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR	2024 LKR	2023 LKR
Financial assets									
Unquoted equity securities	(17/ 35.2)	54,791,527	151,027,060	-	-	1,436,066	510,000	56,227,593	151,537,060
Non financial assets									
Land and building	11.2	-	-	-	-	1,672,877,801	388,912,243	1,672,877,801	388,912,243
Investment property	13.1	-	-	-	-	1,195,500,000	1,195,500,000	1,195,500,000	1,195,500,000

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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	2024			2023		
	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)	2,266,560,011	-	0.00%	2,848,773,105	(751,920)	-
Past due						
< 30 days	1,849,818,348	(513,019)	0.03%	1,000,517,732	(1,682,261)	0.17%
30–60 days	857,554,620	(5,074,157)	0.59%	765,885,220	(307,679)	0.04%
61–90 days	576,705,926	(2,016,632)	0.35%	380,339,793	(1,673,844)	0.44%
91–120 days	192,122,425	(3,195,705)	1.66%	1,359,997,829	(5,492,686)	0.40%
> 120 days	3,960,374,973	(597,047,390)	15.08%	3,474,644,665	(531,707,303)	15.30%
Total	9,703,136,303	(607,846,903)		9,830,158,344	(541,615,693)	

As at 31st March, the aging analysis of trade receivables and provision for impairment were as follows for the Company.

As at 31 March	2024			2023		
	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)	2,227,651,373	-	-	2,725,841,002	-	-
Past due						
< 30 days	1,080,528,134	(173,035)	0.02%	735,661,609	(776,027)	0.11%
30–60 days	754,372,513	(4,572,328)	0.61%	736,429,234	(109,155)	0.01%
61–90 days	265,389,959	(1,825,385)	0.69%	248,088,280	(436,729)	0.18%
91–120 days	153,078,721	(2,626,175)	1.72%	435,486,106	(3,794,901)	0.87%
> 120 days	3,680,184,940	(461,974,333)	12.55%	3,220,978,636	(440,037,927)	13.66%
Total	8,161,205,640	(471,171,256)		8,102,484,867	(445,154,739)	

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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.

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 2024 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 2024 - 99%, (2023 - 99%) and 2024 - 99%, (2023 - 99%) of the favorable balances of bank and financial institution were rated "A-" or better for the Group and Company respectively.

	Group				Company			
	2024		2023		2024		2023	
Fitch rating	LKR	%	LKR	%	LKR	%	LKR	%
AA+	-	0%	-	0%	-	0%	-	0%
AA	-	0%	-	0%	-	0%	-	0%
AA-	1,287,115	0%	-	0%	1,287,115	0%	-	0%
A+	-	0%	-	0%	-	0%	-	0%
A	4,329,826,412	89%	2,793,889,847	86%	1,619,539,030	99%	1,812,993,501	99%
A-	492,719,407	11%	454,481,531	14%	20,344,601	1%	10,346,746	1%
BBB-	-	0%	-	0%	-	0%	-	0%
B+	-	0%	-	0%	-	0%	-	0%
Not Rating	-	0%	-	0%	-	0%	-	0%
Total	4,823,832,934	100%	3,248,371,378	100%	1,641,170,746	100%	1,823,340,247	100%

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2024 and 2023 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 2024 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	201,888,879	201,888,879	201,888,879	-	-	-
Trade and other payables	34,061,155,278	34,061,155,278	-	26,291,882,141	5,524,522,659	2,244,750,479
Amounts due to related parties	385,434,999	385,434,999		385,434,999	-	-
Interest bearing borrowings	21,257,924,515	26,651,633,032	-	-	4,474,775,025	22,176,858,007
Unclaimed dividend	19,130,987	19,130,987	19,130,987	-	-	-
Lease liabilities	267,255,609	654,515,594	-	53,900,850	53,900,850	546,713,894

	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	-	-	-	-	-	-
Trade and other payables	13,602,191,921	13,602,191,921	-	7,587,483,496	5,244,304,090	770,404,336
Amounts due to related parties	172,734,914	172,734,914	-	75,501,533	97,233,381	-
Interest bearing borrowings	13,991,770,239	16,264,667,455	-	-	2,560,872,322	13,703,795,133
Unclaimed dividend	15,021,575	15,021,575	15,021,575	-	-	-
Lease liabilities	117,656,206	328,796,384	-	9,832,940	9,832,940	309,130,504

