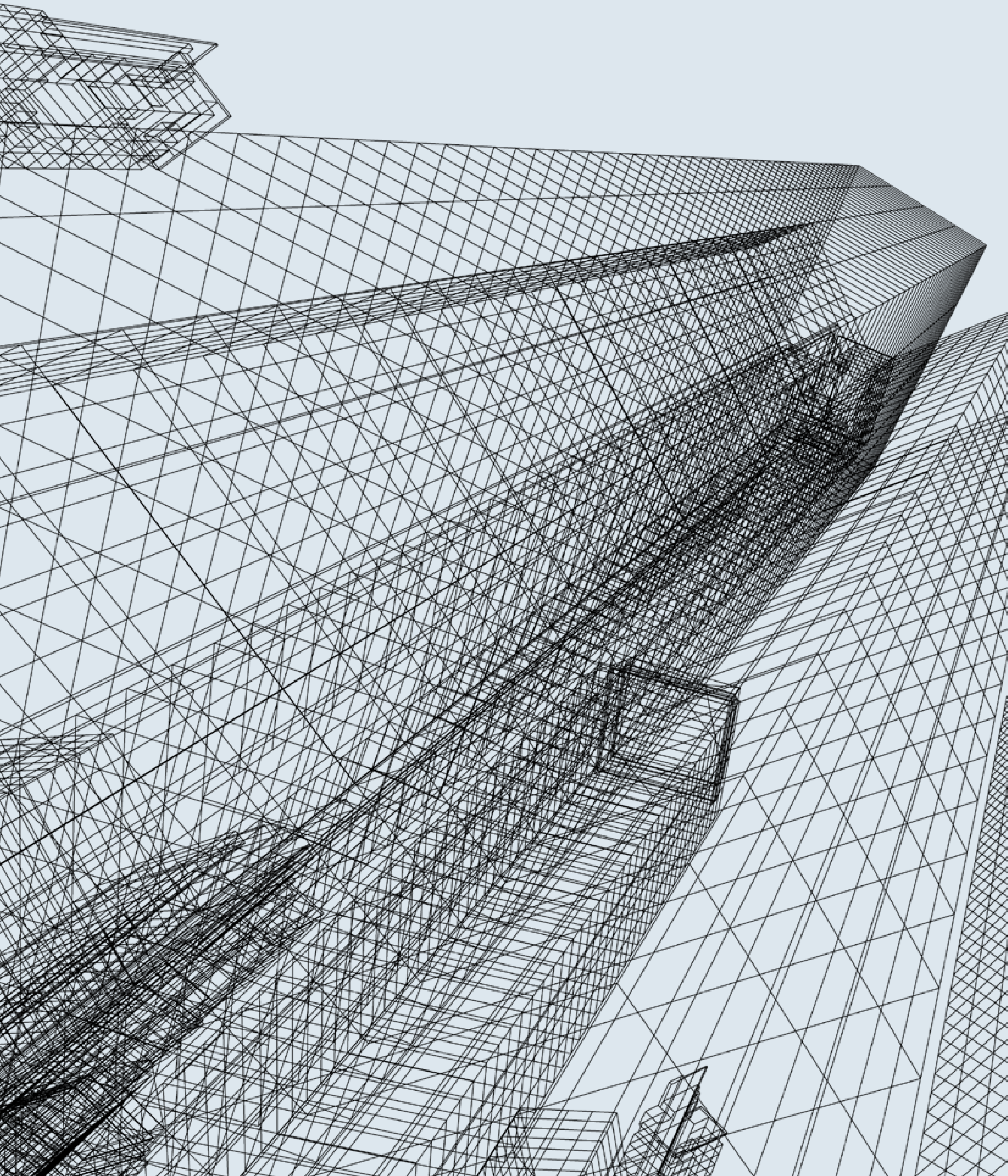
ACCESS ENGINEERING PLC | ANNUAL REPORT 2021/22

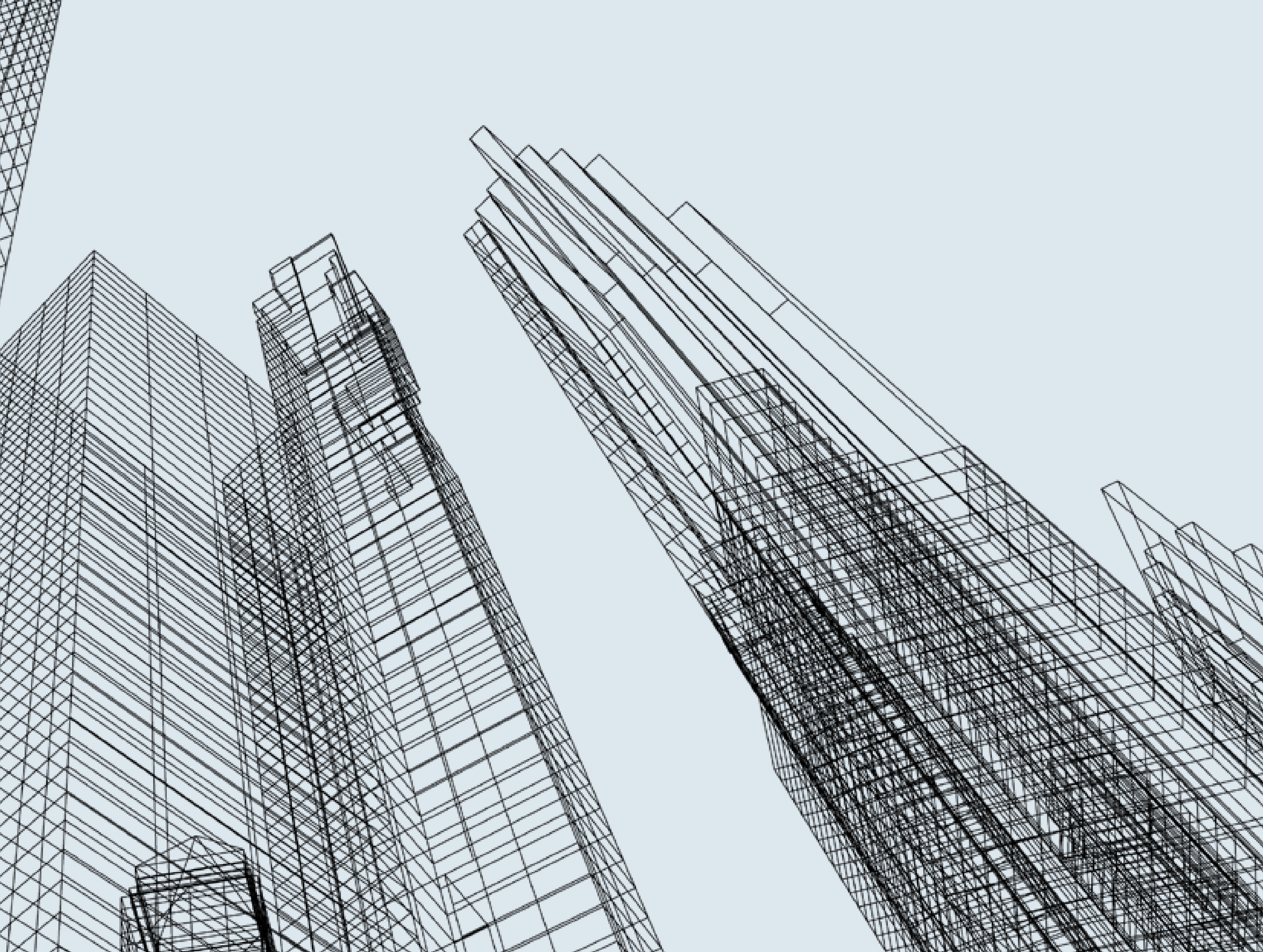
ENDURING VALUES



ENDURING VALUES

As one of Sri Lanka's premier engineering entities, our ability to sustain our value offering throughout challenging times has given us an innovative mindset, resilience to cope with change, and made us an epitome of world-class engineering. Today, we offer that same style of enduring value that's guaranteed to last through generations.



CONTENTS

ABOUT ACCESS ENGINEERING

GRI 102-2

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 resource, 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 ventured into the production of autoclave aerated concrete (AAC) blocks through a related diversification. Our workforce consists of staff and labour amounting to over 2,900. Managerial, professional and technical staff account for over 750.

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

VISION

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

MISSION

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

Key Facts

- Established in 2001
- Premier civil engineering firm in Sri Lanka
- Over 2,900 employees
- An island wide network of quarries, crusher plants, asphalt plants, and concrete batching plants along with the latest machinery
- Has the highest CIDA grading across several disciplines of civil engineering
- Accreditations for quality, environmental, and health and safety management systems
  - ISO 9001:2015
  - ISO 14001: 2015
  - ISO 45001:2018
- A signatory to the UN Global Compact.
- A TRACE member in good standing

Project Portfolio

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

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

"Access Engineering Promise"

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

Recognition

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

Subsidiaries and Joint Ventures

Wholly owned subsidiaries:

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

Joint ventures:

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

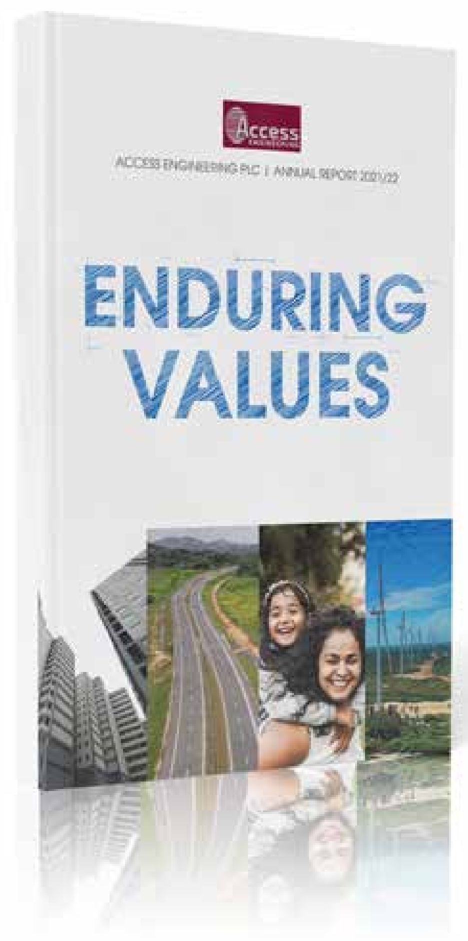
Other subsidiaries:

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

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

ABOUT THIS REPORT

GRI 102-11, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52



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 eight years, AEL published an Integrated Annual Report. The latest report, which marks the ninth edition of the Company's integrated reporting journey, covers the financial year 01 April 2021 to 31 March 2022 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 2020/21 are available for viewing and downloading on our corporate website - https://www.accessengsl.com

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

SCOPE AND BOUNDARY

The overall boundary of this report includes both Access Engineering PLC and its subsidiaries as listed out on page 3 (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, Access Realties (Private) Limited & Access Realties 2 (Private) Limited abbreviated as AEL, ARL and ARL2 respectively.

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 35 describes how Material matters are identified, assessed and integrated in the Company's strategy in order to generate value for the organisation and deliver positive outcomes for stakeholders.

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

GRI 102-12, 102-53, 102-54, 102-56

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

Governance, Compliance and Risk Reporting

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

Sustainability Reporting

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

ASSURANCE

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

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

Messrs. KPMG, Chartered Accountants have also independently reviewed the sustainability performance of Access Engineering PLC, Access Realties (Private) Limited and Access Realties 2 (Private) Limited and provided a reasonable assurance on the financial highlights on page 10 and limited assurance on the non-financial highlights and indicators on page 11 and pages 92 to 151 respectively. Their report is on page 155 of this Annual Report.

FORWARD-LOOKING STATEMENTS

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

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

BOARD RESPONSIBILITY STATEMENT

The Board of Directors of Access Engineering PLC takes full responsibility for the authenticity and transparency of this Integrated Annual Report The Board assures all stakeholders that the report is an accurate representation of the performance and prospects of the Company and Group for the FY 2021/22.

FEEDBACK AND QUERIES

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

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

MILESTONES

2021

May

Commencement of construction of the Viaduct for the New Terminal Building at the Bandaranaike International Airport (BIA)

Commissioning of new Asphalt Mixing Plants in Ganewalpola, Thebuwana & Okewela

June

Completion of the Mannar Wind Power Project

Commencement of construction of the Slave Island Flyover

August

Commencement of construction of the Kohuwala Flyover under Hungarian financing

Commencement of construction of the Gatambe Flyover under Hungarian financing

September

Signing of the Memorandum of Understanding (MoU) with the University of Moratuwa supported by Cambridge Centre for Smart Infrastructure and Construction of the University of Cambridge and the University of Oxford for introducing fiber optic monitoring technology to Sri Lanka

October

Commissioning of Sri Lanka's largest Asphalt Mixing Plant in Mathugama

November

Award of construction of the East Container Terminal (ECT) of the Port of Colombo to the JV led by Access Engineering PLC

Commissioning of a new Crusher Plant in Mailapitiya

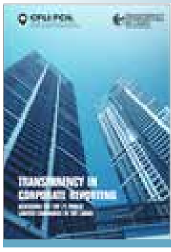
2022

January

Commencement of construction of the Export Greenfield (EGF) warehousing and logistics facility in Ekala

Commencement of construction of the East Container Terminal (ECT) of the Port of Colombo

February



Ranked 8th among all the listed entities by Transparency International Sri Lanka (TISL) for transparency in corporate reporting for the year 2021

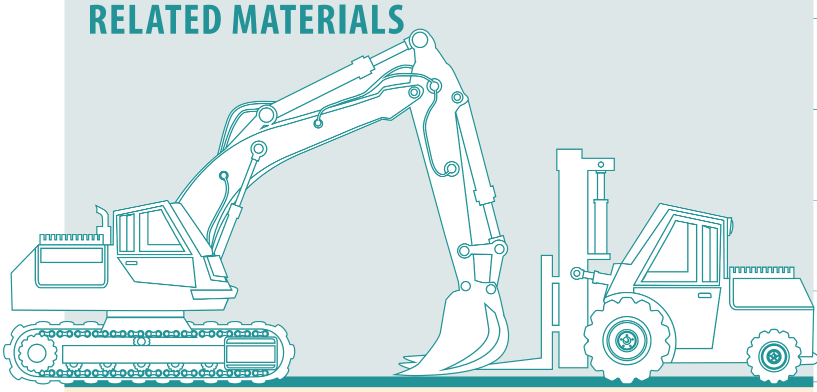
March

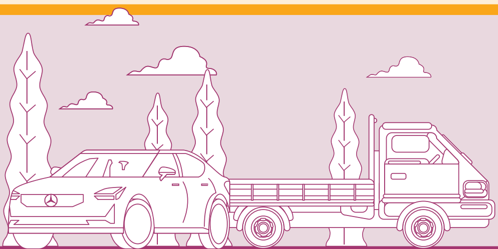
Completion of the Anuradhapura North Water Supply Project (Phase I)

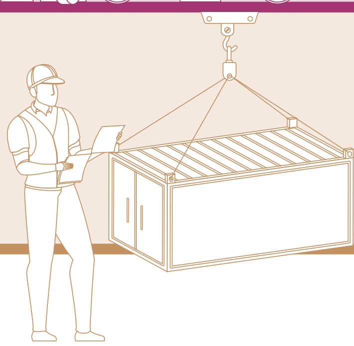
GROUP STRUCTURE

GRI 102-4, 102-45, 207-4

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







GRI 102-6

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 and Mustafa's Pte. Ltd.)	Sri Lanka	Sri Lanka
60%	Residential property development	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental	Sri Lanka	Sri Lanka
100%	Commercial property development for lease and rental and provision of support facilities for Access Towers	Sri Lanka	Sri Lanka
84.42%	Authorized distributor for ISUZU in Sri Lanka and Maldives	Sri Lanka & Maldives	Sri Lanka
42.21%*	Authorized distributor for Jaguar and Land Rover in Sri Lanka	Sri Lanka	Sri Lanka
30%	Commission, repair, and maintenance of container handling equipment (in partnership with ZPMC of China)	Sri Lanka & Overseas	Sri Lanka

*Effective Holding

FINANCIAL HIGHLIGHTS

GRI 102-7

		2021/22		2020/21		Change %	
		Group	Company	Group	Company	Group	Company
Earnings highlights and ratios							
Revenue	LKR Mn.	39,630	33,337	23,837	21,853	66	53
Gross profit	LKR Mn.	5,312	3,663	4,138	2,908	28	26
EBITDA	LKR Mn.	8,315	4,850	4,050	3,711	105	31
EBIT	LKR Mn.	5,784	4,057	3,225	3,109	79	30
Earnings before tax	LKR Mn.	4,613	2,988	2,407	2,473	92	21
Profit attributable to equity holders	LKR Mn.	5,110	2,580	2,386	2,329	114	11
Dividend	LKR Mn.	750	750	500	500	50	50
Earnings per share	LKR	5.11	2.58	2.39	2.33	114	11
Dividend per share	LKR	0.75	0.75	0.50	0.50	50	50
Dividend payout	%	15	29	21	21	(29)	38
Statement of financial position Highlights and ratios							
Total assets	LKR Mn.	81,847	60,833	56,060	42,353	46	44
Stated capital	LKR Mn.	9,000	9,000	9,000	9,000	0	0
Retained earnings	LKR Mn.	18,610	15,072	14,245	13,146	31	15
Total equity/shareholders' funds	LKR Mn.	30,647	24,323	26,515	22,396	16	9
Total liabilities	LKR Mn.	51,200	36,510	29,545	19,956	73	83
Current assets	LKR Mn.	48,281	32,522	30,372	20,251	59	61
Current liabilities	LKR Mn.	29,780	17,440	20,850	13,357	43	31
Net asset per share	LKR	28.19	24.32	23.83	22.40	18	9
Investor highlights and ratios							
Price per share	LKR	-	15.0	-	22.1	-	(32)
PE ratio	Times	-	5.8	-	9.5	-	(39)
Gross profit margin	%	13.40	10.99	17.36	13.31	(23)	(17)
Net profit margin	%	12.95	7.74	10.04	10.66	29	(27)
Return on equity	%	16.74	10.61	9.03	10.40	85	2
Debt/Total assets	%	28.16	35.77	15.99	19.03	76	88
Debt/Equity	%	75.20	89.47	33.80	35.99	122	149
Interest coverage ratio	Times	5.07	3.96	3.85	4.75	32	(17)
Current asset ratio	Times	1.62	1.86	1.46	1.52	11	23
Quick asset ratio	Times	1.13	1.64	1.04	1.36	9	21

NON-FINANCIAL HIGHLIGHTS

MANUFACTURED CAPITAL

- Investment in heavy machinery and equipment fleet – LKR 1.201 Bn.
- Investment in production plants – LKR 1.154 Bn
- Investment in 'Investment Property' – LKR 444 Mn.
- Investment in IT infrastructure – LKR 31.9 Mn.

INTELLECTUAL CAPITAL

- New CIDA Accreditations obtained for fire detection and protection, LP gas systems and elevators
- Issue & Issuer rating reconfirmed by ICRA Lanka
- Research on the use of Fibre optic monitoring technology in Sri Lanka

HUMAN CAPITAL

- 'Great Place to Work' certified for March 2022 – March 2023
- Total number of training hours – 11,685
- Staff and labourers – 2,904

SOCIAL & RELATIONSHIP CAPITAL

- 100% Project completion ratio
- Registered suppliers – 19,633
- Research Agreement with the University or Moratuwa supported by the Cambridge and Oxford Universities of UK
- 9,795 Shareholders
- 'Enhance the Future' community development program
- 'Visal Puhunu Balakaya' industry advancement program
- 'Husma Dena Thuru' tree planting program

NATURAL CAPITAL

- Water reused and recycled – 2,392 Units
- Total water consumed – 225,882 Units
- Energy consumed – 773,930,217 Joules

AWARDS & RECOGNITION

- Ranked 8th among the top 75 listed entities for Transparency in Corporate Reporting by Transparency International Sri Lanka (TISL)
- Construction sector winner at the Best Corporate Citizen Sustainability Award (BCCSA) 2021 organised by the Ceylon Chamber of Commerce
- Gold Award in the Construction Sector at the 56th Annual Report Awards organised by the Institute of Chartered Accountants of Sri Lanka
- Winner of the Construction Sector and Merit Award winner at the CMA Excellence in Integrated Reporting Awards 2021 organised by the Institute of Certified Management Accountants of Sri Lanka
- Winner of the Best Presented Annual Report Awards in the Infrastructure sector at the South Asian Federation of Accountants (SAFA) Awards

PROJECT HIGHLIGHTS

Construction of
Sri Lanka's largest single roof warehouse

Completed the Central Expressway Project Package – A Stage 2 from Mirigama to Riloluwa

Completed the Mannar Wind Power Project; largest wind power project in Sri Lanka

Completed Anuradhapura North Water Supply Project (Phase I)

Commenced construction of Slave Island, Kohuwala & Gatembe flyovers

Commenced construction of the East Container Terminal (ECT) of the Port of Colombo

CHAIRMAN'S MESSAGE

GRI 102-14

SUMAL PERERA
Chairman

Dear Stakeholders

It is with a deep sense of accomplishment that I present to you the 9th Integrated Annual Report published by Access Engineering PLC (AEL) for the financial year ending 31st March 2022.

This past year was unlike any other. Despite being one of the most challenging periods we have experienced in the recent past, our sheer determination to succeed saw the Group and the Company producing a stellar performance for FY 2021/22. At LKR 39.6 Bn. and LKR 33.3 Bn, Turnover reported by the Group and the Company respectively were both at an all-time high.

Buttressed by these historical top-line results, post tax profits of the Group pushed past the LKR 5 Bn. mark for the first time to reach LKR 5.1 Bn., while the Company recorded post tax profit of LKR 2.6 Bn.

The year also saw AEL announcing a landmark dividend payout of LKR 750 Mn.

Meanwhile, the Net Assets position recorded by the Group and the Company was LKR 28 Bn. and LKR 24 Bn. respectively, reflecting a sizeable improvement from the previous year. What is more important is the fact that it was achieved notwithstanding extreme negative headwinds, which I believe proves the robustness of our strategy and the emphasis we put into improving the diversity of our business model.

STRATEGY IN ACTION

Having embarked on our business diversification journey several years ago, the Group has systematically expanded its presence across multiple spheres and today is positioned among the top local corporates. Influenced by the widespread economic uncertainty in 2021 and its cataclysmic impact on the construction sector, we proceeded to further deepen our focus on business diversification in the current financial year in an effort to bolster our revenue streams over time.

We expedited construction of the Export Greenfield (EGF) project, a 700,000 Sq. Ft. state-of-the-art warehousing and logistics facility in Ekala. Having made a sizable commitment towards this endeavour, we are keen to speed up construction in order to enable the facility to commence commercial operations in the financial year 23/24. Once fully operational, the Ekala logistics park along with our existing 400,000 Sq. Ft. facility in Kimbulapitya together are expected to generate foreign exchange revenue to the tune of USD 200 Mn. over the next decade.

The project to develop a public car park which was awarded to AEL on a DBFOT basis also remains on track to be completed in the financial year 22/23. Located adjacent to our very own Access Tower I & II on Union Place, Colombo 02, the 285-slot car park, once completed will certainly add value to the tenants of both towers. More importantly however, the growing demand for car parking facilities within the city limits is unlikely to be materially affected by the ongoing economic downturn, which gives me reason to believe that the car park has the potential to become a sustainable revenue source for AEL in the coming years.

I am pleased to note the progress made during the year on the super structure construction at the 'Marina Square Uptown Colombo'. The strong interest by both local and global investors is also very encouraging and with pre-sales already at 50%+, I am confident that we will be able to comfortably reach our project ROI sooner rather than later.

Meanwhile, in an effort to further augment our core business, AEL entered into a historic contract with China Harbour Engineering Company (CHEC) to undertake construction of the Colombo East Container Terminal (ECT), signaling the first major improvement to the Port of Colombo since the commissioning of the Colombo International Container Terminal (CICT) in 2013.

At LKR 39.6 Bn. and LKR 33.3 Bn., Turnover reported by the Group and the Company respectively were both at an all-time high. Buttressed by these historical top-line results, post tax profits of the Group pushed past the LKR 5 Bn. mark for the first time to reach LKR 5.1 Bn., while the Company recorded post tax profit of LKR 2.6 Bn.

In yet another landmark deal, AEL signed a Memorandum of Understanding (MoU) with the University of Moratuwa (UOM) supported by the Cambridge and Oxford Universities UK, to embark in an ambitious research initiative to explore the mechanics of implementing fibre optic monitoring technology in Sri Lanka.

GOVERNANCE AND STEWARDSHIP

With our business moving into new dimensions, we further tightened our governance frameworks. On behalf of the Board, I wish to declare that Access Engineering PLC has complied in full with the principles of good governance as set out by the regulatory frameworks applicable to our various businesses. Beyond this, the Group has complied in full with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka). The Board confirms that all Directors, Corporate Management and employees of AEL have carried out business affairs in compliance with the Group's own internal covenants and policy guidelines including the AEL Code of Conduct and Business Ethics.

CHAIRMAN'S MESSAGE

I am pleased to report that AEL continued to maintain its track record of 100% compliance with zero penalties or fines for non – compliance. Our anti – bribery efforts to counter corruption also continued with our annual TRACE Due – Diligence audit completed for 22/23. Me together with my Board is committed to ensure a corruption free environment in all our dealings and we adopt a zero tolerance policy in this regard.

SUSTAINABILITY

Focusing on our sustainability initiatives, we stayed on course to execute the commitments made under the 'Husma Dena Thuru' tree planting programme which was launched in the previous year. With the support and guidance of the Central Environmental Authority, we carried out several tree planting programs in the country's Western and Southern Provinces.

Another one of our ongoing initiatives - the 'Enhance the Future' program saw the Athawetunuwewa Vidyalaya in Welioya benefiting from the addition of new class rooms.

During the year, we also initiated 'Visal Puhunu Balakaya', a pilot project with the dual objectives of providing vocational training opportunities for youth in underserved communities and also bridging the skill gap that exists in several areas within the construction industry.

FUTURE OUTLOOK

It goes without saying that the Board and I are extremely pleased with the results tabled by the Group and the Company for the year under review. However, as your Chairman, it is my duty to face reality and take stock of the unexpected economic turmoil that will substantially affect our main market - the construction industry for the next few years. Amidst this backdrop, I do not expect construction to be the key business driver for the Group over the medium-to-long term.

Our strategic thrust for the foreseeable future will be to focus on business diversification. I wish to point out that early action on our part to pursue business diversification, particularly through our investments in the logistics and warehousing space and condominium mix development, does certainly augur well for the Group. Towards this end, I am pleased to announce that with its flagship project Capital Heights almost complete, Blue Star Realties Private Limited has already begun making a noteworthy contribution to the Group bottom line.

Our stable balance sheet as at the end of the current financial year gives me further reason to be optimistic about the future prospects of the Group for I believe it provides the impetus to strategically expand our business. We expect to be aggressive in our efforts and in doing so, remain open to pursue new collaborations, partnerships and joint ventures, to grow our business both sector wise and market wise.

Looking ahead, I am also very hopeful that the next few months will bring a successful end to the ongoing talks with the IMF, enabling the roll out of a broad based reform programme that will kick start the long and painful process towards economic recovery and restoring Sri Lanka's credibility in the eyes of the world.

ACKNOWLEDGEMENTS

I take this opportunity to thank my colleagues on Board, the Executive Vice Chairman and the Managing Director for their selfless commitment in this difficult time.

Let me also place on record my sincere appreciation of the Corporate Management team and all Group employees who are the heart and soul of our business and the key custodians of the Group's success now and always.

In conclusion, I would like to extend my grateful thanks to our valued customers, business partners, shareholders and other stakeholders. On behalf of the Board, I wish to state that Access Engineering PLC remains committed to meet and exceed your expectations in the years ahead.

SUMAL PERERA
Chairman

30 August 2022

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

Having always managed our business with a greater degree of foresight over the years, we had the flexibility to move quickly and without hesitation to reset our business fundamentals, where needed in order to address strategic and operational challenges and safeguard our business against the perilous events unfolding around us.

Looking back on this past year, what stands out most is, AEL's momentum in the core business, especially in the construction material segment. From a financial perspective our performance was impressive, especially given the negative headwinds , experienced towards the latter part of the financial year..

Turnover reported at Group and Company level was LKR 39.6 Bn. and LKR 33.3 Bn. respectively, reflecting a sizeable improvement of 66.2% and a 52.5% respectively over the figures reported in the previous financial year. The core business of construction remained the predominant contributor towards the Company Turnover. Revenue in the construction business was driven primarily by the Sale of Construction-Related Material, followed by the Building and Other Construction, the Roads and Highway construction, Bridge construction and Water and Drainage construction segments, all of which recorded a YOY improvement in their respective top-lines.

The Property sector also performed well, while the automobile sector performance was negatively impacted by the adverse macroeconomic conditions including the ongoing restrictions on the importation of new vehicles, and the scarcity of foreign exchange .

Meanwhile, backed by the momentum created by healthy revenue results from the construction and property sectors, the Group and Company recording gross profit of LKR 5.3 Bn. and LKR 3.7 Bn. respectively for FY 2021/22 reflecting YOY increases of 28% and 26% respectively over the previous financial year.

The Group and Company registered post-tax profits of LKR 5.1 Bn. and LKR 2.6 Bn. respectively for FY 2021/22, up by 114% and 11% respectively from the figures reported in the previous financial year.

Reinforced by these phenomenal results, earnings per ordinary share increased from LKR 2.39 to LKR 5.11 at the Group level and from LKR 2.33 to LKR 2.58 at the Company level. Eager to share these results with shareholders, the Directors of the Company approved an interim dividend of LKR 0.75 per share amounting to a total dividend payout of LKR 750 Mn. which is 50% higher than the dividend declared in FY 2020/21.

To fully appreciate the significance of these results, it is important to understand the magnitude of the challenges we faced in the year under review.

YEAR IN CONTEXT

The year started well enough with renewed hope that the pandemic was slowly abating on the back of aggressive vaccine rollouts kicking in around the world. In Sri Lanka too, there were clear signs of a revival in economic activity in the second half of the year, and the frequency of COVID-19 related lockdowns reducing drastically as the government-led vaccine programme gathered momentum.

It is nevertheless regrettable to note that the anticipated economic rebound did not fully materialise as the tight fiscal policy controls, including import restrictions introduced by the government at the onset of the pandemic remained in place. The situation was further exacerbated towards the latter part of 2021, due to the strict exchange control measures introduced in response to the scarcity of dollar liquidity in the country's banking system.

The local construction sector which is also dependent on the imports of some of the materials was also affected by this crisis. Due to long delays in opening of letters of credits, the construction industry was forced to contend with the shortages in primary raw materials such as steel, cement and pipes as well as more specialised items such as mechanical, electrical and finishing items. To further compound matters, in March 2022, we saw the Sri Lankan Rupee experiencing its sharpest ever depreciation against the US Dollar, automatically causing unprecedented price escalations in imported goods. The fuel shortage that erupted in February 2022 was yet another pressing issue. These were all major challenges, which needless to say put the construction industry under severe pressure during the last quarter, as the progress of ongoing projects were delayed.

STRATEGY AND FOCUS

Access Engineering PLC for its part, has always been quite adept at seeing opportunities in the midst of every challenge and this past year was no different. Having always managed our business with a greater degree of foresight over the years, we had the flexibility to move quickly and without hesitation to reset our business fundamentals, where needed in order to address strategic and operational challenges and safeguard our business against the perilous events unfolding around us.

For instance, our hybrid funding strategy - a mix of multilateral and bi-lateral funding sources allowed us to claim a portion of our project's dues as foreign currency denominated receipts saved us from the worry of sourcing adequate dollars for our imports. It also worked in our favour by proving to be an automatic hedge against the rising price of imported materials.

We are also quite pleased to see how our long standing supply chain diversification strategy helped to ensure the uninterrupted flow of materials even in the midst of uncertain times. In the year under review, we further refined our supply chain management framework by centralising our procurement operations under the purview of the 'Central Procurement Division'. To further support these efforts, we rolled out 'Green Tape' the e – procurement platform to streamline the sourcing processes across all our project management divisions.

It is indeed very gratifying to note that our core strengths and prudent risk management principles have continued to hold us in good stead as we directed our attention towards implementing our purpose-led strategy this past year. As in the past, we leveraged our vertically integrated business model to pursue multiple value propositions to optimise cost and improve productivity. We focused in particular on innovating through value engineering solutions. While reinforcing some of our tried and tested value engineering solutions such as HDD, Cable Blowing, Aluminium Formwork systems and Pre-fabricated flyovers, we presented our clients with several groundbreaking new value engineering solutions. At the Elliot Place Housing project, aluminium formwork panels which were used for previous projects were modified and used for the column formwork instead of the conventional formwork system, resulting in saving on material and labour cost, speedy construction, flexibility in assembling and disassembling and long service life.

At the Stadiumgama Housing Project, AAC (Autoclaved Aerated Cement) blocks were used for the first time to save time in the installation process, while carbon black modified asphalt was used in a number of ongoing road works projects to improve the bonding mix of bitumen. In yet another first or the first time in a local flyover project, the steel superstructure fabrication was done in partnership with a local fabricator - Dockyard General Engineering Services (Pvt.) Ltd.

Meanwhile, keen to showcase our desire to stand out as the leading industry innovator, we launched the "Idea Nest" Project. A partnership between AEL and the University of Moratuwa supported by the Cambridge Centre for Smart Infrastructure and Construction (CSIC) of the University of Cambridge and the University of Oxford, the "idea Nest" project is the first of its kind research initiative to explore the mechanics of introducing Fibre Optic Monitoring Technology to Sri Lanka.

PROGRESS ON PROJECTS

Our holistic approach to counteract challenges ensured that our projects could progress with minimum disruptions throughout the FY 2021/22. The year saw the completion of one of our largest civil works projects in the renewable energy sector, the Mannar Wind Power Plant. Working closely with Vestas Wind Systems, one of the world's largest wind turbine manufacturers, we expedited the commissioning of the plant with the project handing over in June 2021 as scheduled. .

The JICA funded Anuradhapura Water Supply Project was also successfully completed during the financial year.

Steady progress was made on the construction work related to the new passenger terminal building of the Bandaranaike International Airport Development Project (Phase II). Despite the practical constraints of working within a fully functional airport, all piling work and a substantial portion of the construction work on the viaduct were completed within the year, with the expected completion within the forthcoming financial year.

We also undertook several major projects involving the construction of housing facilities for the underserved communities in and around Colombo. Two of the projects being Bloumendhal and Stadiumgama Housing projects, spearheaded by the Urban Development Authority (UDA), are massive undertakings that would collectively add over 1,450 housing units to Colombo's urban landscape. Other key projects that we embarked on were the Elliot Place and the Orugodawatta housing complexes - twin projects by the UDA to cater to the growing demand for housing from the upper middle class and the middle class segments respectively.

Marking a historic first, AEL was awarded the contract by the UDA for a multi-storied public car park in Union Place on a Design, Build, Finance, Operate, and Transfer (DBFOT) basis. Located adjacent to Access Tower I and Tower II, this public car park which will offer 285 parking spaces in the heart of the city. Work on the project commenced in early 2022 and remains on track to meet the target completion in 2023.

We were able to achieve all construction milestones on the I– Road project, an ADB funded long term effort by the Sri Lankan government to rehabilitate rural roads in the Gampaha District. AEL's involvement in the project falls under 3 separate contracts (packages), with approximately over 45%, 48% and 50% of the work completed in Package 02, Package 03 and Package 04 respectively as at end-March 2022. Meanwhile, road widening and rehabilitation work on the Nittambuwa Pasyala Road Project moved at a slower than expected pace, hampered by various challenges associated with in utility relocation and land acquisition by the relevant authorities.

The year saw AEL being awarded several flyover projects aimed at easing traffic congestion in hotspots in and around Colombo and Kandy. The Gatambe flyover in Peradeniya, Kandy and the Kohuwala flyover in Colombo South are both Road Development Authority (RDA) projects funded by the Government of Hungary, while Slave Island flyover in the heart of Colombo's business district is also a project by the RDA under treasury financing. Construction work on all three flyovers commenced during the year and were progressing smoothly as at the end of the financial year.

AEL's overseas project, the construction of T – Mall flyover and 5 foot bridges in Nairobi, Kenya made solid progress in the current financial year. The project which is carried out in joint partnership with Centunion of Spain saw the completion of more than 50% of the overall project by end-March 2022, and remains on track to meet the completion deadline set for FY 2022/23.

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

In the construction sector, we embarked on a bold initiative to build our brand presence across the wider Asian region through the formation of Access – CHEC JV (Private) Limited, a venture between AEL and CHEC, the main contractor and key custodian of the Colombo Port City project. As proof of the strength of this union, Access – CHEC JV (Private) Limited was awarded the contract for the construction of the East Container Terminal (ECT) at the Port of Colombo - the largest contract to date awarded to a venture led by a local firm.

PERFORMANCE OF BUSINESS SEGMENTS

Demonstrating their tenacity and resilience against the uncertain economic backdrop, many of our business segments stayed on track to produce commendable results for FY 2021/22.

Our material production segment with its network of asphalt production plants, ready – mix concrete production plants, aggregate production plants and quarry operations made excellent headway in reinforcing its status as the only fully fledged construction solutions provider in Sri Lanka. The segment reported a robust 146 % YOY revenue growth for the current financial year, driven by 550,000 MT of asphalt sales and 130,000 M3 of ready–mix concrete sales. Marking a significant milestone in its strategic journey, the segment also invested in expanding its installed capacity with the commissioning of Sri Lanka's largest asphalt plant in Matugama with a capacity of 160 TPH.

In the Property sector, Access Tower I and Tower II continued to maintain satisfactory occupancy levels, albeit somewhat lower than in previous years. It is also worth mentioning that rental income did not show appreciable growth in FY 2021/22 as rate revisions and moratoriums were granted in order to retain existing occupants. Nevertheless, as part of the ongoing effort to enhance the value proposition offered to tenants, the Company invested in a mechanical car parking system and installed an exclusive lift to connect the car park and the rooftop restaurant at Access Tower II.

The Automobile sector represented by Sathosa Motors PLC, experienced a tough year with business prospects adversely affected by the restriction on vehicle imports that has remained in place since the onset of the pandemic in April 2020. Nonetheless, thanks to dynamic business diversification strategies to focus aggressively on sale of spare parts and workshop operations, the sector was able to record satisfactory results for the financial year.

Capital Heights, the luxury residential condominium complex in Rajagiriya undertaken by Bluestar Realties (Pvt) Ltd reached substantial completion within this year and plans to commence handing over of the apartments to clients. Revenue recognition from these apartments contributed to the Group's turnover and profit in a significant manner.

Access Projects (Private) Limited made steady progress on its projects too. At the same time, despite pressure owing to adverse macroeconomic factors during the year, the Company secured multiple new projects, including the Blue star Aluminium Project, L & T Sky bridge project, Trizen project, MOD project and the Defence Headquarters project.

Development work of 'Marina Square Uptown Colombo', Sri Lanka's largest ocean front single phase mix development, made swift progress. Whilst recording good progress on sales, stringent pre-planning enabled the achievement of key project milestones including the completion of 70% of the superstructure by end-March 2022.

NEW BUSINESS DEVELOPMENT

Systematic business diversification over the years, has without a doubt been one of the key strengths that allowed AEL to thrive even in difficult times. It is this rationale that motivated us to venture into several new business undertakings in the current financial year.

In the construction sector, we embarked on a bold initiative to build our brand presence across the wider Asian region through the formation of Access – CHEC JV (Private) Limited, a venture between AEL and CHEC, the main contractor and key custodian of the Colombo Port City project. As proof of the strength of this union, Access – CHEC JV (Private) Limited was awarded the contract for the construction of the East Container Terminal (ECT) at the Port of Colombo - the largest contract to date awarded to a venture led by a local firm. Equally important are the ancillary benefits, in particular the technical expertise gained through this undertaking that we hope will pave the way for AEL to attract new international partnerships in support of its global ambitions in the years ahead.

As you may be well aware, AEL has been expanding its footprint in the property sector for some time now with our most recent endeavours focused on growing our bandwidth in the logistics and warehousing domain. The year under review saw AEL further deepening its presence in this space with the incorporation of Access Logistics Park Ekala (Private) Limited on 30 November 2021. The Company would invest in a 700,000 Sq. Ft. fully fledged Export Greenfield (EGF) Warehouse and Logistics Facility and another 32,000 Sq. Ft. of premium Grade 'A' office space at the same location. This is the second such warehousing facility built by AEL. Upon its completion in 2023, the Ekala facility will be positioned as one of the largest product consolidation and distribution centres in the Asian region. Meanwhile, our first logistics and warehousing facility in Kimbulapitiya comprises 400,000+ Sq. Ft. having reached its final stage of construction, is set to commence commercial operations by 2022.

FOCUS ON PEOPLE DEVELOPMENT

As always we continued to focus on supporting our people and recognising their contribution towards AEL's performance. Despite the difficulties stemming from the pandemic and thereafter by the economic crisis, we are proud to have retained and rewarded our staff throughout the year. .

All other people-development initiatives also continued as usual. The annual performance appraisals were conducted and performance-based incentives were paid. At the same time, we continued to work towards gender equality and promoting greater female participation in the workforce, especially at a leadership level. We are pleased to see the progress made in this regard with our engineering design operations, an area which in the past was largely male dominated, now witnessing a growing number of females joining the team.

Training activities also continued as per usual, with a total of 69 and 75 internal and external training programmes conducted over the course of the year for the benefit of 2,247 participants. Our industrial placement programme was significantly expanded with 78 new placements offered under the 2021 intake.

On a related note, we are pleased to announce that Access Engineering PLC was recognised as a Great Place to Work (GPTW) in the latest edition of the GPTW survey, becoming the first-ever construction Company in Sri Lanka to be bestowed with this honour.

AWARDS AND ACCOLADES

Awards and accolades have been part and parcel of AEL's journey thus far, and this past year was no different. The range of awards received in the current financial year serve as a testament to our commitment to excellence in all aspects of our business.

One of the most notable accomplishments for the year was the award by Transparency International Sri Lanka (TISL) for Transparency in Corporate Reporting 2021. Ranked 8th among the top 75 listed companies in Sri Lanka by TISL with an overall TRAC Score of 8.97, AEL was listed among the 'Significantly Transparent' companies. Incidentally, AEL is also the only construction Company to be featured in this edition.

Our reporting excellence was further acknowledged at several other forums both locally and internationally. AEL claimed the Gold Award in the Construction Sector at the 56th Annual Report Awards organised by the Institute of Chartered Accountants of Sri Lanka. We were also adjudged the winner in the Construction Sector at the CMA Excellence in Integrated Reporting Awards 2021 organised by the Institute of Certified Management Accountants of Sri Lanka. At the SAFA Best Presented Annual Report Awards 2021 organised by the South Asian Federation of Accountants (SAFA), AEL was declared the winner in the Infrastructure and construction sector.

Our ongoing efforts to imbue sustainability principles into every aspect of our business was once again recognised when AEL was adjudged the winner in the 'Construction Category' at the 2021 Best Corporate Citizen Sustainability Award (BCCSA) organised by the Ceylon Chamber of Commerce. This is the 8th consecutive year in which AEL has secured the top spot in this category.

In recognition of our resilience during the pandemic and ability to bounce back strongly in the post-pandemic climate, AEL received the Silver Award at the Best Management Practices Company Awards 2022 – Back to Business in the New Normal organised by the Institute of Chartered Professional Managers of Sri Lanka (CPM).

WAY FORWARD

Despite proving our ability to deliver solid results against all odds, AEL will approach the future with a greater degree of caution. With the current economic instability likely to influence both the private sector and state sector to withdraw from infrastructure investments, we expect to see a significant negative impact on our project pipeline and most of our other businesses. Amidst this backdrop, our priority will be to safeguard our core business models and our brand reputation. In doing so, we will seek to capitalise on any available opportunities, especially in bringing our trademark value engineering solutions to a wider target market. Depending on the situation, we will also not hesitate to explore de-risking strategies such as portfolio rationalisation, reallocation of resources and more aggressive overseas expansion over the long term.

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In the meantime, we expect our property sector to be the key catalyst in supporting the Group's bottom line in the near term. Towards this end, maintaining high occupancy at both Access Tower I and Tower II will be critical. Operationalising the multi-storied public car park at Union Place, on the DBFOT basis, we believe, will be another consistent revenue stream. Completing the Export Greenfield (EGF) facility at Ekala and commencing commercial operations at the Kimbulapitiya warehouse in the latter part of this year will also further bolster the prospects of the property sector in the medium term. Moreover, by expediting the handover process at Capital Heights Rajagiriya, we expect the project to make a stronger contribution to property sector in the next financial year, while the Marina Square project too is set to strengthen the sector in the forthcoming years

JOINT STATEMENT FROM THE EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

APPRECIATIONS

We wish to take this opportunity to express our appreciation to our Chairman for his insightful leadership and to the Board of Directors for their assiduous stewardship of the Company and the Group at all times.

At the same time, a special word of thanks to our Corporate Management Team, Core Management Team, and all team members and staff for their determination and commitment to rally together and work towards achieving all that we set out to in this past year.

Last but not least, we wish to thank our customers, principals, business partners, shareholders, and all other stakeholders who have stood by us and shared in our journey over the years. We trust you will stay invested in AEL as we move resolutely forward to tackle the challenges and opportunities that lie ahead.

ROHANA FERNANDO
Managing Director

J C JOSHUA
Executive Vice Chairman

30 August 2022

CONSISTENT STRIDES

Our strengths lie in using the best technologies and professional strategies to meet the needs of our stakeholders.

STRATEGY



OPERATING ENVIRONMENT

GLOBAL OVERVIEW

GLOBAL ECONOMY

Recovering well from the economic downturn that set in following COVID-19 pandemic in early 2020, global economic activity picked up as a relaxation of pandemic-related lockdowns in many countries helped fuel demand and boost trade. Global growth is estimated to have sped past the 5% mark in 2021—its strongest post-recession pace in 80 years.

Stronger growth seen across advanced economies is attributed to aggressive vaccination roll outs, while emerging market and developing economies (EMDEs) reported notably weaker growth amidst slower vaccination progress and limited policy responses owing to inherent systemic issues.

Nevertheless, the effects of the pandemic continued to be felt with widespread supply chain bottlenecks and freight capacity shortages dampening global economic activity in the second half of 2021.

Outlook

After rebounding to an estimated 5.5% in 2021, global growth is expected to soften to 4.1% in 2022 as governments proceed to unwind fiscal stimulus packages offered at the onset of the pandemic, causing pent up demand to gradually dissipate. Moreover, with supply chain bottlenecks also likely to linger for some time yet, global growth is projected to decelerate further to 3.2% in 2023.

GLOBAL CONSTRUCTION INDUSTRY

Of the leading global industries, the construction industry was among the few that demonstrated the strongest resilience against the economic fallout caused by the COVID-19 pandemic.

Despite facing a multitude of challenges caused by frequent lockdowns to prevent the spread of the virus, the global construction industry appeared to cope well as key stakeholders rallied to ensure project activity could continue with minimal disruptions.

However, the industry did face additional pressure as pandemic related supply chain constraints saw the prices of key construction materials reaching historical highs. Regardless, experts estimate global construction output grew by 4.1% in 2021 after dipping by 0.1% during the pandemic's first year in 2020.

Outlook

Having bounced back swiftly from the pandemic-induced economic downturn, the global construction sector is set to grow by 2.3% annually over the next decade. Nevertheless, headwinds are likely to persist. The short-term outlook in particular remains uncertain as Russia's invasion of Ukraine is expected to further exacerbate existing supply chain disruptions, and bring even greater upward pressure on energy prices, in turn further driving up prices of key construction materials in the coming months and years.

LOCAL PERSPECTIVE

SRI LANKAN ECONOMY

Economic activity in Sri Lanka improved considerably in 2021 as the government expedited its vaccine roll out programme across the island. Consequently, the Sri Lankan economy rebounded strongly, with available data suggesting GDP expansion of 3.7% in 2021 compared to the contraction of 3.6% recorded in the previous year.

Meanwhile, inflation surged due to the combined effect of pandemic related supply side disturbances, the rapid escalation in global commodity prices and upward revisions to administered prices by local authorities. Consequently, inflation which had remained in the 4% - 6% benchmark range for many years, shot up to 12.1% by December 2021 and later climbed to 18.7% by March 2022.

The Sri Lankan Rupee, which has remained broadly stable for much of the 2021, came under pressure following the government's decision to allow greater flexibility in the determination of the exchange rate. Exchange rate volatility which began towards the end of 2021 continued into the January to March 2022 quarter, with the Rupee depreciating by a massive 33% during this period.

The year 2022 brought several major challenges that affected Sri Lanka's performance, among them the lack of dollar liquidity in the banking system, the energy crisis that erupted in February 2022, as well as the social unrest and political instability that prompted the government to suspended external debt servicing for the foreseeable future resulting in the downgrade of the sovereign rating by all global rating agencies.

Outlook

Sri Lanka's prospects for the near term remain shrouded by uncertainty. Hyperinflation, weak currency, poor domestic spending and a widening trade deficit are all challenges that will require attention. However experts are optimistic that a reset is possible supported by a debt restructuring programme and long overdue structural reforms alongside an IMF-led economic adjustment programme which together would trigger a turnaround in the Country's fortunes in order to produce at least modest growth over the medium term.

LOCAL CONSTRUCTION INDUSTRY

The local construction industry has long been seen as the backbone of the Sri Lankan economy and a key driver of GDP growth. The last few years have been extremely challenging for the local construction industry. The Easter Sunday terror attacks in 2019, followed by the COVID-19 pandemic in 2020 were some of the toughest challenges that the industry has had to overcome in recent times.