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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	1,759,248,641
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	263,540,630	701,540,478	-	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

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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Loans and borrowings	26	21,257,924,515	16,238,828,037	13,991,770,239	15,240,240,785
Bank overdraft	23	201,888,879	1,761,142,207	-	1,553,000,662
Total borrowings		21,459,813,394	17,999,970,244	13,991,770,240	16,793,241,447
Equity		38,243,040,976	31,971,989,342	25,461,321,138	24,491,777,849
Debt / Equity (%)		56.11%	56.30%	54.95%	68.57%

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 2024 LKR	Group 2023 LKR	Company 2024 LKR	Company 2023 LKR
Fixed rate instruments				
Financial assets	1,416,886,032	2,569,809,538	-	1,694,427,249
Financial liabilities	12,543,027,881	12,693,554,236	6,292,080,000	12,693,554,236
Variable rate instruments				
Financial liabilities	8,916,785,513	5,306,416,008	7,699,690,239	4,099,687,210

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 as atreporting 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	2024	+	100bp	(871,490)	(769,967)
		-	100bp	871,490	769,967
	2023	+	100bp	(851,686)	(823,968)
		-	100bp	851,686	823,968

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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), Chineese 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,

	2024					2023				
	EUR	USD	GBP	SGD	JPY	EUR	USD	GBP	SGD	JPY
Trade and other receivables	2,963,443	15,417,307	-	-	9,488,000	2,244,513	12,265,906	-	-	-
Cash at bank	73,984	5,034,395	18,803	-	1,825,536	20,138	523,483	18,662	-	-
Trade and other payables	(2,348,556)	(485,155)	-	-	272,097	(33,053)	(2,775,674)	(41,246)	-	-
Net Statement of financial position exposure	688,871	19,966,547	18,803	-	11,585,633	2,231,598	10,013,715	(22,584)	-	-

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows,

	2024			2023		
	EUR	USD	GBP	EUR	USD	GBP
Trade and other receivables	2,905,814	2,628,751	-	2,244,513	2,050,532	-
Cash at bank	56,726	4,453,723	18,803	20,138	15,043	18,662
Trade and other payables	(2,099,506)	(485,155)	-	(33,053)	(179,991)	-
Net Statement of financial position exposure	863,034	6,597,319	18,803	2,231,598	1,885,584	18,662

The following significant exchange rates were applicable during the year 2023/24 & 2022/23.

	Company/Group year end spot rate	
	2024 LKR	2023 LKR
EUR	325.22	356.72
USD	300.44	327.14
GBP	379.54	405.14
SGD	222.90	246.48
JPY	1.99	2.46

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	2024			2023	
	Strengthening LKR	Weakening LKR		Strengthening LKR	Weakening LKR
EUR (10% movement)	22,403,110	(22,403,110)	EUR (10% movement)	79,604,969	(79,604,969)
USD (10% movement)	599,871,725	(599,871,725)	USD (10% movement)	401,272,556	(401,272,556)
GBP (10% movement)	713,635	(713,635)	GBP (10% movement)	(914,974)	914,974
SGD (10% movement)	-	-	SGD (10% movement)	-	-
JPY (10% movement)	2,301,428	(2,301,428)	JPY (10% movement)	-	-

Company	2024			2023	
	Strengthening LKR	Weakening LKR		Strengthening LKR	Weakening LKR
EUR (10% movement)	28,067,167	(28,067,167)	EUR (10% movement)	79,604,969	(79,604,969)
USD (10% movement)	198,208,778	(198,208,778)	USD (10% movement)	61,685,868	(61,685,868)
GBP (10% movement)	713,635	(713,635)	GBP (10% movement)	756,060	(756,060)

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 55 Mn -2024 (LKR 151 Mn -2023). 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 2024.