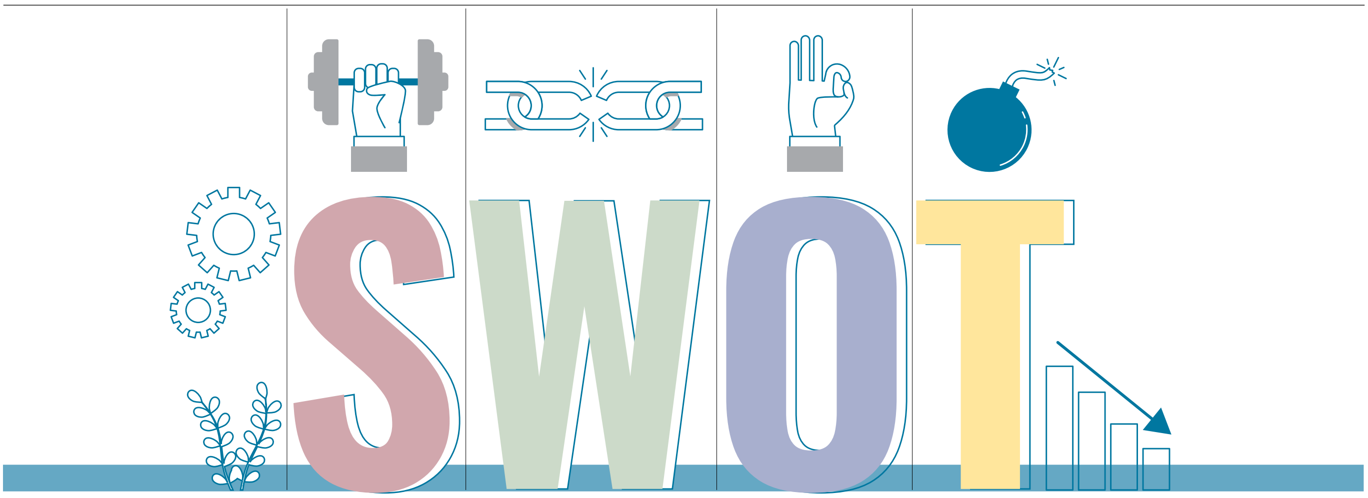
Encouragingly though, easing of COVID-19 restrictions in the early part of 2021 paved the way for the local construction industry to stage a comeback in the first few months of the year. However, the third wave of the pandemic, which spanned the second and third quarters of the year coupled with worsening supply side disruptions, again adversely affected the construction-related activities in the latter part of 2021.

The sharp escalation in prices of imported construction materials owing to the Rupee depreciation and the shortage of dollar liquidity in the Country's banking system, was also a major challenge thrust upon the construction industry in late 2021. This not only spilled over but further aggravated in 2022, leading to an inevitable slowdown in construction activity from March 2022 onwards.

Outlook

The next few years are expected to be very tough for the local construction industry. In particular, the decision by the government to suspend state sector construction activity for the foreseeable future will have a serious impact on the prospects of the local construction industry. Private sector construction activity too is expected to slow down considerably in the near term on the back of hyperinflation, ongoing import restrictions and rising price of imported construction materials.

SWOT ANALYSIS



STRENGTHS

- Visionary leadership, 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
- Good will 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
- Transfer of best in class knowledge through executing a large number of projects jointly with reputed international partners
- Possessing human capital that is best in the industry
- 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

- Commitment of multi – lateral funding agencies for local infrastructure development
- Ability to diversify the product portfolio
- Overseas expansion with international partners
- Opportunity to execute projects on BOT & PPP basis
- Significant contributor to the GDP & total labour force
- Concessionary tax structures for large-scale BOI approved projects
- Rising demand for urbanized and vertical living
- Development of Sri Lanka as a logistics hub for transshipment
- Promotion of Non – Conventional Renewable Energy (NCRE)

THREAT

- Scarcity of skilled labour in the industry
- 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
- Possible delays in fund disbursement by bi – lateral funding partners and overseas creditors
- Difficulties in transacting overseas due to the current foreign exchange crisis in Sri Lanka
- Barriers to penetrate overseas markets
- Limitations in the supply of fuel negatively affecting smooth continuity of construction projects
- Intense competition among existing competitors especially on bidding for government projects
- Competition from foreign construction firms in the local market
- Changes to fiscal and monetary policy negatively affecting infrastructure development
- Rising cost and scarcity of construction material (E.g. Sand)
- Continuous rupee devaluation resulting in increased cost of imported raw materials

PEST ANALYSIS

POLITICAL FACTORS

Ecological/ Environmental Issues	• Concern on preventing environmental pollution (Air, water and land pollution) • Continuation and renewal of operating licenses based on the stated rules and regulations of Central Environmental Authority (CEA) and Local Authorities
Current Legislations	• Laws stated by the Labour 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 licenses, approval of plans etc. • General civil and commercial law and governing Acts (Contract law, Companies' Act, laws pertaining to insurance etc.)
International Legislations (Global Influence)	• The open economy policy adapted by Sri Lanka and the encouragements to improve Foreign Direct Investments has attracted the participation of international firms specially 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
Regulatory bodies and processes	• All industry participants should 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) 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 and the Securities and Exchange Commission of Sri Lanka (SEC)
Government policies, terms and changes	• Infrastructure development is heavily dependent on the policy directions set out by the GoSL
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 • 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

Market lobbying groups	• The influence of market lobbying groups in determining;
	  ◦ The sustainable utilization of natural resources
	  ◦ Protection of human rights
	  ◦ Prevention of environmental damages through air, water or land pollution

Wars, terrorism and conflicts	• With the end of the three decade war in 2009, Sri Lanka perceived a massive growth in infrastructure development • Terrorist activities such as the Easter Sunday attack in April 2019 would hamper the economic development and business sentiment in general

PEST ANALYSIS

ECONOMIC FACTORS

National economies and trends	• Construction industry contributed to national GDP by 6.83% in 2021 • Construction industry grew by 13% YoY in 2021 supported by the commencement of new mega scale infrastructure development projects and the recommencement of projects slowed down due to COVID – 19 pandemic • Funding constrains due to treasury not having sufficient funds can also influence the progress of infrastructure development activities
General taxation issues	• Construction activities are taxed at 28% as opposed to the concessionary tax rate of 12% prior to 2018 • The new Social Security Contribution proposed by the 2021 budget can have a negative impact on the Company
Seasonality or other weather issues	• Extreme weather conditions affecting the progress of construction related activities
Special Sector factors	• The emergence of the construction boom and high degree of attention towards condominium developments in the country will favour the building construction sector
Interest and exchange rates	• Interest rate specifies the borrowing capacity and influences the investment process especially if the projects are debt financed • Depreciation of the Sri Lankan Rupee has led to foreign exchange losses and high cost of imports for raw materials such as cement and steel
International trade and monetary issues	• Tendency to import construction related materials and machinery from low cost destinations like China will reduce the cost of construction • Import restrictions imposed on selected goods limiting import dependent businesses • Difficulty in importing construction machinery, material and plants due to foreign exchange restrictions • Free Trade Agreements, bilateral and multilateral agreements enhancing the potentials for engaging in international trade including the possibility of carrying construction projects overseas

SOCIAL FACTORS

Lifestyle trends	• Increase in urbanization has created opportunities for construction companies specially for construction of condominium apartments • Remote working and working from home (WFH) became a trend due to the COVID-19 pandemic
Demographics	• Ageing population creating limitations for the potential workforce especially engaging in construction related works
Job Perceptions	• Majority of the job seekers especially in construction industry trying to get into white-collar jobs than blue-collar jobs creating a scarcity of skilled labour
Superstitious believes	• Beliefs on auspicious and non-auspicious times of the day and the year in building construction sector and especially in individual house building sector
Consumer attitudes and opinions	• People 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.
Media views	• Influence of the public media by bringing to limelight pressing issues of the general public like housing, water, electricity, etc. is creating more opportunities for construction activities and companies
Image of the organization	• High degree of concern towards organizational reputation, brand image, adoption of good corporate governance practices
Consumer buying patterns	• Increasing demand for more urbanised office spaces and condominium developments
Major events and influences	• Outbreak of COVID-19 and disrupting the usual business and daily life patterns of the people • Promotion of Sri Lanka as a MICE destination is creating the need for new infrastructure developments and renovations

TECHNOLOGY FACTORS

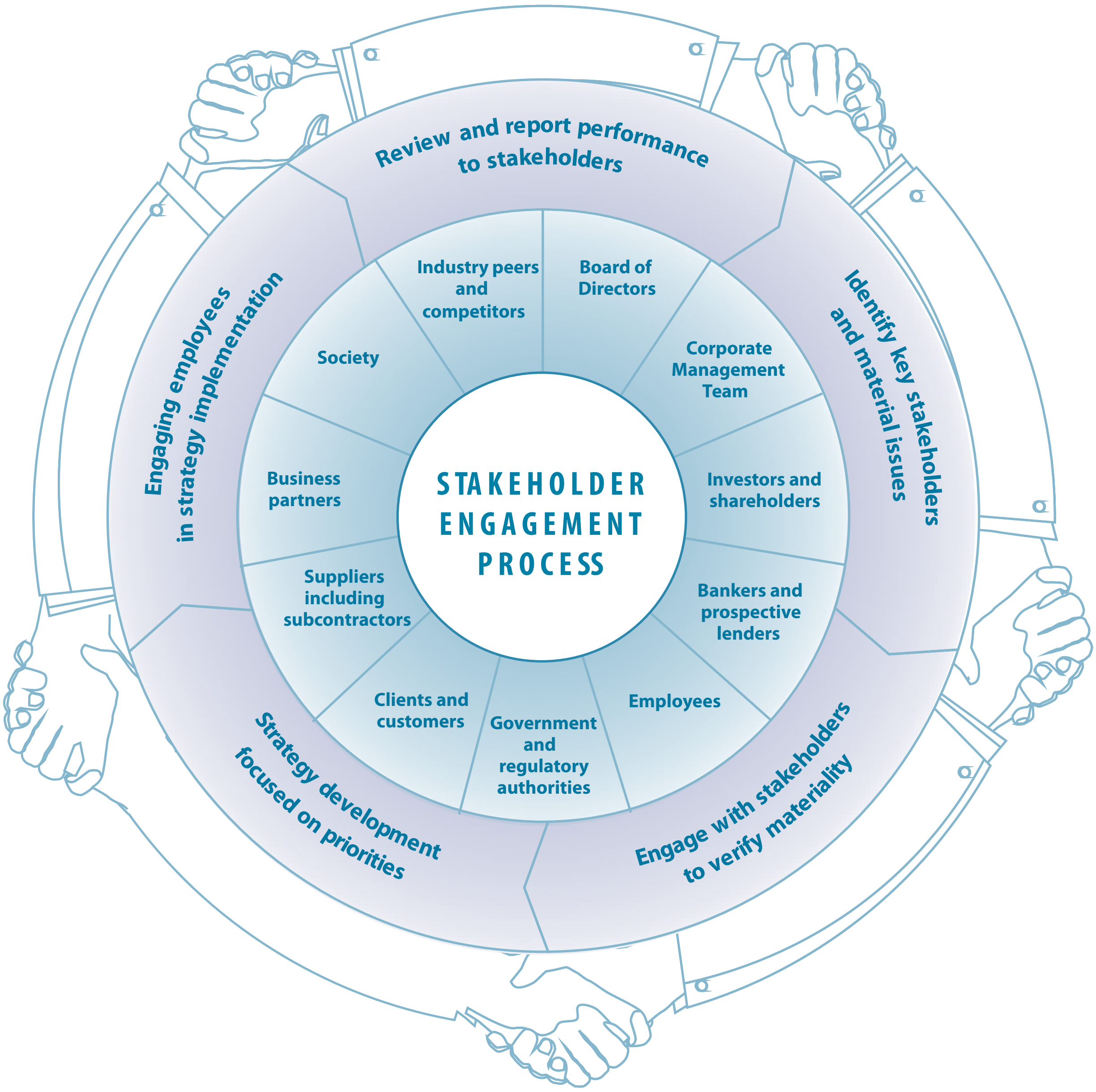
Competing technology development	Development of modern techniques that; • Reduce the use of natural resources and raw materials • Reduce pollution such as use of fly ash from power plants to create concrete blocks • Reduces cost and speeds up construction such as prefabricated construction, self-healing concrete and advance finishing materials
Associated/ dependent technologies	Development of sophisticated software, especially for the purposes of designing which in turn result in accuracy and speed • Augmented reality/virtualisation designs • Use of fibre optic monitoring technology • Remote monitoring of construction progress using drones • 3D scanning and photogrammetry
Maturity of technology	The construction industry is moving from being a strictly labour intensive one to a more knowledge intensive one Emerging technological advances used throughout the world to foster efficient construction are now introduced and used in Sri Lanka
Innovation potential	Heavy emphasis on research and development to further and initiate technological advancements in construction materials
Maturity of organization's products / services	Construction related products and services don't face the problem of having a shorter life cycle. Most of the products are perceived as long term investments. Technology and construction methods used in the industry evolve, creating better productivity. However, technological obsolescence of machinery and methods used in the construction processes will formulate threats in conducting operations.

STAKEHOLDER ENGAGEMENT

GRI 102-40, 102-43

Our sustainable development depends on balancing short-term and long-term interests of our stakeholders. To achieve this, effective engagement of internal and external stakeholders is fundamental. In line with our strategic priorities, we adapt our policies and practices to the needs and expectations of our stakeholders and aid them in making business decisions proactively.

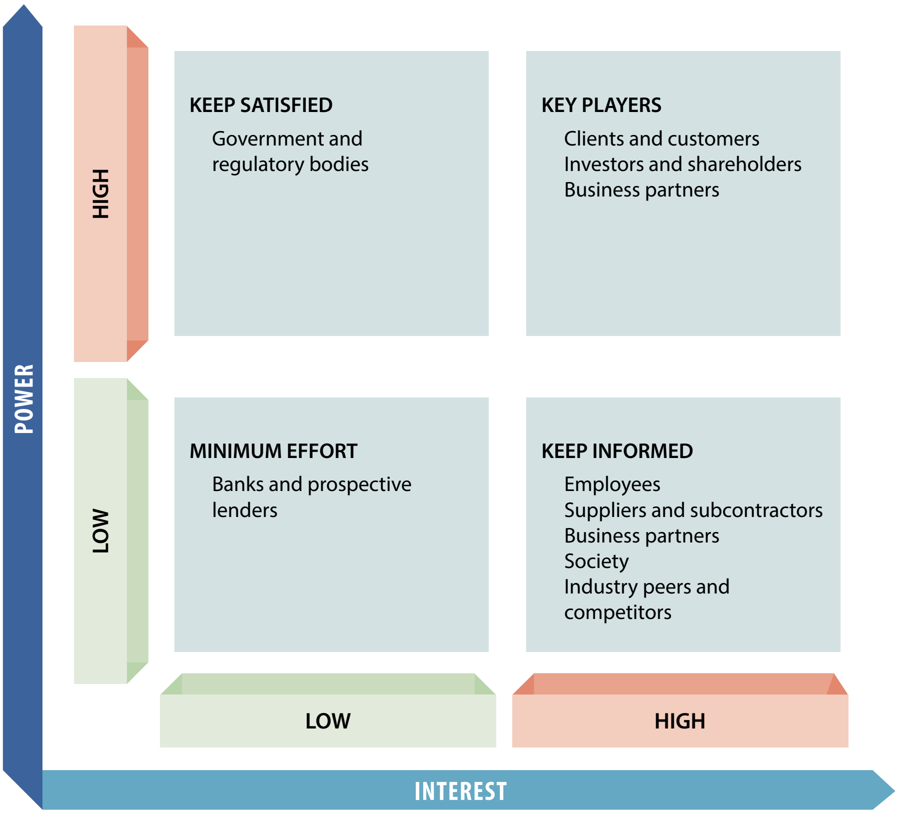
OUR APPROACH TO ENGAGING WITH STAKEHOLDERS IS A CONTINUOUS PROCESS AS SHOWN BELOW;



GRI 102-42

IDENTIFY KEY STAKEHOLDERS

The process starts with the identification of key stakeholders and issues that are of material nature to them. This process involves the analysis of internal and external environment while monitoring micro and macro facts and lining them with our strategic objectives. The list of stakeholders identified is then analysed in groups based on the power they can exert on AEL and their level of interest in AEL's operations and activities as shown in the power/interest matrix below.



Engage with stakeholders to identify key concerns

Based on the position occupied by stakeholders on the power/interest matrix, appropriate engagement strategies are devised and implemented to facilitate engagement with different stakeholder groups. Usually, a stakeholder group with a high degree of power as well as a high level of interest, is considered high priority requiring more frequent engagement, often on a continuous and ongoing basis. This allows AEL to determine the concerns of key stakeholders and proceed to identify what is material.

At the same time, we are mindful of engaging at least at a minimum level even with other stakeholder groups as well. In this regard, we are guided by regulatory and statutory requirements to determine the frequency of engagement.

Prioritizing Material Stakeholder Issues

Material stakeholder issues are then prioritized by rating their importance to stakeholders against the impact to the business (refer Materiality Matrix on page 36). Prioritisation of the issues in this way enables AEL to proactively attend to stakeholder concerns by allocating necessary resources and management efforts towards resolving such issues by integrating them into the business strategy.

Involving Employees in strategy implementation

Next stage involves implementation of strategies. AEL engages its employees cohesively in devising strategies to address stakeholder issues.

REVIEW AND REPORT PERFORMANCE TO STAKEHOLDERS

AEL continuously monitors and regularly reports back on the outcomes of the engagement process to stakeholders. AEL follows this process iteratively improving the engagement with stakeholders in each cycle and creating optimum value to them.

STAKEHOLDER GROUPS ENGAGED BY THE ORGANIZATION

- Board of Directors
- Corporate Management Team
- Investors
- Shareholders
- Bankers & Prospective Lenders
- Employees
- Government & Regulatory Authorities
- Clients & Customers
- Suppliers including Sub-Contractors
- Business Partners
- Society
- Industry Peers and Competitors

The organization's rationale for stakeholder engagement and approaches, including frequency of engagement by type and by stakeholder group.

STAKEHOLDER ENGAGEMENT

GRI 102-44

KEY TOPICS AND CONCERNS THAT HAVE BEEN RAISED THROUGH STAKEHOLDER ENGAGEMENT

Stakeholder Group	Method of Engagement	Frequency of Engagement	Key Concerns Raised During the Year	Company Response
Board of Directors As the apex governing body of the organisation, the Board of Directors is responsible for setting fourth the direction, objectives and strategies of the organisation.	Board Meetings / Board Committee Meetings	Continuous with at least one meeting every quarter	Facilitation of meetings with no physical interaction	Most of the Board meetings were conducted online via MS Teams or Zoom.
			Rationalisation of business units	Scrutinized and strengthened the monitoring of subsidiary performance.
			Diversification of business operations	• Review subsidiaries that were under performing with a view to restructure them for a new direction • Restructuring of ARL Elevate (Private) Limited was completed during 2021/22 • Investments in forward and backward integration activities • Commenced construction of the Export Greenfield (EGF) Logistics and Warehousing facility at Ekala
			Consolidation of core business	• Continued with infrastructure development projects while extending the product/ service portfolio via the introduction of new construction techniques • A new vertical of construction was added with the commencement of construction of the East Container Terminal (ECT) of the Port of Colombo
Corporate Management Team As the key custodians responsible for implementing the objectives, strategies and policies set forth by the Board, frequent communication with the Corporate Management is vital to ensure effective functioning of the organization.	Corporate Management Meetings	Continuous with at least one in every two months	Improving efficiency and productivity	• Restructuring of some project execution units to better focus on their specialisations • Expansion of core business activities including investments in new material plants • Strengthened cost and project management functions
	Progress review meetings	Monthly	Expanding the project pipeline	Vigilant & pro-active business development efforts.
	Performance review meetings	Monthly		

Stakeholder Group	Method of Engagement	Frequency of Engagement	Key Concerns Raised During the Year	Company Response
Investors and shareholders As providers of equity capital, Investors and shareholders need to be kept informed of the organisations performance and prospects.	• Periodic meetings to ascertain / review project progress • Business promotion meetings	As and when required	Ability to earn a consistent return on investment	Declared dividend of LKR0.75 per ordinary share, amounting to a total dividend payout of LKR 750 Mn.
	Annual Integrated Report and the Annual General Meeting (AGM)	Annual	Receiving up-to-date information regarding the affairs of the Company	• Regular updates on the corporate website • Press releases featuring every project at three stages of the life cycle (commencement, execution & completion), earnings reviews & other publications such as the Annual Integrated Report • Frequent release of research reports about the Company via stock broker companies • Participation at investor forums both local & foreign • One to one meetings with institutional investors, stock broker firms, research companies, etc.
	Interim Financial Statements	Quarterly		
	Extraordinary General Meetings (EGM)	As & when required		
	• Corporate website and dedicated investor relations e-mail • Newspaper articles and other publications • Road shows and Investor Forums • CSE Disclosures and Announcements • Research reports of the stock broking community • Telephone communication • E-mail and other written correspondence	Continuous		
Bankers & Prospective Lenders It is important to connect with Bankers & Prospective Lenders in order to retain organisational credibility and standing.	• Timely settlement of dues • Providing periodic financial information	Continuous	Mitigating the negative effects of high interest regime and the need for effective treasury management	Negotiated better rates with financial institutions and strengthened treasury management functions at the group level
	• Responding to lenders' queries	As and when required		

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Method of Engagement	Frequency of Engagement	Key Concerns Raised During the Year	Company Response
Employees Employees are the backbone of the organisation and it is vital to connect with them frequently in order to ensure they stay motivated and invested in the Company's success.	• Periodic management-employee meetings • 'Open-door' policy • Training and development • Maintaining transparency in all activities • CSR initiatives • Staff welfare activities • Exit interviews	Continuous	Rewards and recognition for high performers	Continued the performance based evaluation and reward system
			Learning opportunities	Provided training & development opportunities to staff members with the main area of focus during the year being health and safety
			Employee satisfaction levels	Completed the 'Great Place to Work' survey
			Need for more up-to-date information about the Company	'News Within' quarterly newsletter
	• Newsletter blog • 'News Within' quarterly newsletter	Quarterly		
	• Performance appraisal and rewarding • Annual get-together and staff outing • Sports carnival • Joint communication from MD & COO via mail to every employee at the beginning of each year • AEL 'Core Team' Meeting/ Staff forum	Annual		
	• 'Great Place to Work' Survey • Employee satisfaction surveys	As and when required		
Government & Regulatory bodies Engaging regularly with government and regulatory bodies strengthens the Company's reputation.	• Public Private Partnership (PPP) projects • BOT projects • Timely feedback through submission of reports, tax returns, updates etc. • Ensuring compliance • Participation at various forums, meetings, discussions organized by the government and regulatory authorities • Continuous membership in industry associations	Continuous	Greater participation in the infrastructure development drive/ initiatives of the government	• Carried out infrastructure development projects throughout the country • Participated at various industry related forums and discussions spearheaded by the GoSL
			Need to jointly execute projects as investment partners	• Further investments were made in the Company's first BOT project to build a public car park at Union Place • Continued work on the "Elliot Place Housing Project", a PPP project with the UDA
			Compliance 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

Stakeholder Group	Method of Engagement	Frequency of Engagement	Key Concerns Raised During the Year	Company Response
Clients & Customers Interactions with clients and customers build trust and confidence.	Publication of the Annual Integrated Report	Annual		
	• Proactive business development • Progress review meetings • Updated web site • Relationship Managers for each major customer • Regular correspondence during defect liability/ notification period (DLP)	Continuous	Cost effective solutions to support the achievement of construction milestones and adherence to project completion deadline	Provided solutions that are less costly & speedy such as the diaphragm wall, pre-fabricated bridges, post –tensioning, HDD, micro trenching, etc. during the year
			Ability to deliver quality construction	Completed projects with least number of defects
Suppliers and Sub-Contractors Good relations with suppliers and sub contractors ensure the continuity of projects and achievement of key construction milestones.	• Subcontractor / supplier evaluation • Regular progress review meetings • Corporate website • Contract negotiation and communication • Procurement Committee meetings • Sub – contractor meetings • "Green Tape" e-procurement platform	Continuous	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	Operational launch of the "Green Tape" online e-procurement system
Business Partners Regular interactions with business partners opens up opportunities for business expansion and diversification.	• Regular visits to / from business partners • Corporate website • Regular written communication and periodic meetings for ongoing projects • Relationship Managers for each major customer	Continuous	Opportunities for sustainable long term relationships	• Carried out projects in partnership with foreign principles • Continuous training for business development staff
			Possibility of overseas tie-ups	Completed a major portion of work in the T – mall flyover project in Kenya with one of our long-standing business partners; Centunion SA of Spain

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Method of Engagement	Frequency of Engagement	Key Concerns Raised During the Year	Company Response
Society Greater transparency in communications enhances the Company's standing in the community.	• Corporate website • Regular media and other communications with public • Participating in and sponsoring trade exhibitions • Providing employment and internship opportunities • Various Corporate Social Responsibility (CSR) projects • Consultation of local communities in project planning and execution	Continuous	Timely support to address community needs	Strategic CSR initiatives
			Opportunities for vocational training	• Industrial placement programme for university students • Continued the "Idea Nest" Innovation Hub named to provide the younger generation with an opportunity to innovate • Signed a MoU with the University of Moratuwa supported by the University of Cambridge and Oxford for introducing 'fibre optic monitoring technology to Sri Lanka' • Introduced innovative solutions to the industry
	Publication of the Annual Integrated Report	Annual		
Industry Peers and Competitors Engaging with industry peers and competitors strengthens the industry as a whole.	• Membership in industry associations • Joint execution of infrastructure projects with peers • Industry advancement workshops, discussion forums and CSR projects	Continuous	Need to jointly execute mega-scale infrastructure development projects	Completed work on a section of the Central Expressway in partnership with local contractors

MATERIALITY

GRI 102-47, 103-1

We determine the materiality of a matter to evaluate how it could affect our ability to create value over the short, medium, and long-term. As we formulate our strategy, we identify and assess material issues which then enables us to prioritise certain areas over others to better focus our efforts and resources. These topics are analysed according to their importance to the Company and its stakeholders by the Board and the Management. AEL has identified aspects that are material to the Company and its stakeholders, in the context of its economic, environmental, and social agenda for sustainable value creation. The topics AEL considers to be important are accordingly rated as low, moderate, and high. AEL has adhered to the GRI Sustainability Reporting Guidelines "GRI Standards" in this process.

GRI aspect	Significance to AEL	Significance to stakeholders	Internal/External
Economic			
201 – Economic performance	High	High	Internal
202 – Market presence	Moderate	High	Internal
203 – Indirect economic impacts	High	High	External
204 – Procurement practices	High	High	Internal
205 – Anti-corruption	High	Moderate	Internal
206 – Anti-competitive behaviour	Moderate	Moderate	External
Environmental			
301 – Materials	Moderate	Moderate	Internal
302 – Energy	High	High	Internal
303 – Water	High	High	Internal
304 – Biodiversity	High	High	Internal
305 – Emissions	High	High	Internal
306 – Effluents and waste	Low	Low	External
307 – Environmental compliance	Moderate	Moderate	External
308 – Supplier environmental assessment	Low	Low	Internal
Social			
401 – Employment	High	High	Internal
402 – Labour/management relations	Moderate	Low	Internal
403 – Occupational health and safety	High	High	Internal
404 – Training and education	High	High	Internal
405 – Diversity and equal opportunity	High	High	Internal
406 – Non-discrimination	High	High	Internal
407 – Freedom of association and collective bargaining	Low	Low	Internal
408 – Child labour	Low	Low	Internal
409 – Forced and compulsory labour	Low	Low	Internal
410 – Security practices	Low	Low	Internal
411 – Rights of indigenous people	Low	Low	External
412 – Human rights assessment	Low	Low	External
413 – Local communities	High	High	External
414 – Supplier social assessment	Moderate	Moderate	External
415 – Public policy	Low	Low	External
416 – Customer health and safety	Moderate	High	External
417 – Marketing and labelling	Low	Low	Internal
418 – Customer privacy	Low	Low	Internal
419 – Socio-economic compliance	High	High	External

MATERIALITY

17 PARTNERSHIPS FOR THE GOALS

GRI 103-2, 103-3

MATERIALITY DETERMINATION PROCESS

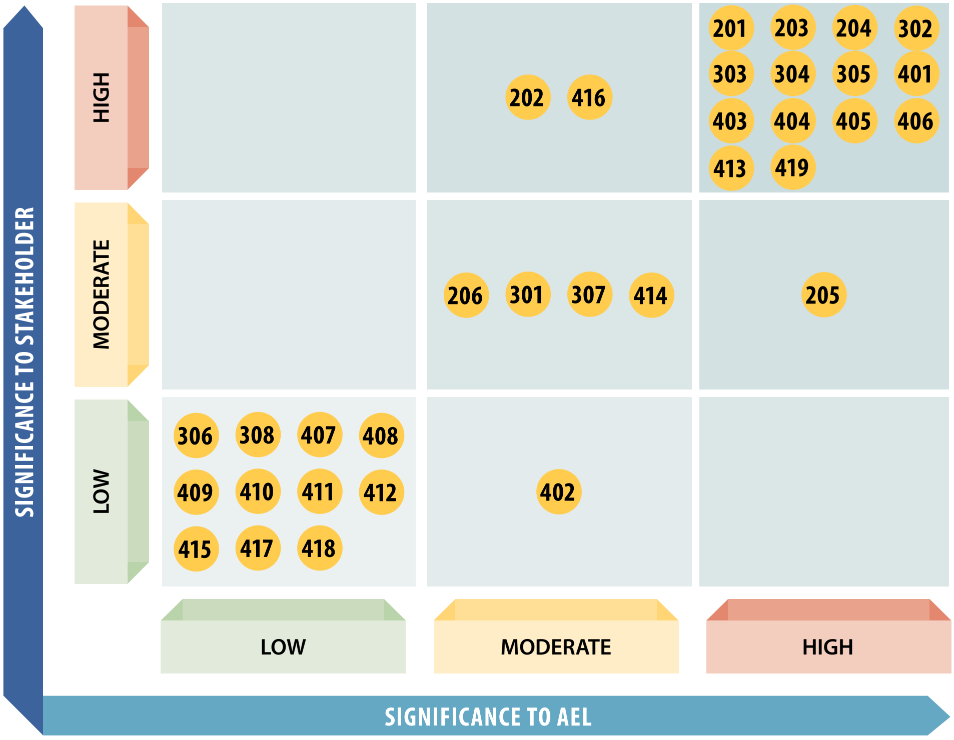
The materiality matrix shows the aspects that were identified to be material to AEL and its stakeholders based on the determination of the following factors.

Internal factors

- Strategic direction mapped out and the outcomes derived from Board meetings, Board Committee meetings, and 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, AEL Code of Conduct, and the risk management process

EXTERNAL FACTORS

- Political, economic, social, technological, environmental, and legal/regulatory developments in the local and global space
- External initiatives such as the UN Global Compact (UNGC) and United Nations Sustainable Development Goals (UNSDGs)



MANAGEMENT APPROACH

Economic performance

Economic viability is the foundation of long-term sustainability and a fundamental driver of stakeholder value creation, and thus is a significant material topic to AEL. 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 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 public 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 Audited Financial Statements (Quarterly and Annual) 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 performance while the routine audits are carried out by the Internal Audit Department assessing the efficacy of our internal control and financial reporting systems.

7 AFFORDABLE AND CLEAN ENERGY

GRI 103-2, 103-3, 206-1

Procurement practices and customer health and safety

AEL's efforts to build long-term, healthy relationships with suppliers and subcontractors aim to support the achievement of business goals. 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.

Anti-corruption and anti-competitive behaviour

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 2021/22 there were no legal actions for anti-comeptitive behaviour, anti trust and monopoly practices.

Energy

AEL is aware that the construction industry is energy intensive with high electricity and fuel consumption. 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 and monitored by our Management Systems Team.

Water

Our core business is a heavy consumer of water. Our operations also have the potential to pollute water and water resources. Thus, 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 and monitored by our Management Systems Team.

Emissions, environment, and biodiversity

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 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 an annual tree planting programme 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 process review meetings.

Employees: labour management relations, occupational health and safety, market presence, and non-discrimination

Human capital is the core element of AEL. Our highly trained, skilled workforce is the secret to our success through which we have gained a competitive advantage within the industry. We have built a reputation as the "most preferred employer" in the local construction sector by offering 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 remuneration, 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.

MATERIALITY

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.

Training and education

In an industry with a dearth of highly skilled labour, AEL recognises the importance of training and development programmes. We offer internal and external programmes to employees, including those in worker categories. We conduct a training needs analysis through performance evaluations and recommendations of managers. AEL formulates 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.

Diversity and equal opportunity

As an equal opportunity, non-discriminatory employer, AEL 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.

Local communities: socio-economic compliance and indirect economic impacts

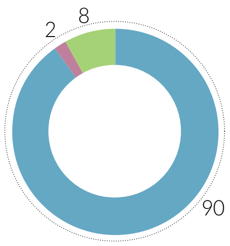
We recognize that our projects may have a significant impact on the communities that we operate in. We comply with all applicable laws and regulations across all our operations and support local communities by creating direct and indirect economic benefits, including generation of employment, sourcing 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. Our CSR programmes are constantly reviewed and evaluated at monthly progress meetings and performance review meetings.

STRATEGIC DIRECTION

Our strategic direction provides the foundation and the practical steps to build resilience and improve scalability, where necessary in order to ensure all business verticals under the Access Engineering PLC Group can produce and deliver consistent results over time.

SECTOR CONTRIBUTION TO GROUP REVENUE

%



- Construction & Construction Related Material
- Property
- Automobile

CONSTRUCTION AND CONSTRUCTION MATERIAL

The Construction and Construction Material sector, which is the mainstay of the Group, represents the largest component of the Group's business. In FY 2021/22, the Construction and Construction Material sector contributed 90.2% to Group Turnover and accounted for almost 53.5% of the Group's bottom line.

The main strategic thrust for the sector centres on building a strong project pipeline comprising large scale infrastructure projects undertaken by both the private and state sector. Equally importantly, the sector continues to focus on building its reputation as the leading industry innovator and premier specialist in Sri Lanka for high quality value engineering solutions. Furthermore, having made strategic investments over the years, ranging from asphalt production plants, ready – mix concrete production plants, aggregate production plants and quarry operations, the sector is today positioned as one of the few vertically integrated construction solutions providers in the country.

STRATEGIC HIGHLIGHTS FY 2021/22

PROJECT PIPELINE EXPANSION – NEW PROJECTS COMMENCED DURING THE YEAR

- Colombo East Container Terminal (ECT)
- Getambe flyover
- Kohuwala flyover
- Slave Island flyover

INNOVATION / VALUE ENGINEERING SOLUTIONS

- Modified and reused aluminium formwork panels to expedite construction timelines
- Use of AAC (Autoclaved Aerated Cement) blocks
- Use of carbon black modified asphalt to improve the bonding mix of bitumen
- Use of HDD technology and Micro trenching in telecommunication works

CAPACITY EXPANSION / VERTICAL INTEGRATION

- Commissioning of Sri Lanka's largest asphalt plant in Matugama
- Commissioning of asphalt plant in Ganewalpola
- Commissioning of asphalt plant in Okewela
- Commissioning of crusher plant in Mailapitiya
- Commissioning of crusher plant in Thebuwana
- Purchase of self – climbing platforms for building construction

FUTURE OUTLOOK AND PROSPECTS

CHALLENGES

- The current economic and dollar liquidity crisis prevailing in the country will have a negative impact on the future of infrastructure development, and in turn will negatively impact the Company's cash flows and the availability of resources to meet project execution deadlines
- Projects supported by bi – lateral funding agencies may slow down until an agreement is reached with the IMF & overseas creditors
- Negative impact on asphalt production due to limited infrastructure development opportunities in roads and highways. This will also affect the production of aggregates and quarry operations as well

OPPORTUNITIES

- Firm commitment by all multi – lateral funding agencies such as the World Bank, ADB & the AIIB to continue to disburse funds for infrastructure development despite the current economic crisis

SHORT (S), MEDIUM (M) AND LONG (L) TERM STRATEGIES

- Re-allocation of resources within the Group including labour where possible to minimise our cost overruns **(S)**
- Restructure Company debt position to reduce finance costs and gearing levels **(S)**
- Reduce debtor position to improve our cash flow **(S)**
- Curtail all capital expenditure and capacity building initiatives **(M)**
- Effective utilization of the Company's own construction capabilities for ongoing private sector projects **(M)**
- Rationalisation of business units to reduce overheads **(M)**
- Pursue overseas business opportunities in partnership with current international partners **(L)**

STRATEGIC DIRECTION

REAL ESTATE AND PROPERTY DEVELOPMENT

The Real Estate and Property Development sector is the second largest segment of the Group's businesses. By capitalising on demand trends in the market, the Group's property sector has expanded its footprint from premium "A" grade commercial rental space, to condominium real estate and more recently into the logistics and warehousing area.

Currently, the sector strategy is three-fold and focuses on delivering project commitments, building scale across the chosen property domains, while at the same time further augmenting the unique value propositions offered to clients in each respective space.

STRATEGIC HIGHLIGHTS FY 2021/22

DELIVERING PROJECT COMMITMENTS

- Completed 95% of the construction work at Capital Heights Rajagiriya, a luxury residential condominium complex
- Completed 70% of the superstructure at the 'Marina Square Uptown Colombo'

BUILDING SCALE

- Completed a major portion of the superstructure work in the UDA public car park development adjacent to the Group's head office
- Incorporated Access Logistics Park Ekala (Private) Limited to drive the investment in a 700,000 Sq. Ft. fully fledged Export Greenfield (EGF) Warehouse and Logistics Facility and another 32,000 Sq. Ft. of premium Grade 'A' office space at Ekala

ENHANCING THE CLIENT USP

- Commissioning a mechanical car parking system at Access Tower II
- Upgraded the fire fighting system of Kimbulapitiya warehouse
- Installed an exclusive lift to connect the car park and the rooftop restaurant at Access Tower II

FUTURE OUTLOOK AND PROSPECTS

CHALLENGES

- Current economic downturn may affect the cash flow position of clients, in turn causing the sector to face liquidity pressure

OPPORTUNITIES

- Leverage on the long standing reputation as a supplier of premium "A" grade commercial space to broaden the client base
- State-of-the-art logistics capabilities will provide first mover advantage in an economic revival scenario

SHORT (S), MEDIUM (M) AND LONG (L) TERM STRATEGIES

- Leverage facility management expertise at the Kimbulapitiya Warehouse **(S)**
- Prioritise the handover of units at Capital Heights Rajagiriya to homelovers to ensure steady cash inflows **(S)**
- Complete construction of EGF facility within the stipulated time frame and commence commercial operations **(S)**
- Aggressive focus on growing all segments within the sector **(S/M/L)**
- Strong emphasis on client retention and new customer acquisition for "A" grade commercial space **(S/M/L)**
- Achieve construction milestones of the Marina Square Colombo Project **(M/L)**

AUTOMOBILE

The Automobile business contributes solidly towards augmenting the Group's business portfolio and has proven its ability to bolster Group Turnover through multiple revenue streams, including new vehicle sales, sale of spare parts, and workshop operations.

The prospects of the sector have diminished considerably in the recent past, especially in light of the restriction on vehicle imports imposed at the onset of the pandemic in 2020.

STRATEGIC HIGHLIGHTS FY 2021/22

DELIVERING PROJECT COMMITMENTS

- Recorded 37.4% year on year increase in revenue generated through the sale of spare parts
- Registered a 34.3% improvement in revenue generated through workshop operations

BUILDING SCALE

- Stringent cost cutting measures aimed at overall cost reduction

ENHANCING THE CLIENT USP

- Expanded the number of customer touch points resulting in three new spare parts outlets being opened in Dambulla, Badulla and Kandy
- Invested in upgrading infrastructure facilities at the workshops

FUTURE OUTLOOK AND PROSPECTS

CHALLENGES

- Growth opportunities in this sector will be very limited and minimal specially due to the import restrictions in place

OPPORTUNITIES

- Ability to promote the sale of spare parts and workshop services as the prevailing high interest rate environment could make vehicle repurchasing prohibitively expensive

SHORT (S), MEDIUM (M) AND LONG (L) TERM STRATEGIES

- Focus on cost reduction and efficiency improvement **(S)**
- Capitalise on the demand for spare part and workshop services **(S/M)**
- Curtail capacity expansion and facility upgrades **(M)**

OUR VALUE CREATION MODEL

KEY INPUTS

FINANCIAL CAPITAL

- Base of 9,795 equity shareholders
- LKR 24.3 Bn. equity employed
- LKR 21.8 Bn. obtained from banks and financial institutions
- LKR 7.36 Bn. used in operations

MANUFACTURED CAPITAL

- LKR 1.201 Bn. invested in heavy machinery and equipment by AEL
- LKR 1.154 Bn. invested in production plants by AEL
- LKR 444 Mn. invested in investment property by AEL

INTELLECTUAL CAPITAL

- Ranked 8th among the top 75 listed companies for transparency in corporate reporting
- The AEL Brand

HUMAN CAPITAL

- 144 internal and external training programmes conducted
- Total staff and labourers 2,904
- AEL organisational culture

SOCIAL AND RELATIONSHIP CAPITAL

- Network of 19,633 suppliers
- 'Green Tape' e-procurement system

NATURAL CAPITAL

- Energy consumption 773,930,217 Joules
- Water use 225,882 Units

KEY INPUTS

INVESTORS AND SHAREHOLDERS

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

SUPPLIERS AND BUSINESS PARTNERS

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

CLIENTS

- LKR 18.9 Mn. invested to upgrade integrated information and planning systems
- The AEL Brand

EMPLOYEES

- Employer of choice in the industry
- 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

KEY INPUTS

OUR VALUE CREATION PROCESS

VISION AND MISSION

SUSTAINABLE STRATEGY

MECHANICAL ENGINEERING
- Commissioning
- Repair services
- Maintenance services

PROPERTY
- Office and commercial space leasing
- Real Estate services

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

Light commercial vehicles

Luxury passenger vehicles

CONSTRUCTION

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

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

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

CORPORATE GOVERNANCE

ENTERPRISE RISK MANAGEMENT

VALUE OUT

VALUE SHARED

FINANCIAL CAPITAL
- Profit after tax of LKR 2.58 Bn.
- LKR 950 Mn. interest paid to financial institutions
- LKR 750 Mn. dividends paid during the year

MANUFACTURED CAPITAL
- Development of much-needed public infrastructure to fuel economic growth

INTELLECTUAL CAPITAL
- One of Sri Lanka's highest CIDA accredited EPC contractors

HUMAN CAPITAL
- Zero fatalities
- LTIFR ratio of 3.58
- 1,885 AEL employees screened for health and safety

SOCIAL AND RELATIONSHIP CAPITAL
- 'Husma Dena Thuru' tree planting programme
- 'Visal Puhunu Balakaya' vocational training programme
- 'Enhance the Future' community development programme
- LKR 3.125 Bn. spent on local suppliers

NATURAL CAPITAL
- 2,392 M3 Water reused
- Energy and fuel saving initiatives

KEY INPUTS

OUR BUSINESS PORTFOLIO

CONSTRUCTION

Engineering Projects

- WATER AND WASTEWATER
- POWER INFRASTRUCTURE
- ROADS AND HIGHWAYS
- BRIDGES AND FLYOVERS
- BUILDINGS AND PILING

Engineering Services

- TELECOMMUNICATION
- FABRICATION
- ENGINEERING DESIGNS
- REPAIR AND MAINTENANCE OF CONSTRUCTION EQUIPMENT & MACHINERY

Construction Related Material

- ASPHALT PRODUCTION
- CONCRETE PRODUCTION
- QUARRY OPERATIONS
- CRUSHER OPERATIONS
- AUTOCLAVED AERATED CONCRETE (AAC) BLOCK PRODUCTION
- MANUFACTURED SAND (M – SAND) PRODUCTION

Property

OFFICE AND COMMERCIAL SPACE LEASING

CONDOMINIUM MIX DEVELOPMENT

WAREHOUSING & LOGISTICS

Automobile

NEW VEHICLE SALES

SALE OF SPARE PARTS

WORKSHOP OPERATIONS

LIGHT COMMERCIAL VEHICLES

LUXURY PASSENGER VEHICLES

Mechanical Engineering

COMMISSION OF PORT MACHINERY

REPAIR OF PORT MACHINERY

MAINTENANCE OF PORT MACHINERY

THE SPREAD OF AEL OPERATIONS IN SRI LANKA DURING 2021/22 (Excluding production plants)

ANURADHAPURA

- Anuradhapura North Water Supply Project – Phase I

AMPARA

- SLT New Subscriber Connection Project

BATTICALOA

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

COLOMBO

- Corporate Office – Colombo 2

- Design Unit – Colombo 2

- Central Equipment Division – Kaduwela

- Scaffolding Unit – Ranala

- Fabrication Unit – Ranala

- Design and construction of Kohuwela flyover
- Design and construction of Slave Island flyover

- Telecommunication Services Unit – Nugegoda
- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

- Nanotechnology Building Phase IB – Homagama
- Design, construction and financing of Housing Project at 601 Watta, Cyril C Perera Mawatha, Bloemendhal
- Design and Construction of 1,000 Housing Units at Stadiumgama
- Design, Construction and Financing of Housing Project at Elliot Place – Borella
- Design, Construction and Financing of 432 Affordable Housing Units at Orugodawatta – Phase 02
- Urban Regeneration Project – City of Colombo
- Piling Unit – Kaduwela
- Substructure, Piling and Diaphragm Wall Construction of Substructure, Piling and Diaphragm Wall Construction of ODEL Mall – Colombo 7
- Piling Works of 300 Housing Units at Obeysekerapura
- Piling works of the National Transmission and Distribution Network Development and Efficiency Improvement Project at Ratmalana

GALLE

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

GAMPAHA

- Construction of Proposed Package – A of the Central Expressway Project Section II – Mirigama to Riloluwa
- I – Roads project
- Widening and Improvement of the Colombo-Kandy Road Section – Nittambuwa to Pasyala

- The development of an Export Greenfield (EGF) logistics and warehousing facility in Ekala
- The Development of a Logistics Park at Kimbulapitiya including Warehouse Facility for Camso Loadstar
- Piling and Earth Works for the New Terminal Building and Viaduct at Bandaranaike International Airport
- Piling works of the proposed Damro showroom in Wattala
- Piling works of the proposed Damro showroom in Kelaniya
- Piling works of the proposed 350 MW LNG Combined Cycle Power Plant at Kerawalapitiya

HAMBANTHOTA

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

MATARA

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

KANDY

- Design and construction of Getambe flyover
- SLT New Subscriber Connection Project

NUWARA ELIYA

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

KEGALLE

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

RATNAPURA

- SLT New Subscriber Connection Project
- Dialog Optical Fibre Backbone Network Project

KURUNEGALA

- Rock blasting work of the proposed Central Expressway Project Section III from Pothuhera to Galagedara
- SLT New Subscriber Connection Project

MANNAR

- Civil Works of Construction of 100 MW semi dispatchable wind farm in Mannar Island
- Dialog Optical Fibre Backbone Network Project

KEY PROJECTS

GRI 203-1, 203-2

CONSTRUCTION | WATER AND WASTEWATER

ANURADHAPURA NORTH WATER SUPPLY PROJECT (PHASE 1)

The project is implemented by the National Water Supply and Drainage Board with the funds provided by Japan International Corporation Agency (JICA). The objective of the project was to construct a water supply system to provide safe drinking water and increase water supply coverage in the Anuradhapura North region - an area that has shown a high prevalence of CKD (Chronic Kidney Disease) among its population. The project is expected to benefit around 75,000 people across 30 Grama Niladhari (GN) divisions in six Divisional Secretariat (DS) Divisions - Mahakanadarawewa, Rambewa, Medawachchiya, Isinbassagala, Ethakada, Pihimbiyagollawa (East Rambewa). The scope of the project also included the construction of an intake facility, flow control structures, water treatment plants, three ground reservoirs, four elevated water towers, and associated building works and electro-mechanical works. By the end of the financial year, all structural, mechanical and electrical works as well as the dry run testing process was fully completed.

Specific challenges associated with the project	Impact to the Company	Mitigating action
Economic / Regulatory		
Shortage of cement and concrete and the high price of steel due to the economic crisis in the Country	Cost overruns often exceeding budgets	Pre-planning and continuous negotiations with suppliers
Social		
Objections from farmer communities regarding the extraction of water from irrigation sources	Reputational damage to the Company if not managed properly	Continuous and proactive communication with community stakeholders Raising awareness of the project context among farmer communities Minimising water extraction for trial operations of the plant

KEY PROJECTS

CONSTRUCTION

POWER INFRASTRUCTURE

MANNAR WIND POWER PROJECT

The Mannar Wind Power Project, with its 100 MW generation capacity is one of the largest wind energy projects in Sri Lanka. Funded by the Asian Development Bank and spearheaded by the Ceylon Electricity Board (CEB), the first phase of the project was completed following the construction of a semi-dispatchable wind farm in the Mannar District in the North West of Sri Lanka. The Wind Power Park is located in the southern part of Mannar Island from Thoddaveli across a length of about 12 km along the coast, where the first row of 33 turbines and the second row of 6 turbines are located at a distance of about 1 km off the shoreline.

The Mannar Wind Power Plant is expected to make a significant contribution towards increasing the share of clean energy in the Country's energy mix, leading to the reduction of approximately 285,000 metric tons of $CO2$ emissions annually.

The main contract was awarded to Vestas Asia Pacific A/S, with Vestas appointing Access Engineering PLC as the exclusive subcontractor to handle the design and construction of foundations and hardstands for installing the wind turbines, building the access road network, construction of the administration and accommodation buildings with utility and other support structures. Access Engineering was also tasked with cable trenching for MV electrical cable and fibre optic cable line, supply of the employer's supportive vehicles, miscellaneous works/supplies to minimise the impact of the project on surrounding communities. The project was successfully completed and handed over to the client on time.

Case Study - Showcasing Innovation and Leadership in Construction

Given that 30+ wind turbines needed to be installed, it became necessary to construct an equal number of crane pads and hardstands in order to move heavy vehicles, store wind turbine parts and accommodate crane movements during the Wind Turbine Generator (WTG) erection process. However, constructing 30+ hardstands of a 75mx75m area with a minimum of 400mm thick aggregate base course filling, proved to be a considerable challenge given the shortage of materials due to the COVID-19 disruptions. Amidst this backdrop, Access Engineering explored several innovative approaches and decided to construct only 10 handstands for the first phase with the remaining fabricated by reusing the material from previous hardstands. Residual base materials from handstands were also channelled towards the road base preparation process for both internal and community road networks.

Innovative solutions were employed in other areas as well. For example; ongoing design modifications and changes to the casting chronology was done to enable pile cap temperatures to be maintained without the need for a cooling pipe system.

These sustainable solutions which helped to ensure the smooth flow of operations and meet construction timelines, were highly commended by the main contractor - Vestas.


Vestas

KEY PROJECTS

CONSTRUCTION

ROADS AND HIGHWAYS

I - ROAD 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. The three contracts are 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, sub base 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.

As of 31st March 2022, approximately over 45%, 48% and 50% of the asphalt work was completed in Package 02, Package 03 and Package 04 respectively.

Case Study - Showcasing Innovation and Leadership in Construction

A Ground Water Recharging System was commissioned by providing soaking pits/infiltration along the lined drains. Soakage pits were located within a 5m gap with each pit in varying depths to allow infiltration and seepage water from the highlands or caused by a high water table to be gathered efficiently .