As at 31 March	2024		2023	
Industry / Sector	Market value LKR	%	Market value LKR	%
Banks	1,637,000	3%	-	0.00%
Capital Goods	1,496,000	3%	19,114,250	12.66%
Diversified Financials	2,561,574	5%	10,902,944	7.22%
Energy	-	0%	21,437,500	14.19%
Food Beverage & Tobacco	25,921,972	47%	49,075,525	32.49%
Materials	23,175,000	42%	27,844,674	18.44%
Retailing	-	0%	6,882,057	4.56%
Consumer Services	-	0%	15,770,128	10.44%
	54,791,546	100.00%	151,027,078	100.00%

NOTES TO THE FINANCIAL STATEMENTS

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 2024 and 2023.

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.

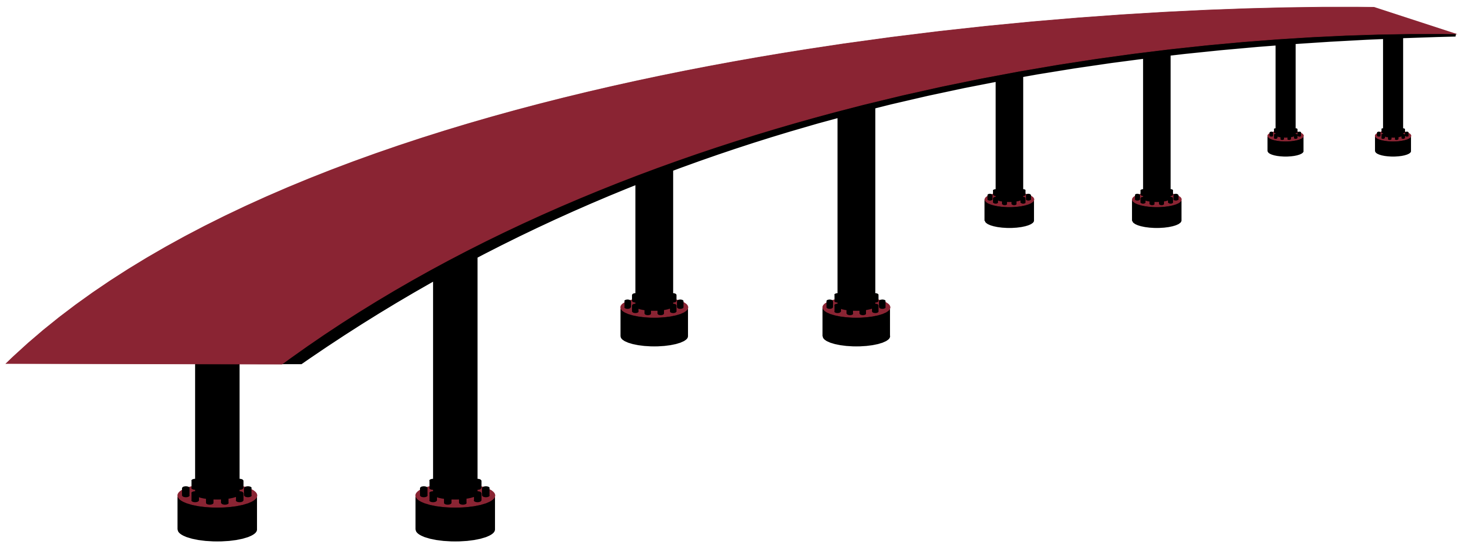
38. OTHER DISCLOSURES

The presentation and classification of following items in this Financial Position Statement reclassified to ensure the comparability with the current year.

As at 31 March	After Reclassification	Prior to Reclassification
	Group	
Statement of Financial Position	2023 LKR	2023 LKR
Trade and other receivables	15,587,430,144	12,812,888,021
Trade and other payables	28,870,356,998	26,095,814,875

Client receivable and schedule payable balances have been separately disclosed from current year onwards for a better presesnation.