KEY PROJECTS

CONSTRUCTION

ROADS AND HIGHWAYS

NITTAMBUWA PASYALA ROAD PROJECT

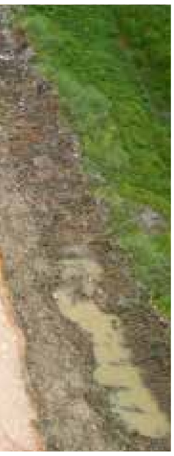
A project by the Road Development Authority (RDA), the Nittambuwa - Pasyala Road Project is a part of the National Road Rehabilitation Plan, aimed at rehabilitating and improving the stretch of road between Kadawatha to Nittambuwa on the existing Colombo-Kandy main Road. Access Engineering was awarded the contract following the successful completion of the previous project under the same initiative.

The scope of the 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.

The project is expected to be completed by end November 2022.

Case Study - Showcasing Innovation and Leadership in Construction

A design collaboration with the Research & Development (R&D) Unit of the Road Development Authority (RDA) enabled Access Engineering to modify the asphalt wearing and binder course in order to enhance the durability of the road surface.



KEY PROJECTS

CONSTRUCTION

BRIDGES AND FLYOVERS

T-MALL FLYOVER PROJECT (KENYA)

In 2020, AEL was awarded the contract to construct Kenya's first-ever steel flyover and 05 footbridges at the T-Mall junction in Nairobi. The T-Mall junction is among the busiest intersections in the whole of Kenya, with a heavy traffic load throughout the day, which worsens at the peak times between 6.30 am to 10.00 am and 4.00 pm to 7.30 pm. Upon completion, the flyover and the footbridges are expected to result in a considerable reduction in vehicle operating costs due to reduced traffic congestion.

The project initiated by the Kenya National Highways Authority (KNHA) of the Ministry of Transport Infrastructure, Housing and Urban Development of Kenya, involves the construction of a 405.8 meter long T – Mall flyover which is expected to largely improve the travel time of commuters in Nairobi since traffic along Mbagathi Way and Maai Mahui Roads can use the service road beside the fly over to bypass the junction.

The scope of T – Mall flyover project also includes the construction of foot bridges in 05 locations namely; T – Mall Junction, Uhuru Garden, Barracks, Nayayo and Galariya, all of which are located along the Mombasa and Langata Road, Nairobi. The footbridges are located where the recorded pedestrian fatalities are highest in the city. According to Kenyan media reports, close to 40 pedestrians have been killed in road crossing related accidents with a further 80 persons suffering injuries in January 2022 alone. Therefore, on completion, the five footbridges are expected to largely enhance the safety of pedestrians crossing the road while reducing the travel time of motorists.

The project is a collaboration between Access Engineering PLC (AEL) and Centunion Espanola De Coordinacion Tecnica Y Financiera, S.A of Spain with whom AEL has successfully executed several projects in Sri Lanka.

By end March 2022, approximately 52% of the overall project was completed with the project expected to be fully completed by July 2023.


MCA
NAIROBI WEST
JOHN REX
OMOLLEH
50

KEY PROJECTS

CONSTRUCTION

BRIDGES AND FLYOVERS

KOHUWALA FLYOVER

The Kohuwela Flyover Project was initiated by the Road Development Authority (RDA) under the direction of Ministry of Highways, as part of its ongoing efforts to eliminate traffic bottlenecks in the greater Colombo area.

The Kohuwela junction is a major intersection that offers connectivity between Colombo city and Colombo North and South subdivisions. Given that it is one of the busiest and most congested road junctions in the greater Colombo area, there is a high volume of traffic that passes through the intersection each day causing severe traffic congestion as well as frequent road accidents in the area. A flyover at this key intersection has therefore been a long felt need.

The proposed 297 metre long flyover will consist of a two lane carriageway, in tandem with the horizontal alignment of the existing Colombo – Horana (B84) Road and a vertical Alignment with a minimum 5.2m vertical clearance for traffic flow underneath the flyover. The structure will be facilitated with a service lane each on either side of the flyover.

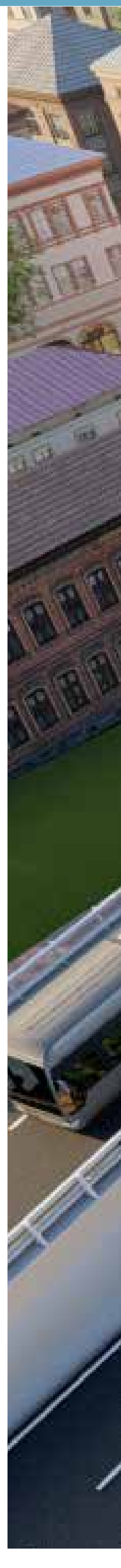
The Kohuwela Flyover project is funded by the Government of Hungary with the design and supply of the superstructure entrusted to Betonútépítő Group of Hungary - the main contractor. The steel superstructure which is made in Hungary and shipped to Sri Lanka will be assembled and installed at the Kohuwala Junction by Access Engineering PLC. Access Engineering is also responsible for the design and construction of substructures as well as the designing and construction of adjacent roads. By the end of the year, pile foundations and pile caps of both abutments were completed with approximately 85% of road widening work and construction of approximately 15% of the side drains also completed.

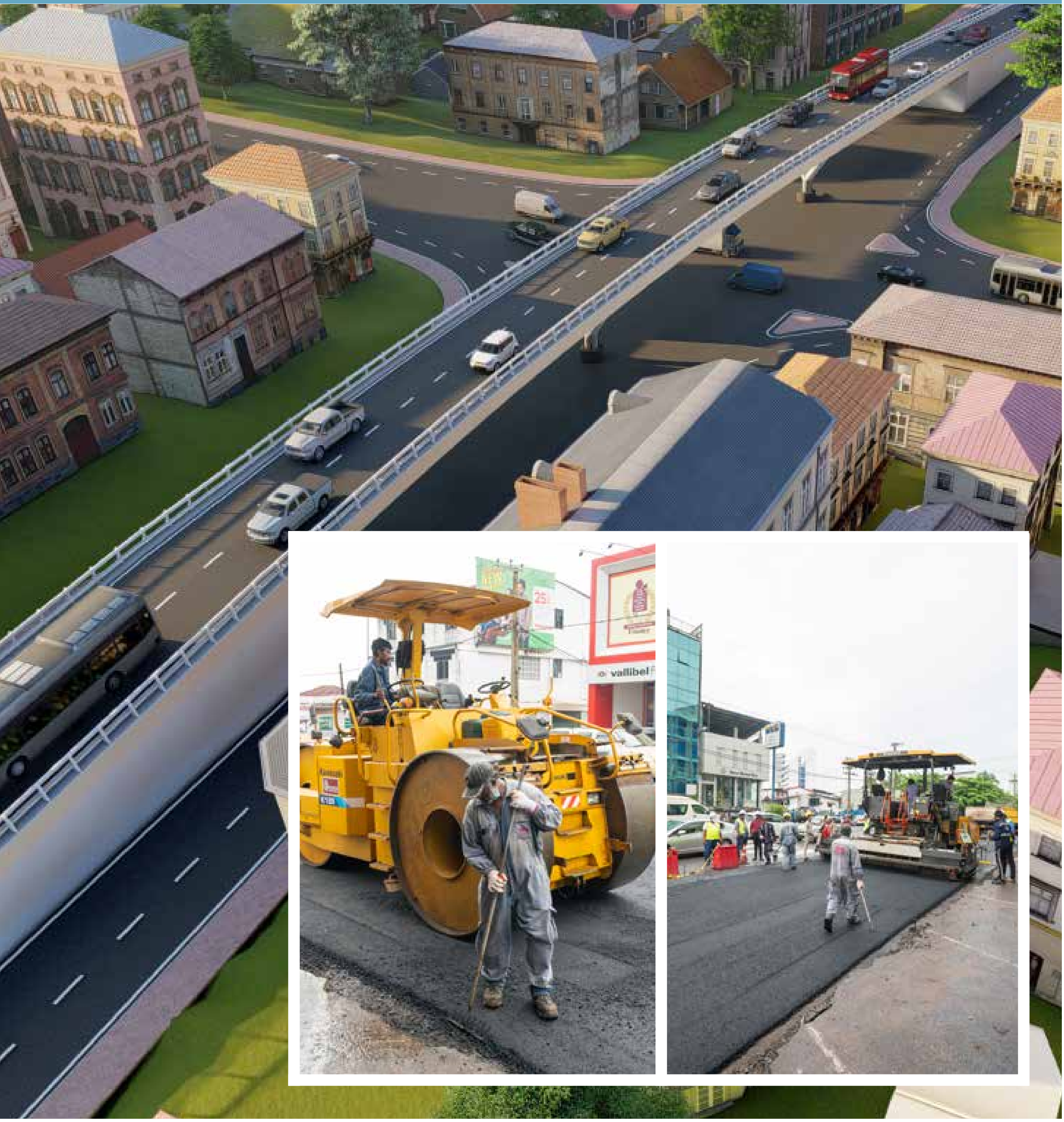
Case Study - Showcasing Innovation and Leadership in Construction

In the process of assembling and erecting the super structure, Access Engineering adheres to the issued Engineering drawings and methodologies recommended by the main contractor. It has been recommended that the advanced Erection Engineering method be used, to ensure erection is done using Mobile cranes. During the erection and placing of elements, appropriate levels and coordinates will be maintained and monitored frequently in order to maintain the orientation of the elements. Sufficient torque will be maintained for all the elements as mentioned in Engineering drawings. Finally, touch-up paint coating and other rectification will be done where necessary. Throughout the erection process, an extensive traffic control system will also be mobilised to regulate traffic flow and prevent further congestion in the area. As per the traffic control system, when erection is on-going in Left Hand Side (LHS), only Right Hand Side (RHS) lanes will be opened for traffic and vice versa.

Furthermore retaining walls for the approach ramps of the flyover are constructed using modular blocks with geo-grids to minimise the disturbance to moving traffic during construction and convenience during the construction phase.

Specific challenges associated with the project	Impact to the Company	Mitigating action
Economic / Regulatory		
• Shortage of cement and concrete and the high price of steel due to the economic crisis in the Country	• Cost overruns often exceeding budgets	• Pre-planning and continuous negotiations with suppliers
Social		
• Disturbance to residents and businesses in the vicinity • Removal of side drains resulting in minor flooding of the area	• Reputational damage to the Company if not managed properly	• Construction of temporary service roads to minimize disturbance to pedestrians and vehicles • Construction of temporary drains • Ongoing interactions with all concerned parties to resolve issues





* Artistic impression of the Flyover upon completion.

KEY PROJECTS

CONSTRUCTION

BRIDGES AND FLYOVERS

GATAMBE FLYOVER

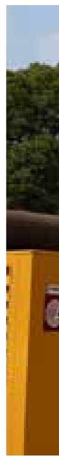
Access Engineering PLC, was awarded the sub-contract to construct a flyover at Gatambe junction as a permanent solution to lessen the heavy traffic congestion at Gatambe Junction at Peradeniya.

The Gatambe junction is located at the intersection between Peradeniya and Kandy and Old Peradeniya Kandy Road (A1) and the New Peradeniya Kandy Road (AB42 - William Gopallawa Mawatha).

According to studies conducted, insufficient road capacity and poor mobility management efforts has resulted in increased traffic congestion around the Gatambe junction. The situation is further exacerbated by the railway level crossing on William Gopallawa Mawatha just after the Gatembe junction towards Kandy City, where inefficient control and safety systems at the level crossings put pedestrians and vehicle users at serious risk of accidents.

As a solution to ease off the traffic congestion at Gatambe Junction, the Road Development Authority proposed to erect a flyover at the junction. The proposed flyover will consist of two parts, a main flyover along the AB42 road and a branch flyover from AB42 road to A1 road towards Peradeniya direction. The main flyover shall be 429 m in length with a minimum vertical clearance of 6.5 m over the railway and 5.2 m over the road and it will comprise a two lane carriageway. The branch flyover shall be 245 m long and it will comprise a single lane carriageway. The project scope includes the necessary improvements to the junction and service roads to facilitate turning movements and route traffic along A1 road direction.

The project is funded by the Government of Hungary with the design and supply of the superstructure entrusted to Betonútépítő Group of Hungary - the main contractor. The steel superstructure which is made in Hungary and shipped to Sri Lanka will be assembled and installed at the Gatambe Junction by Access Engineering PLC. In addition Access Engineering is also responsible for the design and construction of substructures as well as the designing and construction of adjacent roads. By the end of the financial year, piling work of both the main flyover and the branch flyover work on drains and retaining walls were completed with the major work on construction of culverts also seeing completion. Retention walls for the approach ramps of the flyover were constructed using modular blocks with geo-grids to minimise the disturbance to moving traffic during the construction phase.



* Artistic impression of the Flyover upon completion.

KEY PROJECTS

CONSTRUCTION

BRIDGES AND FLYOVERS

SLAVE ISLAND FLYOVER

As part of the Road Development Authority (RDA) efforts to reduce traffic congestion in Colombo, Access Engineering PLC was awarded the tender for the construction of a flyover over the railway track and Beira Lake in Slave Island by connecting Baladaksha Mawatha and the Chittampalam A Gardiner Mawatha.

Slave Island is one of the busiest commercial hubs in Sri Lanka with many government offices, restaurants, hospitals, corporate offices, cinemas, religious places, and residencies. The road network through the Slave Island area plays a vital role in connecting the southern part of the Colombo City with the economic hub of Colombo (Fort and Pettah areas) and as a result, continues to be highly congested during peak hours. Also adding to the congestion in Slave Island is the recent surge of real-estate and mixed development projects in the area, all in close proximity to each other.

Further, the Coastal Line, one of the major railway lines in Sri Lanka Railways, also runs through Slave Island where two level crossings, with one on Justice Akbar Mawatha (nearby Slave Island Railway station) and the other on Uttarananda Mawatha. With both these being some of the most frequently plied railway crossings in the country, the average number of gate closures exceeds 100 per day, resulting in an estimated loss time of more than 3 hours per day .

The proposed Slave Island flyover which comprises a 343 m long steel flyover consisting of two 3.5 m wide lane carriageways for one-way traffic and two 2.0 m wide pedestrian walkways, will help alleviate many of these problems. The flyover will be built on pile foundations with a six span steel superstructure. Access Engineering joined hands with Spanish Engineering Company Centunion S.A. to handle the superstructure designs and for technical advice for the project.

Case Study - Showcasing Innovation and Leadership in Construction

Mindful of the fact that construction activities would need to be expedited in order to complete the project in record time, Access Engineering adopted several innovative construction techniques.

The original concept design of the superstructure was further optimised following a series of discussions with the Spanish-based design consultant - Centunion S.A. As an outcome of these discussions, it was agreed to proceed with a two pile system for each pier, instead of the original design recommendation of 5 piers. Furthermore, in order to connect two earthen platforms (formerly known as cofferdam platform) at the west and east ends of Beira Lake, it was decided to use the Prefabricated Bailey Bridge system. A 6m wide and 18m long structure that rests on only two abutments will be used for this purpose to minimise obstructions on the road surface, and it also facilitates normal boat movement under the bridge as usual without any hindrance. In contrast, if conventional steel piles were used instead, the movement of boats would have been permanently obstructed for the duration of the construction.

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 who has a proven record in the end-to-end fabrication of large-scale structures.

Another notable sustainability related aspect was the use of prefabricated steel form-work system to accelerate the deck slab casting process. Using steel formwork ensures newly poured concrete is well protected against exposure to the elements for faster drying and better compacting. Unlike the one-time use plywood materials used in the past, prefabricated steel formwork systems can also be stored for reuse in future projects.

* Artistic impression of the Flyover upon completion.

KEY PROJECTS

CONSTRUCTION

BUILDINGS AND PILING

BLOUMENDHAL HOUSING PROJECT

The Bloumendhal Housing Project at 601 Watta, Cyril C Perera Mawatha, Colombo 13 was initiated by the Ministry of Megapolis and Western Development under the guidance of UDA. The purpose of the project is to construct housing units for low income families residing in Colombo and is carried out by AEL on a Public Private Partnership (PPP) model with the Government of Sri Lanka.

The 15 storey building comprises 452 housing units, each consisting of two bed rooms, living area, kitchen, dining area, balcony, and bathroom within an area of approximately 500 Sq. Ft. The scope of work entrusted to Access Engineering also includes the provision of electricity, water supply, sewerage, wastewater disposal, solid waste disposal, internal roads and drainage. As at the end of the financial year, the project was nearing completion.

Specific challenges associated with the project	Impact to the Company	Mitigating action
Economic / Regulatory		
• Inability to import necessary materials due to the economic crisis in the Country	• Cost overruns often exceeding budgets	• Clearance was obtained from the consultant to use excavated soil for backfilling work in order to reduce the need for imported soil for licensed borrow pits and general filling
Social		
• Scarcity of skilled labour due to the pandemic	• Reputational damage to the Company due to client dissatisfaction	• The Company resorted to sourcing labour from overseas on a one-year contract basis for masonry, tiling, painting, carpentry & bar bender categories • Plastering spray machine was used to reduce the dependence on manual plastering • Specialist's approval was obtained for the use of Precast concrete Walltec panels for interior walls of 369 Housing units, thus greatly reducing the need for manual labour for finishing work

KEY PROJECTS

CONSTRUCTION

BUILDINGS AND PILING

ELLIOT PLACE HOUSING PROJECT

Initiated by the Urban Development Authority, the objective of this project is to design and build a 30 storey (B+G+28) building consisting of 400 housing units for the upper middle class. The building is designed with two towers that will rise up from the podium level.

The complex comprises 2-bedroom housing units with a floor area of 850 Sq. Ft and two different types of 3-bedroom apartments with a smaller floor area of 1,050 Sq. Ft and larger units with a floor area of 1,250 Sq. Ft. All units consist of features such as living, dining, kitchen, attached bathrooms, a common toilet, utility room and a balcony. The building complex itself contains several amenities including a community hall, a gymnasium, a children's play area, a swimming pool, a supermarket, shops and a laundry.

Both towers will also have dedicated parking structures, car charging points, car washing bays as well as a separate section allocated for driver's and janitor's quarters. As a sustainability initiative, the entire complex will be equipped with a 40 KVA solar power system and a rainwater harvesting system.

By the end of the financial year, all substructure work, including the ramp was completed. In this regard, casting the transfer floor slab was done in two stages resulting in significant cost savings in relation to materials and labour. Currently, the superstructure work is underway.

Case Study - Showcasing Innovation and Leadership in Construction

Modify and reuse of Aluminum formwork panels for column work

Aluminum formwork panels which were used for previous projects are modified and utilized for the column formwork instead of the conventional formwork system. Some of the benefits accrued as a result included; saving on material and labour cost, speedy construction, flexibility in assembling and disassembling and long service life.

Pile layout optimisation

Pile build-ups were carried out to optimize the previous works where we were able to optimize the existing design by 15%.

Casting interlock paving blocks

Waste concrete was used for casting of interlock paving blocks which were used for the purpose of landscaping.

Self climbing platforms to expedite external finishes

External work of the building is expected to be carried out using a self – climbing platform which will result in significant time savings.

* Artistic impression of the Project upon completion.

KEY PROJECTS

CONSTRUCTION

BUILDINGS AND PILING

ORUGODAWATTA HOUSING PROJECT

The project was initiated by the Urban Development Authority (UDA) with the aim of increasing the availability of affordable housing for the middle income segment in Colombo. Phase 02 of the project will see the construction of a 19-storey residential complex in Orugodawatta on the basis of a public-private partnership where the main contractor is required to design, construct and finance the entire project.

The project consists of three 19-storey towers, each with 4 parking levels. All three towers together will have 432 apartment units; 224 units of two-bedroom apartments (700 Sq. Ft.) and 208 units of three-bedroom apartments (900 Sq. Ft).

All housing units will consist of bedrooms, living room, kitchen, utility room, bathrooms, and balcony. The scope includes provision of electricity, water supply, fire protection, elevators and emergency stairs, multi-storey car parking, community hall, wastewater and sewer system, stormwater drainage system, solid waste collection, gas supply system, supermarket and a gymnasium. As at the end of the financial year, construction of all parking floors in all three towers were completed, while construction of typical floors are underway in two towers and the transfer floor in the other.

KEY PROJECTS

CONSTRUCTION

BUILDINGS AND PILING

STADIUMGAMA HOUSING PROJECT

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

The project scope also 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. By the end of the financial year, approximately 40% of the overall project was completed.

Case Study - Showcasing Innovation and Leadership in Construction

Use of AAC (Autoclaved Aerated Cement) blocks helped to expedite construction by saving time in the installation process compared to conventional solid blocks. Furthermore, AAC blocks are produced using fly ash a waste product of the Norochcholai Coal Power Plant and thus present a highly sustainable solution to reduce the sand and cement requirements.

* Artistic impression of the Project upon completion.

KEY PROJECTS

CONSTRUCTION | BUILDINGS AND PILING

CONSTRUCTION OF VIADUCT AT THE NEW TERMINAL BUILDING OF BIA

Access Engineering PLC was appointed as a subcontractor for the construction of the Viaduct Structure and Section 20000 Civil Work at the proposed new Passenger Terminal Building under the Bandaranaike International Airport Development Project Phase II (Stage 2).

The scope of work awarded to AEL included major subcontracts for earth works and piling. Some of the major earth works were clearing and grubbing, topsoil removal and disposal/storage, excavation, embankment, sub-grade preparation and construction of the earth retaining walls. The piling works were divided into two sections namely the terminal building and the viaduct. The works on the terminal building included casting and testing of 1,263 piles consisting of different diameters (600 mm, 800 mm, 1,000 mm, 1,200 mm, 1,500 mm), Construction of Pier 2 and Pier 3 as well as connecting the concourse and the chiller plant.

The second part consisted of casting and testing of 96 piles of 900 mm in diameter for the viaduct. In addition, as per the contract, AEL was required to handle the supply and installation of temporary hoarding and gates, along with the dismantling and relocation of temporary hoardings. By end May 2022, approximately 85% of the overall project was completed.

Case Study - Showcasing Innovation and Leadership in Construction

A special steel formwork system was designed by Access Engineering teams to be used for the pier heads and stem columns in order to reduce material wastage.

Access Engineering also began working closely with the main contractor - TAISEI Corporation to introduce new innovative construction methodologies specifically to strengthen the concrete mix and optimise the concrete pouring mechanism. Shutter vibrates were also used to improve the overall surface finish of precast barrier and kerb installations.

Specific challenges associated with the project	Impact to the Company	Mitigating action
Economic / Regulatory		
• Import restrictions and rising cost of raw material due to the economic crisis in the Country	• Cost overruns often exceeding budgets	• Pre-planning and continuous negotiations with suppliers
Social		
• Managing construction activities in an operational airport	• Reputational damage to the Company if not managed properly.	• Proactive project planning including an efficient traffic management plan with separate pedestrian walkways • Continuous noise and vibration monitoring to avoid inconvenience to the public/passengers
Legal		
• Carrying out work in a high security zone		• Detailed project planning in advance in order to minimise unnecessary delays

KEY PROJECTS

CONSTRUCTION | BUILDINGS AND PILING

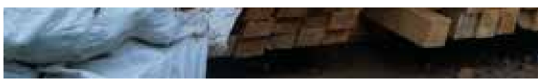
CONSTRUCTION OF A MULTI STOREY CAR PARK FOR THE URBAN DEVELOPMENT AUTHORITY

A project initiated by the Urban Development Authority (UDA) to commission public car parks to reduce traffic congestion in key cities around the country, saw Access Engineering PLC securing the contract for a multi storey car park at Union Place Colombo 02. Access Engineering secured the project on a DBFOT (Design-Build-Finance-Operate-Transfer) basis, where after completion of construction work, the Company will continue to operate the structure for a period of 28 years before the final transfer to the UDA. Once completed, the development will consist of 285 car parking bays and over 20,000 Sq. Ft. of retail and office space.

During the year, all architectural, structural, mechanical, electrical and plumbing designs were finalized and vendors selected resulting in significant time savings.

Case Study - Showcasing Innovation and Leadership in Construction

The water sump / lift pit was constructed using a waterproofing concrete mix design enabling the external/ internal waterproofing membrane application to be omitted.




Access
Engineering PLC

KEY PROJECTS

CONSTRUCTION TELECOMMUNICATIONS

SRI LANKA TELECOM NEW SUBSCRIBER CONNECTION PROJECT

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

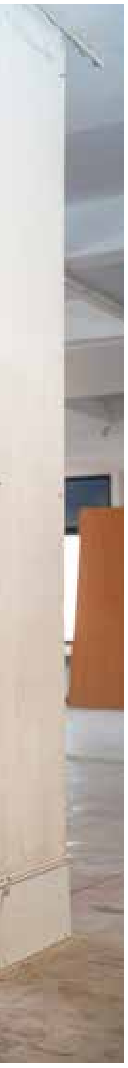
As the main contractor for this project, the work scope assigned to Access Engineering PLC includes, installation of new telephone line connections, PEO TV connections, FTTH connections, fault rectification and maintenance. In addition, Access Engineering is also tasked with multi-service access node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

Work on the project continued without interruption throughout the current year, working simultaneously across the Western, Southern, Sabaragamuwa, Central, North Western and Eastern Provinces, over 120 Km's of fibre optic network development, over 4,000 new subscriber FTTH connections, over 1,700 PEO TV connections, over 7,500 FTTH network development ports and over 110 optical fibre network development sites were commissioned during the course of the year. Further, rehabilitation work and copper network development were also completed at 10 and 5 sites respectively. Challenges faced by AEL during project execution included the rising cost of imported materials and product components due to rapid devaluation of the Sri Lankan Rupee and difficulty in accessing development sites due to travel restrictions and local lockdowns imposed as a result of the pandemic.

To date, AEL has provided over 28,000 new FTTH subscriber connections, 11,500 PEO TV connections and 50,000 FTTH network development ports under the project.

In carrying out work on its telecommunication projects, Access Engineering leveraged on several of the innovative techniques used in the past projects, key among them was the HDD (Horizontal Directional Drilling) used for optical fibre laying. HDD is a trenchless solution ideal for installing underground pipe, conduit, or cable, in instances where trenching or excavation is not practical. It also helps to reduce damage to the road surface.

Meanwhile, the Micro trenching method was used for low depth optical fibre laying. This has helped to greatly reduce the damage to road surfaces due to the micro cut and also to minimize the damages to underground utilities by third parties due to low depth trenching in city areas. Access Engineering has been using the Micro trenching method since 2016 and the trenchless technology for the past decade.




Access

KEY PROJECTS

CONSTRUCTION | TELECOMMUNICATIONS

DIALOG OPTICAL FIBRE NETWORK DEVELOPMENT PROJECT

This is a project initiated 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 (Including indoor works), installation of ducts, manholes and hand holes, road reinstatement, installation of cables, splicing and testing and commissioning the project.

As in the past, the progress made by Access Engineering during the current financial year significantly exceeded the client's benchmark contract performance criteria. During the FY 2021/22, a total of over 100 Dialog Mobile sites and 40 Dialog Enterprise sites were connected. To date, AEL has developed over 2,300 kms of optical fibre network on behalf of Dialog under this project.


SALON

GROUP PERFORMANCE REVIEW

* Excluding Access Realties (Pvt) Limited and Access Realties 2 (Pvt) Limited

CONSTRUCTION

AEL East Africa Limited

AEL East Africa Limited is a 100% owned subsidiary of AEL 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 Nayayo, T – Mall Junction, Uhuru Garden, Barracks and Galariya.

As at end January 2022, erection of the main flyover was completed, while construction of the South Ramp of the flyover which began soon after was also completed in March 2022. Two footbridges at T-Mall Junction and Nayayo were completed by July 2022 with inspection currently underway. Construction work on the footbridges in Uhuru Garden, Barracks and Galariya footbridges is ongoing and progressing smoothly. Construction of all footbridges is expected to be completed during 22/23 while construction work of the flyover is scheduled to conclude in 23/24.

Upon completion, the flyover and the footbridges are expected to reduce traffic congestion substantially, directly resulting in improved vehicular movement, lower environmental pollution and lower vehicle operating costs.

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

CONSTRUCTION

Access Projects (Pvt) Ltd.

Access Projects (Private) Limited is a CIDA C1 graded contractor for building construction and a member of the National Construction Association of Sri Lanka (NCASL) since 2007. The Company is also a SP 1 graded contractor for aluminium works and SP 2 graded contractor for floor, wall and ceiling finishes. The Company obtained the ISO 9001:2015 Quality Management System (QMS) accreditation in 2007.

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

Since 2007 Access Projects has been the sole licensed fabricator in Sri Lanka for ALUK Group S.P.A (Italy) proprietary doors, windows and facades. The Company has also secured proprietary licenses from NINZ S.P.A. (Italy) for Steel fire rated doors and non-fire doors and RAM Metal Industries LLC (UAE) for Metal Ceiling Systems.

In the year under review, the Company undertook the following projects;

- Supply, Coordination and Installation Supervision of Ceilings for Block 01, 02, 03, 04 & 08 of the Defence Headquarters Complex at Akuregoda
- Construction of extension building for ICBT Campus – Colombo 04
- Design and installation of aluminium doors and windows of Capital Heights – Rajagiriya
- Fabrication and installation of aluminium doors and windows of Trizen Mix Development
- Supply and installation of glass handrails of Prime Grand – Ward Place
- Supply and installation of aluminium windows of 606 The Address Mix Development
- Structural work with selected finishing work of Serenia Residences – Talpe, Galle
- Structural works of proposed 75 – bed hospital of Sri Sathya Sai Karuna Nilayam Foundation
- Construction of a Chinese Restaurant inclusive of civil interior works and associated MEP works for Hilton Colombo

GROUP PERFORMANCE REVIEW

CONSTRUCTION

ACCESS-CHEC JV (PVT) LTD

Access – CHEC JV (Pvt) Ltd.

Access – CHEC JV (Private) Limited is a 51% owned entity of Access Engineering PLC. The Company was incorporated in FY 2021/22 for the purpose of undertaking 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 which commenced in early 2022, involves increasing the ECT's birthing capacity to 600m, whilst the full terminal development up to 1320m will be undertaken in Phase II, allowing a 3M TEU throughput capacity when fully operational.

CONSTRUCTION RELATED MATERIAL

Lanka AAC - Pvt Ltd

Lanka AAC (Pvt) Ltd.

Lanka AAC (Private) Limited is engaged in the production of Autoclaved Aerated Concrete (AAC) blocks. Produced using fly ash, a by-product of the cement industry, AAC blocks have a low environmental footprint and are thus considered to be a far more eco-friendly alternative compared to traditional clay bricks and cement blocks. It is also a lightweight, load-bearing, high-insulating and durable building product. Other key features of the AAC blocks include;

- Speed of onsite assembling – AAC blocks can be routed, sanded, or cut to size on-site using standard power tools with carbon steel cutters
- Degree of fire resistance – AAC blocks have proved significant fire resistivity tolerating up to 4 hours of direct exposure to fire
- Usage of cement mortar - the mortar needed for laying AAC blocks is less due to the lower number of joints
- Thermal conductivity - The increased thermal efficiency of AAC blocks makes it suitable for use in areas with extreme temperatures, as it eliminates the need for separate materials for construction and insulation, leading to faster construction and cost savings
- Dry density – due to its lower density, high-rise buildings constructed using AAC blocks require less steel and concrete for structural members
- Acoustic insulation – it has a superior sound absorption ability and can be used as a sound barrier
- Environmental friendly – AAC blocks are produced through a process of steam – curing comprising non – toxic elements

AAC blocks are produced in 3 sizes and are ideally suited for wall construction applications in high rise buildings, residential units, commercial units, hospitals, warehouses, factories, schools, universities, hotels, and shopping malls.

The Company's production plant in Puttalam, which consists of 3 autoclave machines, has a total production capacity of 48 moulds per day. In the year under review, production output was increased thanks to stringent monitoring of the autoclave cycle, increasing the number of operational shifts and pursuing other efficiency improvements.

GROUP PERFORMANCE REVIEW

PROPERTY

HARBOUR VILLAGE

Harbour Village (Pvt) Ltd.

Harbour Village Private Limited is a 66.67% owned subsidiary of Access Engineering PLC with China Harbour Engineering Company Limited (CHEC) - the developer of the Colombo Port City owning the balance 33.33%.

The Company is 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 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 meters 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 expansive 2 acres of landscaped walking / jogging tracks, garden spaces, nooks and corners to hang out with friends and family, add to the experience of urban luxury. 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. Even the commercial space situated within the complex will house a food court, retail outlets, wellness services and selected office spaces, all designed to complement the needs of the residents in Marina Square Uptown Colombo.

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

With a substantial part of the super structure completed during the FY 2021/22, the project remains on track to meet its scheduled completion by end 2024.

Meanwhile, the pre-sales ratio was over 50% as of 31 March 2022.

PROPERTY

BLUE STAR
REALTIES (PVT) LTD

Blue Star Realties (Pvt) Ltd.

Blue Star Realties (Private) Limited, a 60% owned subsidiary of Access Engineering PLC is a property development Company, whose flagship project is 'Capital Heights'. Capital Heights, a BOI approved multi storey condominium mix development located in Rajagiriya, comprises 242 luxury units and a total square foot area of 640,000 Sq. Ft and a sellable area of 425,000 Sq. Ft. What differentiates Capital Heights is the value integration into every aspect – from its premium location to the finest quality products and world-renowned brands to offer potential owners both a perfect home and a solid investment. The development comprises of a large national standard infinity swimming pool, disable parking and access, a sewerage treatment plant and rainwater harvesting infrastructure among several others. Capital Heights is also structurally designed to withstand earthquakes up to 6 on the Richter Scale even though Colombo has been classified as Seismic Zone '0' under the International Building Code.

With its unique curvilinear design, fine finishes, prime location and superior construction techniques, Capital Heights is comparable to any high end condominium complex anywhere in the world.

Pre-sales at 31 March 2022 stood at approximately 90% and with most of the major construction work already completed as at the time of writing, the Company had begun handing over units to fully paid up customers.

The remaining work, which includes paving of roadways and landscaping of gardens, is scheduled to be fully completed during the financial year 2022/23.

GROUP PERFORMANCE REVIEW

PROPERTY

WUS LOGISTICS

WUS Logistics (Pvt) Ltd.

WUS Logistics Private Limited (WUS) is a fully owned subsidiary of Access Engineering PLC and owns the largest single roof warehouse in Sri Lanka. The state-of-the-art Logistics City including a warehouse and the office building has a footprint of 9 acres and a total square footage spanning over 430,000 Sq. Ft and also the second largest in South Asia. The facility also includes 32,000 Sq. Ft of 'A' grade office space, fully air conditioned to comply with the latest ASHRAE standards

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

The warehouse has a 15.5 meter eave height and ridge height of 22.5 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 without tapered racking making it the highest density storage facility in the country. Armoured joints comprising 10,000 Sq. Ft blocks are designed to support racking with minimal material handling equipment (MHE) crossing, while the floor is designed to withstand a punching load of 150 Kilo Newtons (15 tons) and a uniform distributed load of 75 kilo newtons (7.5 tons) per square meter. The floor, which is Superflat FM2 graded with steel fibre reinforcement and large pours was designed by CoGri Singapore and constructed jointly by the team of CoGri Asia and Access Engineering PLC. The specialized 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.

The dimensions of the structure are 278m long by 140m wide and have over 40,000 square meter roof. A single length of roofing sheet extends from ridge to gutter, avoiding any chance of leakage from the joints, another first at this length for Sri Lanka. The electrical distribution system uses a busbar ring system and is fully equipped with 1,000 KVA of backup power.

Commercial operations of this warehouse facility is expected to commence by 2022.

PROPERTY

Access Logistics Park Ekala (Pvt) Ltd.

Access Logistics Park Ekala (Private) Limited, incorporated in the current financial year as a fully owned subsidiary of Access Engineering PLC, is engaged in the process of setting up an Export Greenfield (EGF) Warehouse and Logistics Facility of which construction work is expected to be completed in FY 23/24.

The land for the project was obtained from the Urban Development Authority (UDA) on a Design, Build, Finance, Own, Operate and Transfer (DBFOOT) basis for a lease term of 50 years. Once completed, the facility will have approximately 700,000 Sq. Ft. of dedicated logistics space along with another 32,000 Sq. Ft. of premium Grade 'A' office space and a world-class distribution centre equipped to offer state-of-the-art mechanical and electrical services. The complex will also include staff accommodation, medical and recreational facilities such as basketball courts, gymnasium, etc.

As a fully fledged logistics park, the complex will offer;

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

Access Logistics (Pvt) Ltd.

Access Logistics Private Limited is a 100% owned subsidiary of Access Engineering PLC engaged in the design, development and management of logistics and industrial facilities and buildings.

ARL Elevate (Pvt) Ltd.

ARL Elevate (Private) Limited is a 100% owned subsidiary of Access Engineering PLC. During 2021/22, the Company was restructured with the management of the restaurant and the rooftop bar located at the Access Tower (South) building, being handed over to Jetwing Hotels. ARL Elevate currently operates and manages only the gymnasium at the property.

GROUP PERFORMANCE REVIEW

AUTOMOBILE

SML
SATHOSA MOTORS PLC

Sathosa Motors PLC

Sathosa Motors PLC (SML) is the authorized distributor for Isuzu motor vehicles in Sri Lanka and is engaged in new vehicle sales, sale of spare parts, sale of Isuzu marine engines and workshop operations. Isuzu remains one of the most sought after vehicle brands in Sri Lanka, which has ensured SML enjoys a substantial market share in the country's mainstream Japanese light commercial vehicle market.

The Company operates through two new vehicle showrooms in Vauxhall Street and Kurunegala, a network of 10 spare part sales outlets located around the country as well as three workshops. Additionally, an island-wide dealer network of more than 120 dealers play a key role in driving the sale of Isuzu spare parts.

Being a predominantly vehicle sales oriented Company, the current financial year was a challenging one for SML as the ongoing restrictions on vehicle imports saw vehicle sales coming to a complete standstill. In an attempt to boost revenue, amidst this backdrop, renewed emphasis was placed on the sale of spare parts and after sales service. To further support these efforts, three new spare parts outlets were opened in Dambulla, Badulla and Kandy in order to strengthen island-wide reach and visibility, while infrastructure facilities at all three workshops were also upgraded. These strategies proved successful in that revenue generated through the sale of spare parts and after-sale service activities enabled SML to cover a significant portion of the annual operational expenses for the current financial year and maintain a reasonable absorption rate. On the downside however, overall margins remained under pressure due to several reasons, but most notably as a result of the sharp depreciation of the Rupee and the delays in opening of LC's due to lack of dollar liquidity in the local banking system. Rising global consumer prices also brought further margin pressure.

Meanwhile in an effort to minimise liquidity stress, the Company adopted stringent cost containment measures, while redoubling on collections and also taking steps to renegotiate payment plans and credit terms with supplier networks.

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

AUTOMOBILE

Access Motors (Pvt) Ltd.

Access Motors is the authorized distributor in Sri Lanka for Jaguar and Land Rover (JLR) vehicles. Being the sole agent for some of the premium automobile brands in the world, the Company provides a fully fledged end-to-end solution for all JLR vehicle owners. With the new 3S (Sales, Service & Spare Parts) facility in Boralesgamuwa and state of the art body shop in Raththanapitiya, Boralesgamuwa, Access Motors is equipped to offer a world-class experience to loyal JLR customers.

The body shop, equipped with advanced chassis-repair technology and the latest in waterborne painting methods coupled with its team of professional mechanics trained and certified by Jaguar Land Rover Group, is possibly one of the few facilities in the country that is capable of repairing aluminium monocoques, the style in which all modern Jaguar Land Rover cars are constructed.

In the year under review, after sales was the main source of revenue for the Company as the vehicle import ban currently in place prevented the import of any new vehicle to the country. However, importing oil and spare parts needed for after sales services, remained a challenge owing to the restrictions placed on imports of non-essential items, prompting the Company to begin trading in registered vehicles as a short-term solution to bolster revenue in these challenging times.

GROUP PERFORMANCE REVIEW

MECHANICAL ENGINEERING

ZPMC Lanka Company (Pvt) Ltd.

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

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

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

LASTING EXCELLENCE

From concept to conclusion, our work has enriched all sectors of the economy, helping to reshape the evolving landscapes around us.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT REVIEW

FINANCIAL CAPITAL

GRI 201-1

Our Financial Capital is the nerve centre of our business. It is what provides the foundation for our business to grow and thrive and allows the Company to continue as a going concern over time. The year under review was extremely challenging due to adverse macroeconomic factors in the external environment, which brought severe pressure on our Financial Capital.

Impact on our other Capitals

HUMAN CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

INTELLECTUAL CAPITAL

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

Value Created	2021/22 LKR	2020/21 LKR
Value created		
Gross revenue	33,336,537,165	21,852,864,677
(-) Cost of goods and services (excluding depreciation and remuneration to employees)	(25,960,162,678)	(16,036,979,108)
Value added from operations	7,376,374,487	5,815,885,569
Other income	1,437,024,525	775,714,870
Finance income	117,394,276	198,529,675
Total value created	8,930,793,288	6,790,130,114
Value distributed		
Operating costs	749,955,465	279,861,710
Remuneration to the employees	3,281,029,472	2,506,867,641
Directors' fees and remuneration	32,550,000	24,295,000
Community investments	18,012,771	35,893,438
Government levies	742,076	409,946
Corporate taxes	418,431,650	393,380,399
Interest cost	1,024,484,359	654,055,998
Non-controlling interest	-	-
Dividends	750,000,000	500,000,000
Total value distributed	6,275,205,792	4,394,764,132
Total value retained	2,655,587,496	2,395,365,982
Total value distributed and retained	8,930,793,288	6,790,130,114
Value retained		
Profit retained	1,744,154,433	1,594,443,720
Depreciation & amortisation	911,433,063	800,922,262
Total value retained	2,655,587,496	2,395,365,982

TURNOVER

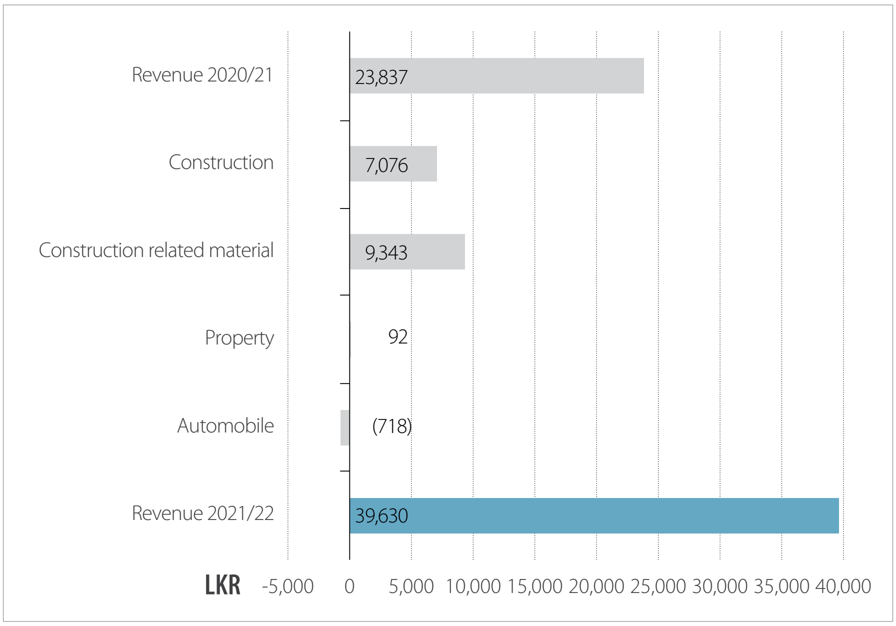
Notwithstanding challenges emanating from the immediate operating environment, AEL succeeded in recording a turnover of LKR 39.6 Bn. and LKR 33.34 Bn. at the Group level and Company respectively. This denoted significant year-on-year growth of 66.25% and 52.55 % over the figures reported by the Group and the Company respectively in the previous financial year.

The growth in Company turnover was mainly fuelled by the higher sales of construction-related materials, which reported a 146% revenue increase, compared to the previous year. Accordingly, this particular business segment was able to significantly increase its share of the contribution to the Group, accounting for a sizeable 39.5% of the Group turnover for FY 2021/22.

The other key contributors to Group Turnover came from the construction business, which registered revenue growth of (54.8% YOY), followed by the property development segment which reported a 13.5% YOY revenue growth. On the other hand, revenue tabled by the automobiles sector showed a decline of 18.7% YOY on the back of the ongoing restriction on vehicle imports placed declared by the government at the onset of the pandemic in April 2020.

SALES OF CONSTRUCTION-RELATED MATERIAL

Within the construction sector, the Sale of Construction-related Material was the largest contributor towards Group top-line accounting for 39.5% of Group Turnover. The segment registered excellent results for FY 2021/22, supported by 146 % YOY revenue growth compared to the previous year. This revenue growth was driven primarily by the sale of asphalt and ready-mix concrete. The segment recorded sales of 1,282,917 MT of asphalt and 179,920 M3 of ready–mix concrete, to reconfirm its status as the leading suppliers in Sri Lanka's for these products. Having served 500+ customers during the year, including leading contractors, the segment is well placed to further accelerate its growth trajectory in the FY 2022/23.



BUILDING AND OTHER CONSTRUCTION

The building and other construction segment, which reported a 27.3% YOY increase in revenue contributed 30.1% to the overall Group turnover, marking its position as the second largest contributor to the Group Turnover.

Housing and Mix Development Projects undertaken by the segment were among the major contributors to the current year revenue of the building and other construction segment. Among them several large-scale Housing projects for UDA including the Elliot Place housing project to build 400 housing units, the Stadiumgama housing project to build 1,000 housing units, and the Orugodawatta housing project to build 432 affordable housing units. The addition of these 3 large-scale housing projects along with the existing Bloemendhal Housing Project, together helped to bolster segmental revenue.

Roads and Highway construction

The Roads and Highways segment contributed LKR 3.4 Bn. (8.5%) towards Group revenue for FY 2021/22. The segment performed well to record revenue growth of approximately LKR 1 Bn. in the current financial year, denoting a 41.1% YOY increase compared to the previous year. A major contributor towards this growth was from the proposed Central Expressway Project (CEP) and ADB-funded I – road projects. The I – road project involves the rehabilitation, improvement, and maintenance of over 200 Km's of rural roads in the Western Province.

Water and Drainage construction

The Anuradhapura North Water Supply project which was nearing completion by the end of March 2022, contributed LKR 1.5 Bn. towards the Water and Drainage construction segment revenue for FY 2021/22. This was the main contributor towards segmental revenue for the year.

FINANCIAL CAPITAL

PROPERTY

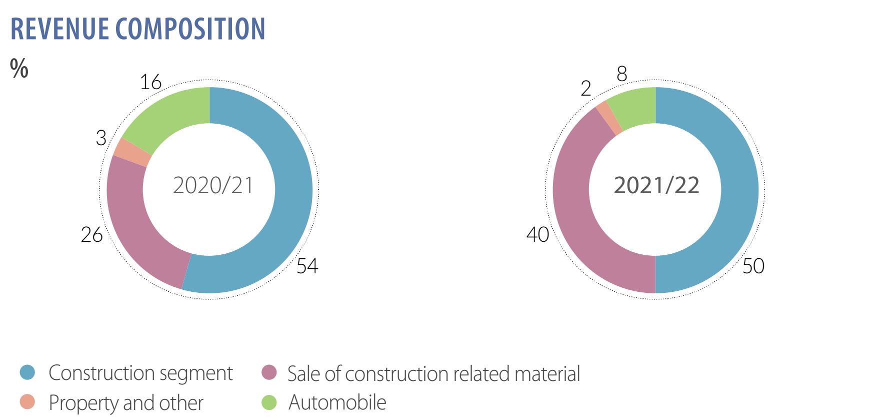
Despite the challenges posed by the economic crisis both Access Tower I and II continued to maintain satisfactory occupancy levels.

It should be noted however that rental income did not show appreciable growth in FY 2021/22 compared to 2020/21, given the challenges that led to the revision of rate structures in order to retain existing occupants and attract new clients. Amidst this backdrop, the property segment as a whole contributed 1.95 % to the overall Group Turnover.

AUTOMOBILE

The automobile sector contributed LKR 3.1 Bn. towards (7.9%) Group Turnover for FY 2021/22.

The performance of the automobile sector was affected by a variety of macro-economic reasons including restrictions on the import of new vehicles. However, the negative impact of low new vehicle sales was partly negated by the improved performance of both sale of spare parts and workshop operations.

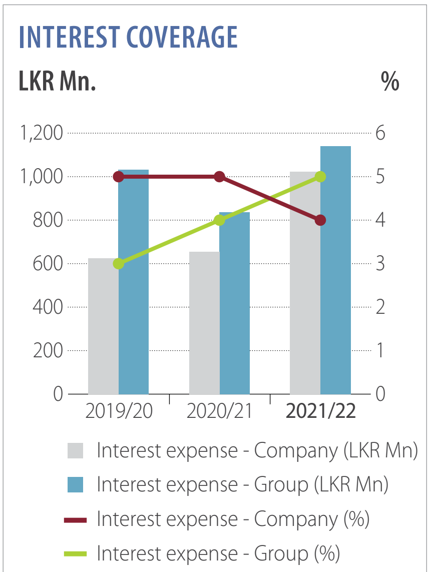


FINANCE EXPENSES

Interest expenses as a percentage of revenue remained at 4% (2020/21 - 5%) and 4% (2020/21 - 4%) at Group and Company levels respectively. The finance cost for the Group was LKR 1,140 Mn. and LKR 1,024 Mn. at the Company level.

Interest income at Group and Company levels was LKR 150 Mn. and LKR 117 Mn. respectively.

Due to the impact of the interest, the Group interest coverage ratio increased from 4 times to 5 times. On the other hand, interest cover for the Company decreased from 5 times to 4 times for the financial year of 2021/22.

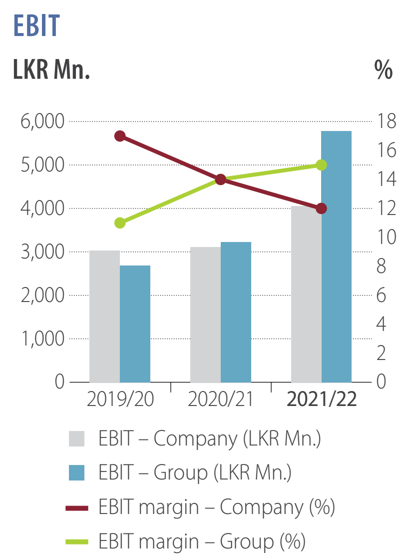


PROFITABILITY

Positive revenue growth reported by most segments enabled the Group and Company to report gross profit of LKR 5,312 Mn. and LKR 3,663 Mn. respectively for FY 2021/22 reflecting YOY increases of 28.4% and 26% respectively over the previous financial year.