OVERSEEING THE FUTURE



SUPPLEMENTARY INFORMATION

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

		2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
Statement of Profit or Loss and Other Comprehensive Income Highlights											
Revenue	LKR Mn.	21,501	20,565	39,630	23,837	24,027	32,277	26,056	20,448	17,625	16,514
Gross profit	LKR Mn.	7,356	5,859	5,312	4,138	3,808	5,184	4,061	4,732	3,977	3,815
EBITDA	LKR Mn.	8,170	10,015	8,315	4,050	3,419	4,891	5,677	4,300	3,748	3,322
EBIT	LKR Mn.	7,065	8,816	5,784	3,225	2,688	4,173	5,044	3,381	2,900	2,653
Net finance income/(cost)	LKR Mn.	(2,596)	(3,863)	(1,034)	(573)	(577)	(651)	(383)	150	95	110
Profit for the year	LKR Mn.	6,854	2,436	5,130	2,393	928	2,245	2,463	2,746	2,551	2,424
Profit attributable to owners	LKR Mn.	6,861	2,482	5,110	2,386	979	2,150	2,507	2,708	2,465	2,346
Statement of Financial Position Highlights											
Property, plant and equipment	LKR Mn.	6,067	5,570	6,604	5,708	4,937	5,198	5,980	5,428	4,791	4,222
Total non-current assets	LKR Mn.	54,252	44,412	33,566	25,688	19,705	20,144	21,171	16,074	12,357	9,155
Cash and cash equivalent	LKR Mn.	3,459	696	2,208	2,223	2,164	2,486	1,394	950	504	1,918
Short term deposits	LKR Mn.	1,417	2,569	2,136	1,780	1,269	2,210	2,041	2,922	6,792	1,048
Total assets	LKR Mn.	98,532	82,716	81,847	56,060	50,078	48,062	44,439	36,046	30,343	22,328
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.	26,018	19,741	18,610	14,245	12,365	11,936	10,388	9,590	8,362	7,169
Equity attributable to equity holders	LKR Mn.	35,834	29,557	28,187	23,825	21,834	21,195	19,793	18,840	17,462	16,269
Loans and borrowings	LKR Mn.	21,258	16,239	23,047	8,963	10,967	8,735	9,086	5,737	5,846	350
Total non-current liabilities	LKR Mn.	20,962	16,234	21,419	8,695	2,953	7,533	7,528	5,680	5,603	514
Statement of Cash Flow Highlights											
Cash flows from operating activities	LKR Mn.	4,486	13,645	(6,008)	8,529	(2,191)	1,876	630	1,994	3,168	3,218
Cash flows from investing activities	LKR Mn.	(4,619)	(9,173)	(4,465)	(5,808)	(224)	302	(2,226)	(1,327)	(9,251)	(2,337)
Cash flows from/(used in) financing activities	LKR Mn.	4,455	(7,614)	10,653	(2,473)	1,907	(851)	1,753	(87)	4,532	(737)
Key Financial Ratios											
EPS	LKR	6.86	2.48	5.11	2.39	0.98	2.15	2.51	2.71	2.47	2.35
DPS	LKR	0.50	0.75	0.75	0.50	0.50	0.50	1.20	1.50	0.75	1.00
Net assets per share	LKR	35.83	29.56	28.19	23.83	21.83	21.19	19.79	18.84	17.46	16.27
Dividend payout	%	7.29	30.22	14.68	21.00	51.00	23.00	47.86	55.39	30.36	43.00
ROE	%	17.92	7.62	16.74	9.00	3.80	9.52	11.15	12.70	14.10	14.40
ROCE	%	11.54	16.25	7.84	8.40	6.60	11.69	14.83	12.30	12.30	15.40
Gearing	%	59.32	54.94	81.76	37.62	50.23	41.21	43.70	30.50	34.80	2.10
Current ratio	Times	1.13	1.11	1.62	1.46	1.30	1.70	1.57	2.30	2.70	2.60
Quick ratio	Times	0.61	0.65	1.13	1.04	1.00	1.30	1.16	1.70	2.30	2.10
Price per share	LKR	22.60	14.20	15.00	22.10	13.20	13.00	20.50	23.80	20.80	19.20
Investor Highlights											
Total number of shareholders	No.	8,951	9,947	9,795	9,712	8,832	7,226	5,816	6,119	5,757	4,610
Percentage of public holding	%	40.00	40.10	39.94	39.81	42.84	41.93	42.31	39.59	37.92	37.92
Value of shares traded	LKR Mn.	2,290	1,932	9,588	10,789	6,757	1,637	2,729	3,625	4,570	14,900
Number of trades	No.	23,367	35,852	75,415	86,541	71,138	24,276	10,750	25,709	36,018	49,154