Meanwhile, administration and other expenses as a percentage of Group revenue dropped to 6% compared to 7% in the previous year. Administration and other expenses as a percentage of Company revenue remained on par with the previous year, at 4%.

Consequently, EBIT at the Group and Company level improved to LKR 5,784 Mn. and LKR 4,057 Mn. respectively, while Operating Profit margins remained stable at 11% and 12% respectively.



TAXATION

The effective tax rates for FY 2021/22 remained at -11.2% and 14% respectively at Group and Company levels as opposed to 0.6% and 6% respectively in 2020/21. A significant reduction in the Group level effective tax rates in the current financial year was mainly due to an increase in the deferred tax asset of WUS logistic Pvt Ltd.

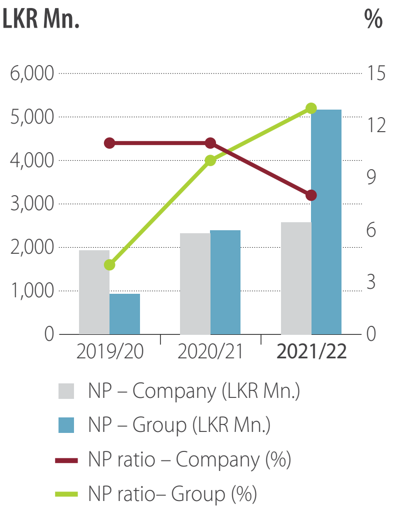
PROFIT AFTER TAX

The AEL Group and Company registered a Net Profit of LKR 5,130 Mn. and LKR 2,580 Mn. respectively for FY 2021/22. Consequently, the net profit margin of the Group and Company stood at 13% (2020/21 – 10%) and 8% (2020/21 – 11%) respectively.

GRI 201-3, 201-4

COMPANY & GROUP LEVEL PROFIT AFTER TAX

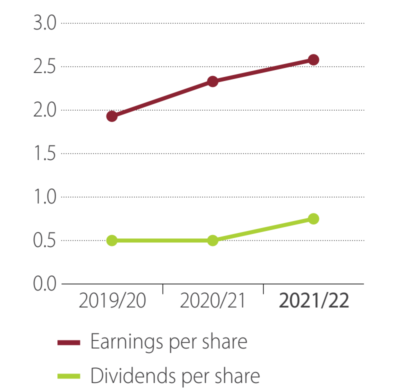
LKR Mn.



Earnings per ordinary share increased from LKR 2.39 to LKR 5.11 at the Group level and from LKR 2.33 to LKR 2.58 at the Company level. In the year under review, the Directors of the Company approved an interim dividend of LKR 0.75 per share which amounted to a total dividend payout totalling LKR 750 Mn.

EPS AND DPS

LKR



The fact that the Group and the Company were able to maintain benchmark profit margins and record a YOY increase in ROE, despite the extremely volatile external environment proves the effectiveness of the business contingency plans in place.

DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

The defined benefit liability of the Company as at 31 March 2022 was LKR 243 Mn. (31 March 2021 – LKR 334 Mn.). The defined benefit liability comprises contributions made to the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF) at the rate of 20% (Employer – 12% and Employee – 8%) and 3% on basic salary. It also includes the retirement gratuity. Payment of liabilities at the point of occurrence will be from the Company's internally generated funds.

YOY Growth Of Key Working Capital Components

	2022 LKR	2021 LKR	Change %
Group			
Inventory	14,619,851,673	8,714,470,692	68%
Trade and other receivables	25,160,628,086	14,185,353,886	77%
Trade and other payables	25,161,709,167	17,307,342,489	45%
Company			
Inventory	3,881,321,447	2,059,826,864	88%
Trade and other receivables	21,854,323,383	11,815,103,857	85%
Trade and other payables	14,065,939,280	10,917,886,266	29%

At Company level, total increase of Operating Current Assets along with the increase of Operating Current Liabilities which results in a 8.7 Bn. Increase in Total Working Capital.

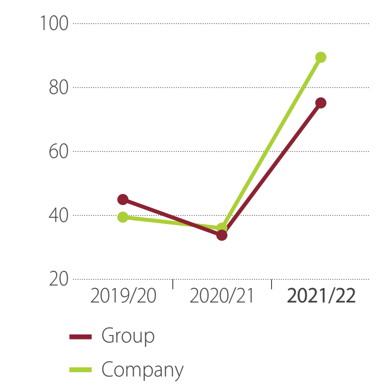
CAPITAL STRUCTURE

The gearing ratio, which is calculated as a proportion of the total interest-bearing liabilities to equity, increased from 33.8% to 75.2% for the Group and from 35.99% to 89.47% for the Company. The increase was due to the decision taken by the management to use long-term borrowings at fixed single-digit Interest rates in order to finance subsidiary investments and business expansions.

The increase in Group and Company borrowings has led to lower weighted average Interest costs which have created a positive impact on Group and Company Finance costs in 2022/23.

GEARING RATIO

%



FINANCIAL ASSISTANCE RECEIVED FROM THE GOVERNMENT

The Company is liable to pay income tax at a rate of 14% on construction income, 18% on construction related material and 24% on construction services and other income.

FINANCIAL CAPITAL

SUBSIDIARY – CONSOLIDATED REVIEW OF FINANCIAL PERFORMANCE AND FINANCIAL POSITION

ACCESS REALTIES (PRIVATE) LIMITED (ARL)

A fully owned subsidiary of AEL, Access Realties (Private) Limited is the owner and the managing agent of Access Tower I and Access Tower II, reported a turnover of LKR 853 Mn. and LKR 271 Mn. and gross profits amounting to LKR 684 Mn. and LKR 225 Mn. at the Group and Company level respectively while the Company enjoyed high gross profit margins of 83%.

In addition to this Access Elevate (Pvt) Ltd. which is 100% owned by Access Realties (Private), Limited contributed by LKR 27 Mn. to the total turnover of the Group generated through the restaurant, banquet, and membership fees.

SATHOSA MOTORS PLC

Sathosa Motors continue to remain the market leader in new vehicle sale of Japanese light commercial vehicles.

During the year under review, Sathosa Motors PLC generated revenue of LKR 3,194 Mn. and LKR 1,816 Mn. at Group and Company levels respectively. Gross profit margins at Group and Company levels were at 22% and 24% respectively.

The performance of the automobile sector in FY 2021/22 was subdued due to a variety of macro-economic reasons including restrictions in the import of new vehicles. Nevertheless, all possible measures were taken to mitigate the severity of the impact, among them after-sales services offered including repair, service, and sales of spare parts.

ACCESS PROJECTS (PRIVATE) LIMITED (APL)

APL recorded revenue of LKR 2,569 Mn., gross profit of LKR 312 Mn. and net profit of LKR 177 Mn. for the FY 2021/22.

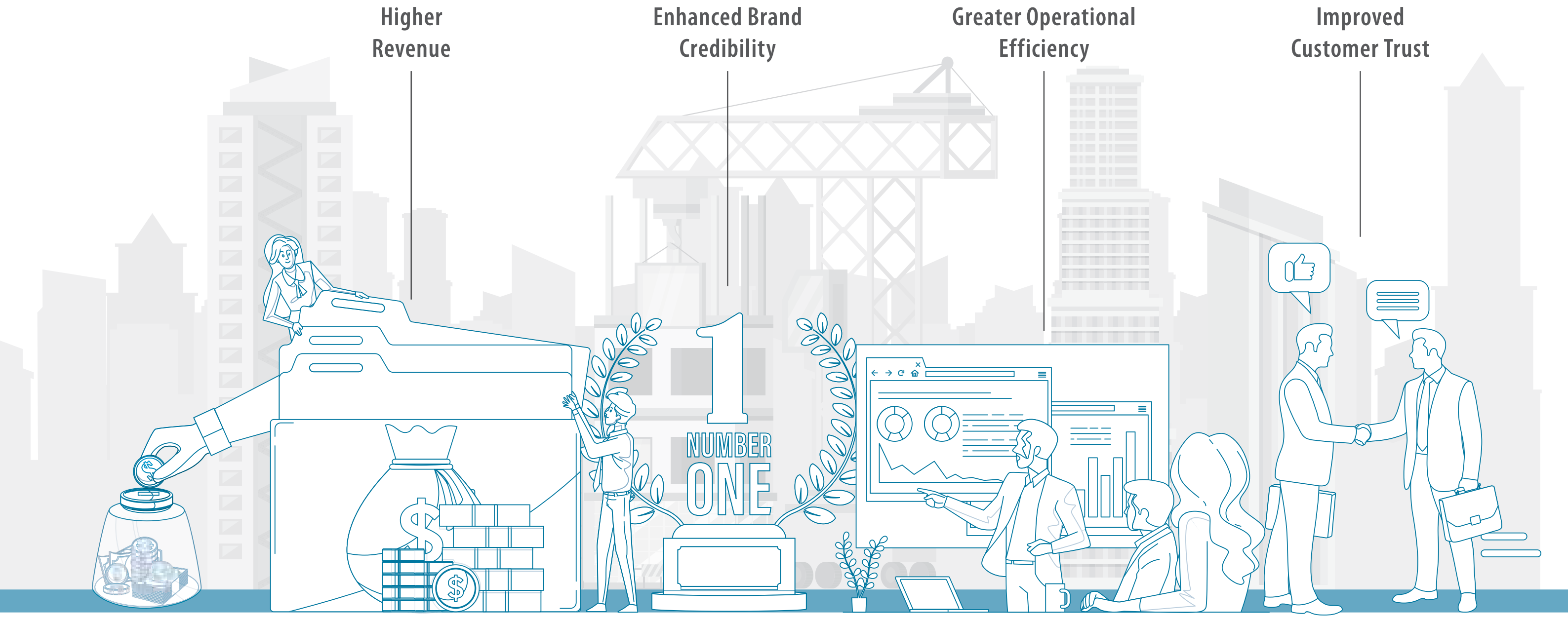
Despite pressure owing to adverse macroeconomic factors, the Company 'secured multiple new projects during the year, including the Blue star Aluminum Project, L & T Sky bridge project, Trizon Project, MOD project, and the Defense Headquarters project.

HARBOUR VILLAGE (PVT) LTD.

Harbour Village (Pvt) Ltd is a joint venture between AEL, China Harbour Engineering Company and Mustafa Singapore 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, made steady progress in terms of construction and sales. As at 31 March 2022, the project remained on schedule.

MANUFACTURED CAPITAL

Being in the construction business, our Manufactured Capital represents the backbone of our operations. It comprises the property, plant and equipment that enable us to carry out our core business activities. IT infrastructure including our state-of-the-art ERP systems that provide network support for the day-to-day business, also forms an important part of our Manufactured Capital.



Impact on our other Capitals

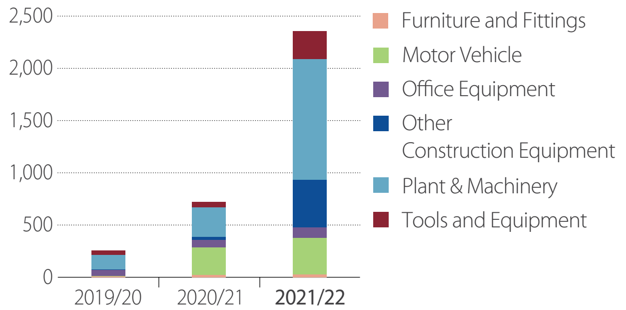
- FINANCIAL CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- INTELLECTUAL CAPITAL

CONSTRUCTION VEHICLES, EQUIPMENT AND MACHINERY

The vehicles, equipment and machinery that help Access Engineering to conduct its construction operations, account for the largest share of our Manufactured Capital. Given their crucial role in our business, we have diverted significant resources over the years to build an extensive portfolio of machinery and equipment that today positions Access Engineering as the undisputed industry leader in the local construction industry. Our fleet currently comprises piling machines, grab machines, crawler and tower cranes, pavers, pump cars, drilling machines, formwork systems, mobile cranes, motor graders, excavators, Kelly bars, wheel loaders, micro trenching machines, HDD machines, concrete mixers, silos, desanders, rollers, shotcrete machines, compactors, loaders, trailers, grouting machines, cable blowing machines, weighbridge systems and air compressors among others. Having an industry-leading fleet has also created an additional revenue stream for Access Engineering in the form of hiring income.

CAPACITY BUILDING 2021/22 - AEL

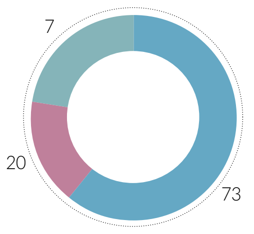
LKR Mn.



MANUFACTURED CAPITAL

FLEET AGE ANALYSIS - AEL FY 2021/22

%



We routinely review and upgrade our equipment portfolio to ensure it is up-to-date and on par with global construction standards. In order to deliver the best possible outcomes for our customers, we aim to maintain a modern equipment portfolio where at least 70% of our machinery and equipment is less than 5 years old. Towards this end, we adopt a planned approach combining asset rationalisation and asset acquisition. Asset acquisitions are based on our annual CAPEX plan. As a policy Access Engineering procures only from internationally reputed equipment suppliers who offer the latest technical innovations.

Ongoing efforts to upgrade our equipment portfolio saw LKR 2.355 Bn. being invested in the year under review - the highest investment made by the Company in several years. New equipment was acquired across all major asset categories. New Aluminium formwork system, Self-climbing platform system and Sheet piles were added to our construction equipment. New plant and machinery was acquired to augment our capacity at our asphalt plants, crusher plants and concrete batching plants.

We also invested in heavy machinery including Excavators, Generators, Fibre optic monitoring analysers, Air compressors, HDD machines, Wheel loaders, Weigh bridge systems and Concrete truck mixers. Light machinery such as Bar bending machines, Concrete pokers, Rebar cutting machines, Road marking machines, Rock breakers, Compactors and Plastering machines were also purchased. Our vehicle fleet was further expanded with the acquisition of several new dump trucks.

We consider it equally important that our equipment fleet continues to operate at optimal levels. Towards this end, our Central Equipment Division (CED) is tasked with routine maintenance and upkeep of our construction equipment and vehicles. The CED also liaises with relevant service providers to oversee the timely execution of scheduled maintenance contracts for specialized equipment.

PRODUCTION PLANTS

Led by our pursuit of excellence, Access Engineering has steadily increased its presence across the construction value chain through strategic investments in setting up production plants that provide key construction-related inputs to support the Company's project operations around the Country. Plant capacity expansions are planned ahead of time through the annual CAPEX plan, while annual budget allocations drive continuous and ongoing maintenance and improvements at all plants.

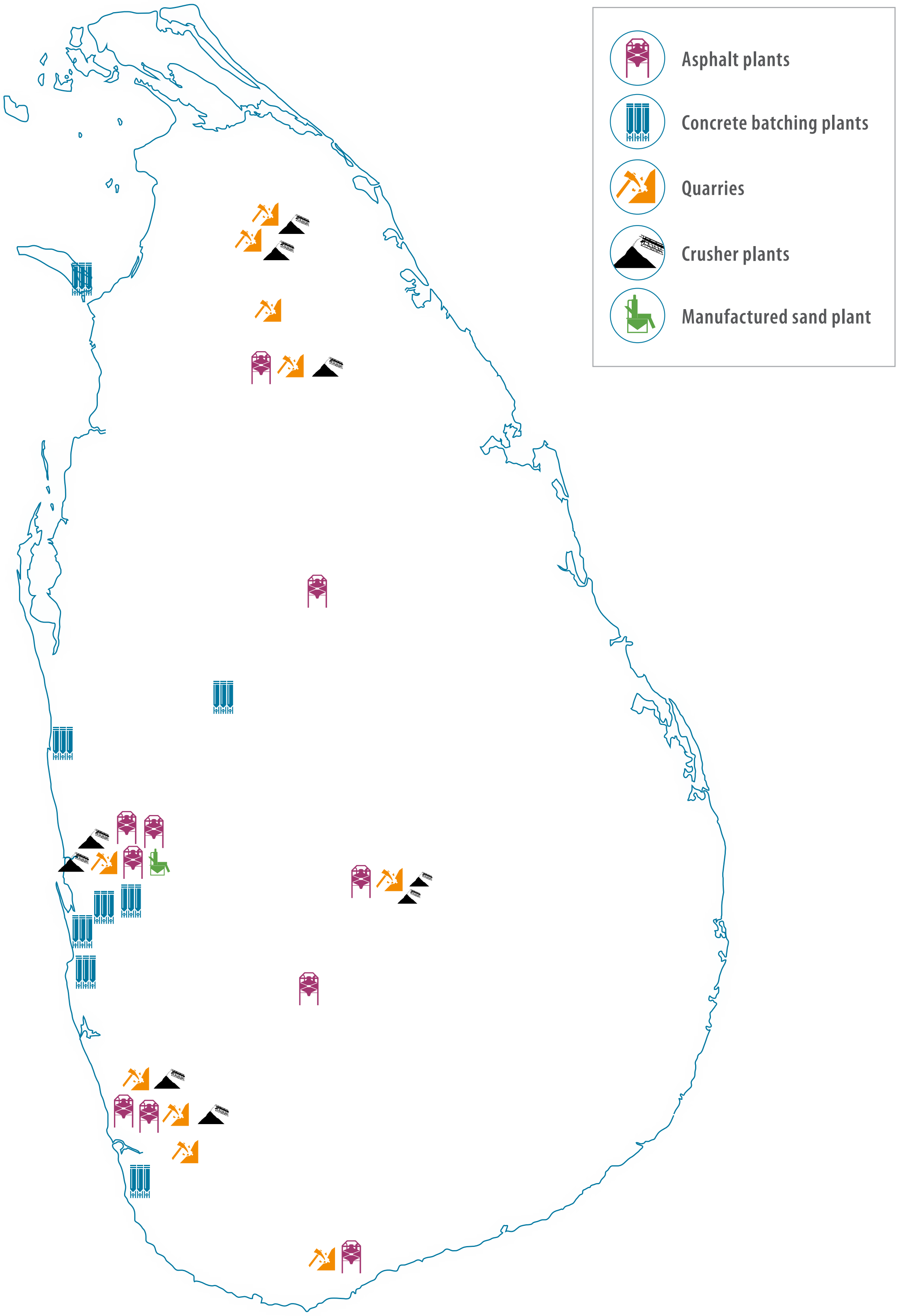
Asphalt plants 10

Concrete batching plants 8

Quarries 10

Crusher plants 9

Manufactured sand plant 1


Asphalt plants
Concrete batching plants
Quarries
Crusher plants
Manufactured sand plant

MANUFACTURED CAPITAL

R & D SYSTEMS

Access Engineering has always prided itself on its R & D capability which focuses on improving the efficiency and effectiveness of the outcomes of production plants.

In the year under review, Access Engineering tied up with a leading bitumen supplier to improve the bonding strength of bitumen using super bond. Super bond was added to a combination of bitumen and quartz resulting in high content aggregate which can be easily used in asphalt mixes, thereby serving as an effective substitute for metal aggregates. This also greatly reduces the cost of asphalt production. There is also a significant saving in the transportation cost of aggregates due to the possibility of using aggregates with high quartz content which are available in abundance, with super bond.

Another key R&D initiative during the year was the use of modified Carbon Black, a by-product produced from the incomplete combustion of heavy petroleum products. It is in the form of near spherical particles of colloidal size. Previous studies have shown that the addition of carbon black (CB) improves the anti-aging, conductivity, physical and rheological properties of asphalt. Hence, Carbon Black modified can be used as a solution to premature failures such as development of early cracks, potholes, and rutting problems. Further, usage of carbon black as a modifier in conventional binders can reduce the percentage of styrene butadine polymer (SBS). In the year under review, Access Engineering used carbon black asphalt laying in several Road Development Authority projects including the Melwatta to Meegahakumbura Road, Agaloya in Bulathsinghala Divisional Secretariat Area.

Use of carbon black modified asphalt in road works

INVESTMENT PROPERTIES

The Group maintains a stock of investment properties held either for the purpose of earning rental income or capital appreciation or both. Each year we incur certain expenses for the upkeep and maintenance of these properties. Please refer notes to the financial statements (Note:13 on page 264) for more details regarding investments properties.

IT INFRASTRUCTURE

Given the size and scale of the Access Engineering's operations, IT infrastructure has become an increasingly important business enabler. Over the years, we have steadily increased our investment in IT systems to streamline our day-to-day operations and also build scale to complement our chosen growth strategies. In doing so, we leverage our longstanding ties with leading international IT specialists to be able to benefit from the latest system developments in the global IT sphere.

INTANGIBLE ASSETS

In the year under review, LKR 44 Mn. was spent on intangible assets of which approximately over 40% was for the implementation of SAP Payroll system. Significant investments were also made to procure new cutting – edge design software to augment the capabilities of the Company's design unit. A further LKR 31.4 Mn. was allocated towards upgrading and maintenance of AEL's IT infrastructure.

The system development expenses of ARL & ARL2 was over LKR 0.5 Mn. during the financial year under review.

We incurred LKR 444 Mn. on the construction of the multi-storey car park development project in Union Place adjacent to the Company's head office. This development is carried out together with the UDA on a DBFOT (Design, Build, Finance, Operate & Transfer) model.

Artistic impression of the multi storey car park upon completion

MANUFACTURED CAPITAL DEVELOPMENT REPORT FY 2021/22

CHALLENGES

- Global supply chain disruptions causing delays in shipments arriving in Sri Lanka
- Currency volatility resulting in price escalations of imported equipment

OPPORTUNITIES

- Continuous and ongoing upgrades to help improve overall efficiency and expedite customer delivery timelines
- Opportunity to explore new business models with development partners

CONSTRUCTION VEHICLES, EQUIPMENT AND MACHINERY

Total investment in capacity expansion

LKR **1.201** Bn.

Highlights

- New formwork system and self – climbing platform system
- Upgrades to the heavy machinery, light machinery and vehicle fleet

PRODUCTION PLANTS

Investment in Capacity Expansion

LKR **1.154** Bn.

Highlights

- New asphalt & crusher plants
- Concrete machinery fleet

INVESTMENT PROPERTIES

New investments

LKR **444** Mn.

Highlights

- Multi storey car park development adjacent to corporate office

IT INFRASTRUCTURE

Investment in IT infrastructure

LKR **31.9** Mn.

Highlights

- SAP payroll System
- ERP Upgrade
- CMM and CRM upgrade

FUTURE PLANS

MEDIUM TERM

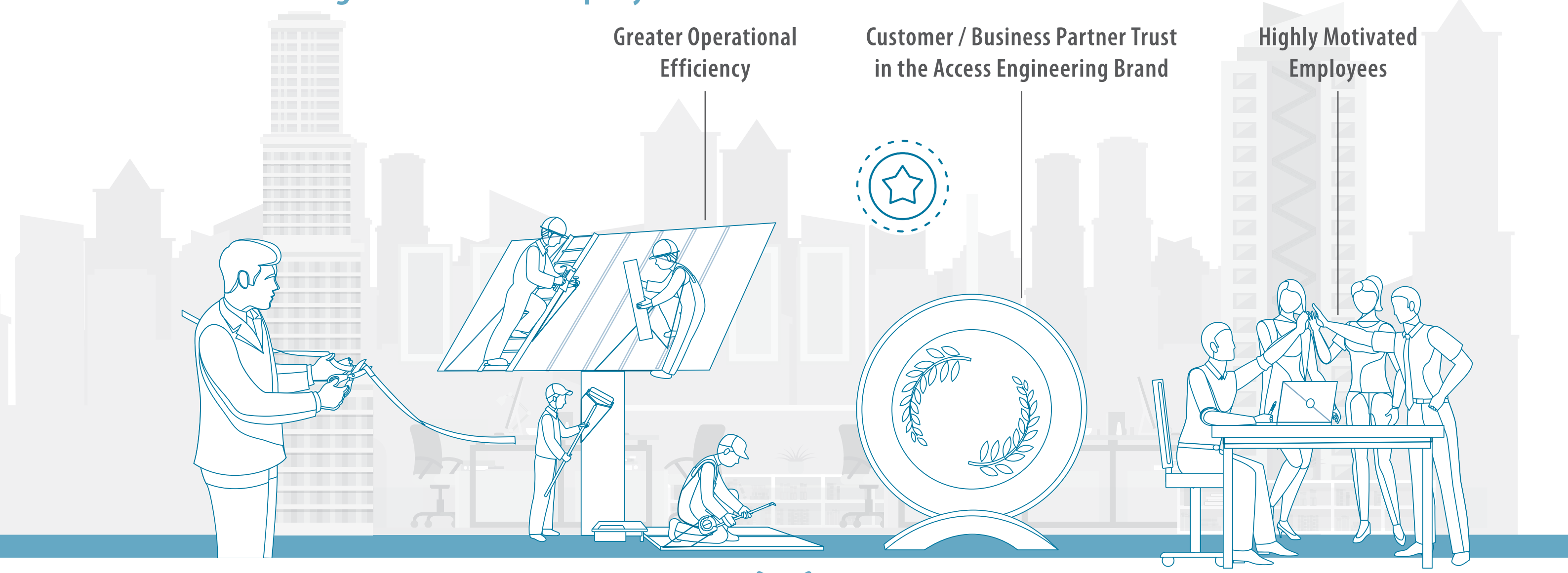
- Rationalization of equipment and machinery fleet to improve efficiency and productivity
- Further upgrading of the IT infrastructure to suit business needs

LONG TERM

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

INTELLECTUAL CAPITAL

Our Intellectual Capital comprises key intangible assets such as the Access Engineering brand reputation built over the years, our intrinsic knowledge base, unique values and corporate culture, software architecture, as well as the licences, certifications and memberships we possess. Taken together these elements contribute towards strengthening our value creation capacity and validate our position as Sri Lanka's leading construction Company.