DIRECTORS OF GROUP COMPANIES

Company Name	Names of Directors	
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	I S N Fernando (appointed w.e.f. 15 January 2024)
	W A C O Wijesinghe	K A P Perera (resigned w.e.f. 5 September 2023)
Access Realties (Private) Limited	S J S Perera	S D Munasinghe
	J C Joshua	S D Perera
	D A R Fernando	R J S Gomez (resigned w.e.f. 11 May 2023)
	S H S Mendis	
Access Realties 2 (Private) Limited	S J S Perera	D A R Fernando
	J C Joshua	S H S Mendis
	S D Munasinghe	R J S Gomez (resigned w.e.f. 11 May 2023)
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	I N Pushpa Kumar
	D A R Fernando	P M D T Kumara (appointed w.e.f. 1 April 2023)
Harbour Village (Private) Limited	S J S Perera	R M R K Wickramasinghe
	J C Joshua	Xu Liqiang (appointed w.e.f. 1 April 2024)
	D A R Fernando	S D Munasinghe - Alternate Director to J C Joshua
	Jiang Houliang	Zeng Nanhai (resigned w.e.f. 3 January 2024)
	Wang Gang (appointed w.e.f. 1 April 2024)	Xiong Hongfeng (resigned w.e.f. 3 January 2024)
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	S D Munasinghe
	L Qiang	J C Joshua
	Z Zhiyong	
Blue Star Realties (Private) Limited	A M Alamoti	S J S Perera
	M Dehghan	S J Fernando
	A Shafiei	H L G Erandika
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 (resigned w.e.f. 12 October 2023)
	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
Access - Chec JV (Private) Limited	J C Joshua	N Zeng
	D A R Fernando	Xu Liqiang
South Asia Commercial and Logistics Hub Limited	S D Munasinghe	Shaode Hu
	K D Bernard	P Huang
	Z Wang	Nan Mu
	H Wang	

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Thirteenth Annual General Meeting of Access Engineering PLC will be held at The Ceylon Chamber of Commerce, No. 50, Nawam Mawatha, Colombo 02 on 23rd September 2024 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 its subsidiaries and the Statement of Accounts for the year ended 31st March 2024 with the Report of the Auditors thereon.
2. To re-elect as a Director Mr. Suresh Dilhan 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 the 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 2025 and up to the date of the next Annual General Meeting.

By Order of the Board

Access Engineering PLC

P W CORPORATE SECRETARIAL (PVT) LTD
Director/Secretaries

27th August 2024
Colombo

Notes

1. A shareholder entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his/her place by completing the Form of Proxy enclosed herewith.
2. A proxy need not be a Shareholder of the Company.
3. The 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 by 2.00 a.m. on 21st September 2024.

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 Thirteenth Annual General Meeting of the Company to be held on 23rd September 2024 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. Suresh Dilhan 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 the Auditors of the Company and to authorize the Directors to determine their remuneration.		
Resolution 3		
To authorize the Directors to determine donations for the year ending 31st March 2025 and up to the date of the next Annual General Meeting.		

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

....

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. The full name, National Identity Card number and the registered address of the shareholder appointing the Proxy and the relevant details of the Proxy should be legibly entered in the Form of Proxy which should be duly signed and dated.

2. The completed Proxy should be deposited at the Registered Office of the Company, No.278, Union Place, Colombo 2 by 2.00 a.m. on 21st September 2024.

3. The Proxy shall –

    a. In the case of an individual be signed by the shareholder or by his attorney, and if signed by an attorney, a notarially certified copy of the Power of Attorney should be attached to the completed Proxy if it has not already been registered with the Company.

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

4. If you wish to appoint a person other than the Chairman or a Director of the Company as your Proxy, please insert the relevant details in the space provided.

5. Please indicate with a 'X' in the space provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

6. 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.

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
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

INVESTMENT AND SUBSIDIARY PERFORMANCE MONITORING COMMITTEE

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

NOMINATION AND GOVERNANCE COMMITTEE

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

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

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