Impact on our other Capitals

FINANCIAL CAPITAL | MANUFACTURED CAPITAL | SOCIAL AND RELATIONSHIP CAPITAL | HUMAN CAPITAL

BRAND EQUITY

Access Engineering PLC has cemented its position as one of the pioneering architects responsible for modernising Sri Lanka's Civil Engineering and Construction industry. Led by our vision "To be the foremost Sri Lankan business enterprise in value engineering" we have built a solid reputation by strategically expanding our bandwidth through a mix of backward and forward integration across the construction value chain. The resulting synergies have enabled us to offer fully integrated solutions combining multiple disciplines, which has positioned Access Engineering as the "preferred partner" for construction services. Working with government institutions and private entities over the past twenty years, Access Engineering has undertaken and successfully commissioned some of the largest infrastructure projects in Sri Lanka's modern history.

Access Engineering also holds the distinction of being the only construction Company in Sri Lanka to have been chosen by China Harbour Engineering Company (CHEC), the developer and investor of the Colombo International Financial City, as an 'investment partner'. This partnership is for 'Marina Square – Uptown Colombo', Sri Lanka's largest ocean front, single phase mix development. Access Engineering is also the only Company in the world to tie up with ZPMC China as a JV partner to carry out port equipment maintenance operations.

Access Engineering remains one of the very few companies in Sri Lanka to be chosen by reputed foreign contractors to jointly execute projects. Over the years, Access Engineering had partnered with contractors from all over the world from China, Hungary, Australia, United Kingdom, USA, Japan, Malaysia, Korea, Spain etc. The working relationships with these international contractors continued to serve as a key competitive strength in securing global projects. The ongoing T – Mall flyover project in Kenya is one such overseas project.

In the year under review, Access Engineering was selected by Michelin - the largest tyre manufacturer in the world to build a logistics and warehousing facility in excess of 700,00 Sq. Ft. This is in addition to the 400,000 Sq. Ft. logistics facility already built for CAMSO - Michelin.

Our project portfolio both in Sri Lanka and overseas stands testament to the trust and confidence in the Access Engineering brand.

The Access Engineering brand reputation is further augmented by the Access Tower I & II, both considered to be among the premier 'Grade A' commercial spaces available in Colombo's business district.

SOFTWARE SYSTEMS

We leverage the latest software solutions to holistically add value to our operations and to meet the desired stakeholder value creation objectives. We procure only licensed software from leading global developers. In addition we have a fully fledged in-house IT team that focuses on developing tailor-made software solutions for specific business aspects across the Group.

Key Software Systems

Access Engineering PLC

ERP System (SAP version ECC 6.0 EHP8)

A fully fledged ERP system that supports critical operations including finance, material management, sales and distribution, project systems, production planning, plant maintenance, and equipment and tool management. Taking advantage of the advanced functionality offered by "SAP Fiori", we have created a user-friendly, secure, and efficient app-based smart interface to facilitate various corporate operations and expedite the internal decision making process.

Data Storage and Backup systems

A fully automated storage server system by HP is in place to accommodate both the SAP ERP system and other essential services. For backup, the latest fully automated Network-Attached Storage (NAS) by QNAP facilitates scheduled backup processes with-out interruptions.

FortiGate Firewall FG-600E series

This provides an application-centric, scalable, and secure SD-WAN solution with Next Generation Firewall capabilities to offer end-to-end protection across the Group's network systems.

'Green Tape" e-Procurement system

The cloud-based e-tendering system was developed to digitise the procurement process. This user-friendly system streamlines Requests for Proposals (RFPs) and includes a dedicated online bidding portal. It also provides a number of additional benefits, including central procurement management, volume purchasing for better pricing, the ability to work with a larger supplier base, more efficient inventory control, lower manpower and administrative costs, and improve transparency.

ArcMate Document Management System (DMS)

The DMS creates a platform to systematically record, track and store documents in order to streamline internal operations and reduce paper usage as well as the seamless facilitation of compliance.

Access Realties and Access Realties 2

Computerized Maintenance Management (CMM) System

The CMM system effectively manages all scheduled daily and other routine maintenance work of both Access Tower I and Access Tower II. The CMM alerts users on all preventive maintenance measures that should be taken on a timely basis. It also tracks the assigned work allocation of maintenance staff with regard to scheduled maintenance work including periodic fire inspection and servicing, lift servicing, servicing of air conditioners, washing machines and other regularly used equipment.

Car Park Management System

An automated car parking system which optimises the use of parking space and thereby improving the overall efficiency and generating an additional revenue.

Human Resource Information System (HRIS)

The HRIS currently in place records and generates reports pertaining to employee attendance.

During the year under review work was initiated to migrate to a new HRIS - 'HR Mates'. The new system which is expected to go live during the 2nd quarter of 22/23 will create a platform to integrate key modules including training & development, performance appraisal, recruitment and time and attendance as well as the MIS.

Customer Relationship Management (CRM) System

The CRM serves as a dedicated framework for managing tenant relations. Tenants at both towers are required to register with the system, which allows them to login at any time to raise complaints or make suggestions.

In the year under review system modifications were done to enable 'occupancy report' generation and another reports to capture payment moratoriums offered to tenants. The system was further upgraded to facilitate new tenant floor separations. A new tenant feedback module was also added during the year along with an option to facilitate tenants requests for customized office space.

GRI 102-16, 205-1, 205-2, 205-3

INTELLECTUAL CAPITAL

INNOVATION AND CREATIVITY

Innovation and creativity have long been the hallmarks of the Access Engineering brand. Our passion for innovation stems from our belief that every one of our customers must benefit from world class construction solutions. Towards this end we leverage on technology and the expertise of our teams to pursue innovative construction techniques and methods.

Over the years Access Engineering has proven itself as the leading innovator in the local construction sector. In fact most of the innovative construction methods that are now the norm in the local industry, including the following have been pioneered by Access Engineering;

- Prefabricated steel bridges and flyovers
- Horizontal Directional Drilling (HDD) method in telecommunication works
- Post – tensioning in high – rise building construction
- Diaphragm wall (D – Wall) technique of basement construction

Fuelled by our passion and inspired by past success, we continued to pursue innovation for the benefit of our customers. These efforts are elaborated in detail under the respective project write ups.

KNOWLEDGE BASE

The nature of our business is such that the expertise and tactical knowledge of our teams are invaluable in achieving our project delivery objectives. Our knowledge base is also a key lever to showcase leadership through innovation as well as support efforts to work collectively with other stakeholders to drive the local industry forward.

We make every effort to provide our teams with training opportunities, industry exposure and additional resources to enhance their knowledge and stay updated on the latest industry developments. In this regard we have established an in-house reference library containing materials on civil engineering and project management, with content in both paper and electronic formats. We also publish a quarterly editorial "Access Engineering News Within" to share key insights and industry trends. Furthermore we encourage senior employees to share their knowledge and undertake to mentor juniors.

From time to time, we also pursue value adding partnerships that provide knowledge transfer opportunities to further augment the Access Engineering knowledge base.

CULTURE AND CONDUCT

As a leading construction enterprise, our reputation for how we do things is as equally important as what we do. In this context, the fundamental principles enshrined in our Code of Conduct govern our behaviour and define the way we conduct our business. The Code connects our Purpose and Culture Commitments with key Company policies to help us do the right thing in every situation. The Code describes the standards and principles that the Company expects of its employees and as such serves as the framework to ensure employees always act with integrity in their day to day activities and in their dealings as representatives of Access Engineering. In that sense, the Code reinforces the message that adherence to our core values and principles is every employee's responsibility and that we each have an obligation to:

- Apply the values and principles expressed in the Code to everything we do and everywhere we operate
- Conduct business in a transparent, prudent, dependable and sustainable manner
- Take responsibility and hold each other accountable
- Raise concerns and ask questions

All employees and Directors, without exception, are informed about the Code as part of their orientation programme, where they are required to read and formally acknowledge their understanding and acceptance. To reinforce the importance of adhering to the Code, we conduct special ethics training sessions for all employees Company-wide. These training sessions also aim to raise awareness among employees about the importance of speaking up and reporting perceived ethics violations. Wherever possible, we educate and encourage our business partners to also adopt the principles encapsulated in our Code. Moreover we review and update the Code as and when needed to take cognisance of new business developments as well as new regulations and industry best practices.

The Company Anti Corruption policy is another key pillar in our approach to establish a unified Company-wide culture and conduct framework. The main aim of the policy is to articulate the Access Engineering's zero tolerance of corruption. In this regard, the policy outlines the Company's stance against such matters as bribery, kickbacks and facilitation payments during the course of business and emphasises the consequences associated with the violation of these mandates. The anti-Corruption policy applies to all Company Directors and employees without exception. Business partners and third parties who act on behalf of the Company are also informed of the anti-Corruption policy and are on-boarded only on condition that they agree to comply with all guidelines. The policy also applies to non – controlled persons or entities that provide goods or services under contract including our sub – contractors and labour suppliers. Regular training is conducted for employees and Directors to raise awareness, reiterate the importance of reporting potential violations and to commit themselves to counter corruption by all means. Special training is conducted for business partners and followed up with routine due diligence to verify adherence. The policy enables employees and others to raise concerns and report any violation without any risk of reprisal. Anti – corruption principles are further reinforced through the annual financial audit and the routine due diligence programmes conducted by Company's internal audit function, and the bi – annual integrated management systems audit. Ongoing monitoring by the Compliance Committee, whistleblower complaints, the annual TRACE due – diligence and the periodic audits by foreign principles and partners also create an additional layer of assurance regarding the Company's adherence to anti-corruption principles. The Company policy on Disciplinary Management describes the various incidents involving the breach of discipline and the appropriate action that will be taken in the event of such breach.

Given the stringent culture and conduct frameworks in place, no incidents of bribery or corruption were identified in the reporting period.

ACCREDITATIONS AND CERTIFICATIONS

In its pursuit of construction excellence, Access Engineering has sought several industry-specific accreditations. As a result, Access Engineering remains the most highly credentialed construction Company in Sri Lanka to date, with the highest number of accreditations issued by CIDA (Construction Industry Development Authority) - the foremost governing body for the local construction sector. These accreditations add value to various aspects of our business and reaffirms our leadership in these spaces.

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	

Based on this same rationale, we have international certifications that demonstrate our commitment to benchmark global best practices. These include the ISO 9001:2015 - Quality Management Standard, ISO 14001:2015 - Environmental Management Standard and the ISO 45001:2018 - Occupational Health and Safety Standard.

AWARDS AND ACCOLADES

Access Engineering PLC was ranked 8th among the top 75 listed companies in Sri Lanka by Transparency International Sri Lanka (TISL) for Transparency in Corporate Reporting for 2021 with an overall TRAC Score of 8.97. Scoring is based on 3 criteria;

- Anti - corruption programs
- Organisational transparency
- Country by country reporting

With this score, AEL falls into the category of 'Significantly Transparent' companies. AEL is also the only construction Company to be featured in this 2021 edition.

Access Engineering PLC was declared the winner in the 'Construction Category' at the 2021 Best Corporate Citizen Sustainability Award (BCCSA) organised by the Ceylon Chamber of Commerce. AEL has been the consecutive winner in this category for the past several years.

Access Engineering PLC was re-certified as a 'Member in Good Standing' of TRACE International - UK for anti - bribery compliance. This certificate is given after a comprehensive annual due - diligence which covers diverse areas including the ownership, Group structure, financials, compliance, corporate governance and risk management. AEL has continuously maintained this status for over a decade now and is the only construction Company in Sri Lanka to do so.

INTELLECTUAL CAPITAL

GRI 102-13

MEMBERSHIPS AND AFFILIATIONS

As an industry leader in construction and civil engineering, Access Engineering subscribes to a range of memberships of industry groups and other business associations. These networks are an important source of business intelligence that help us to stay informed on global construction trends, latest technology and regulatory developments. We often collaborate with these networks to take collective action for the advancement of the construction industry as a whole.

Institute/Organization/Gov. Body	Membership Status	Benefits of Membership
National Construction Association Sri Lanka (NCASL)	Member	Technical support in the construction field.
Construction Industry Development Authority (CIDA)	Registered Member	Professional grading of technical competency to attract potential investors and clients.
Institute of Engineers Sri Lanka (IESL)	Training partners for civil construction engineering and civil design engineering	Ability to attract young engineering professionals.
The Chamber of Construction Industry Sri Lanka (CCI)	Corporate Member	A common forum to address industry challenges.
Ceylon Chamber of Commerce (CCC)	Member	Access to global networks and markets.
Ceylon Chamber of Commerce Business and Biodiversity Platform	Patron Member	Guidance for sustainable business practices.
Condominium Developers Association of Sri Lanka (CDASL)	Ordinary member	Ability to lobby with regard to pressing condominium industry issues.
International Chamber of Commerce Sri Lanka (ICC)	Organisational membership	Provides opportunities to foster international investors and contractors, and the free flow of capital.
National Chamber of Commerce	Corporate member serving engineering and construction committees	Aid in trade investment promotions both nationally and internationally.
Employers' Federation of Ceylon	Member	Guidance on Labour Laws and industrial disputes
The Institute of Chartered Accountants of Sri Lanka	Approved Training Institution for Business, Corporate and Strategic Levels	Ability to attract young professionals.
United Nations Global Compact (UNGC)	Signatory	Networking access to UN Global Compact participants.
TRACE International UK for Anti-bribery Compliance	Member in Good Standing	Access to information and best practices on ESG topics, including data models, compliance policies, training materials, and local law specifications across over 140 countries.

INTELLECTUAL CAPITAL DEVELOPMENT REPORT FY 2021/22

CHALLENGES

- Keeping pace with rapidly evolving technology trends
- Maintaining up to date knowledge base amidst fast emerging construction trends

OPPORTUNITIES

- Strong preference for credentialed construction service providers with a reputation for excellence
- Strong demand for innovative, groundbreaking construction solutions

BRAND EQUITY

Highlights (Brand Performance)

- Commenced construction work of the 'East Container Terminal (ECT) of the Port of Colombo. This project awarded to Access – CHEC JV (Pvt.) Ltd. is the single largest project awarded to a Sri Lankan led entity. AEL is the lead partner with 51% ownership in the entity.
- Commenced construction work of Export Green Field (EGF) logistics and warehousing facility.
- Issuer rating (SL) A+ with Negative Outlook; Reaffirmed by ICRA Lanka Limited for 2021/22.
- Awards and Recognition
  - Construction sector winner at the Best Corporate Citizen Sustainability Award (BCCSA) 2021 organised by the Ceylon Chamber of Commerce
  - Gold Award in the Construction Sector at the 56th Annual Report Awards organised by the Institute of Chartered Accountants of Sri Lanka
  - Winner of the Construction Sector and Merit Award winner at the CMA Excellence in Integrated Reporting Awards 2021 organised by the Institute of Certified Management Accountants of Sri Lanka
  - Winner of the Best Presented Annual Report Awards in the Infrastructure category at the South Asian Federation of Accountants (SAFA) Awards
  - Silver Award at the Best Management Practices Company Awards 2022 – Back to Business in the New Normal organised by the Institute of Chartered Professional Managers of Sri Lanka (CPM)
- Grade 'A' premium office space in the heart of the city

SOFTWARE SYSTEMS

Highlights (New implementations)

- Patch level Upgrade to ArcMate System (DMS)
- Upgraded the Core Firewall and Core Network Switch to enhance the network & system security
- PABX (Private Automatic Branch Exchange) system enhancement
- SAP Storage enhancement
- Improvements for PS (Project Systems) reporting
- Improvements to the reconciliation process of taxes
- Extension of Equipment and Tool Management (ETM) module for vehicle hiring process of project management units
- Extension of Production Planning (PP) module and Plant Maintenance (PM) module for project management units
- Upgrades to CMM & CRM of ARL & ARL2

ACCREDITATIONS AND CERTIFICATIONS

Highlights (New Accreditations)

- CIDA accreditation EM-1 (Elevators, Escalators & Travelators)
- CIDA accreditation EM-1 (Fire Detection, Protection & Suppression)
- CIDA accreditation EM-1 (LP Gas Systems)

INTELLECTUAL CAPITAL

INTELLECTUAL CAPITAL DEVELOPMENT REPORT FY 2021/22

KNOWLEDGE BASE

Highlights (New Innovations)

- Changing the concrete casting chronology to maintain pile cap temperatures at the optimum level and reuse of 10 hardstands in the erection work of 30+ wind turbines at the Mannar Wind Power Project (Page 50)
- Researching on the provision of soaking pits for efficient discharge of rain water at the I – Roads Project & Central Expressway Project (CEP) (Phase II) (Page 52)
- Use of modular block walls with geo – grids at the construction of Kohuwala and Gatambe flyovers (Pages 56 & 58)
- Use of Prefabricated Bailey Bridge system and optimization of the super-structure design in the construction of Slaveisland flyover (Page 60)
- Use of plastering spray machine in brickworks at the Bloumendhal Housing Project (Page 64)
- Modification and reuse of Aluminum formwork panels for column work, pile layout optimization and use of self-climbing platform at the Elliot Place Housing Project (Page 66)
- Use of Aerated Autoclave Concrete (AAC) blocks at the Stadiumgama Housing Project (Page 70)
- Use of specially designed steel formwork system for pier heads and stem columns and research on improving the strength of concrete mix and improving the concrete pouring mechanism at the new terminal building project of the Bandaranayake International Airport (BIA) (Page 72)
- Use of waterproofing concrete mix designs for water sump and lift pits at the construction of multi storey public car park in Union Place (Page 74)
- Experimented the use of Carbon Black Modified Asphalt together with the Road Development Authority (RDA) in the Bulathsinghala Divisional Secretariat (Page 100)
- Use of Super Bond to improve the bonding strength of bitumen (Page 100)

FUTURE PLANS

MEDIUM TERM

- Further improving the level of transparency in corporate reporting
- Upgrading the SAP Payroll system
- Strengthening the PS (Project Systems) module of SAP
- Enhancing the BO (Business Objects) reporting module of SAP
- Implementation of a real-time Planning & Monitoring system for Production Plants
- Completing the upgrades to CMM & CRM which are currently underway

LONG TERM

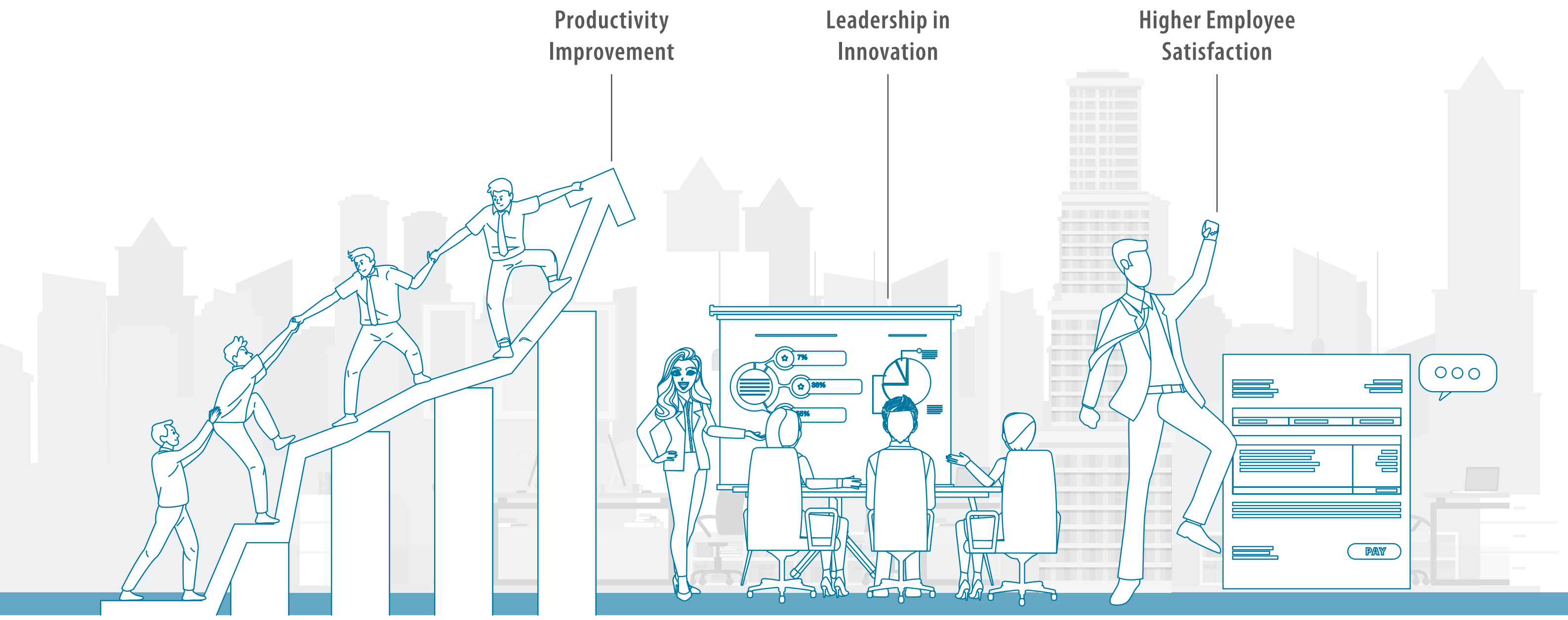
- Quantification of 'AEL' Brand Equity
- Extending the collaboration/s with reputed global research institutes/universities to diverse areas of engineering
- Migrating to SAP HANA
- Investing in the SAP Storage replacement module to facilitate the future requirements AEL
- Integrating the network of multi storey public car park facility under construction adjacent to Access Tower I & II
- Investing in a central system to integrate all existing systems at Access Tower I and II, including the HRIS, Accounting and the CMM system

8 DECENT WORK AND ECONOMIC GROWTH

GRI 102-8

HUMAN CAPITAL

Human Capital plays a vital role in the ongoing success of Access Engineering PLC. Each and every one of our 2,904 employees contributes towards our day to day operations, and in doing so support the achievement of the Company's broader strategic objectives.



Impact on our other Capitals

- FINANCIAL CAPITAL
- MANUFACTURED CAPITAL
- SOCIAL AND RELATIONSHIP CAPITAL
- INTELLECTUAL CAPITAL

WORKFORCE PROFILE IN 2021/22

	AEL		ARL & ARL2		Total	
	Male	Female	Male	Female	Male	Female
=< 30	1,003	108	13	7	1,016	115
30 < 50	1,353	71	24	-	1,377	71
=> 50	316	3	5	1	321	4
Total	2,672	182	42	8	2,714	190

	AEL	ARL & ARL2	Total
Based on Age			
=< 30	1,111	20	1,131
30<50	1,424	24	1,448
=< 50	319	6	325
Based on Gender			
Male	2,672	42	2,714
Female	182	8	190

GRI 405-1

HUMAN CAPITAL

TOTAL STAFF BY CATEGORY FY 2021/22

Category	Number of Employees		
	AEL	ARL & ARL2	Total
Managerial	158	5	163
Operational/Technical	618	23	641
Clerical & Supportive	528	22	550
Skilled and unskilled	1,550	-	1,550
Total	2,854	50	2,904

HR GOVERNANCE

HR Governance at Access Engineering PLC, is centralised under the purview of the Human Resource Department (HRD). The HRD is charged with ensuring that the Company comply's with applicable labour laws. Labour laws applicable to Access Engineering are; the Shop and Office Employees Act of 1954, Wages Board Ordinance, EPF Act, ETF Act and the Payment of Gratuity Act of Sri Lanka. ARL & ARL2 are subject to the requirements of 'Wages Board Ordinance – Security Trade'. During 2021/22 new laws were introduced concerning the increase of 'minimum wage'. The Company has complied in full with all changes.

Under the stewardship of the Senior General Manager who is also the 'Head of HR', the HRD also provides supervisory oversight to ensure Human Capital development activities are consistent with globally accepted best practices. For this purpose, a broad policy framework has been implemented to serve as the building blocks for developing a competent workforce, strengthen organisational discipline and imbue the culture of ethics.

At Access Realties & Access Realties 2, HR governance is under the direct stewardship of its Executive Director. The policy framework at ARL & ARL2 covers staff recruitment, selection and placement, termination or separation of employment and employee training and development.

GRI 406-1

BEST PRACTICES

Diversity and equal opportunity

Diversity and equal opportunity are important elements that support our endeavour to create an inclusive workplace where employees can grow and learn to achieve the desired level of job satisfaction. We maintain a non-discriminatory approach to offer equal opportunities to all employees regardless of gender, age, religion, political opinion, social origin or any other status protected by law. In April 2021, we conducted our New Year festival at the Mathugama Asphalt Plant with the participation of both Tamil and Sinhala employees.

These principles are encapsulated in the Code of Conduct that sets out expected behaviours for employees with regard to business ethics as well as matters pertaining to inclusion and non-discrimination. All employees, without exception, are required to comply with the Code of Conduct. As part of their orientation all new recruits complete mandatory training on the Code of Conduct. Furthermore, our leadership principles dictate that leaders share the responsibility for ensuring all employees under their purview are treated with dignity and respect.

Our Code of Conduct also contains guidelines for employees to report incidents of discrimination or harassment of any form.

There were no reported incidents of discrimination in the current financial year.

Special initiatives to increase female participation in the workplace

Women's day celebration at the Corporate Office in appreciation of their dedicated service

Orientation of new employees

Child Labour and forced or compulsory labour

Access Engineering respects the UN Convention on the Rights of the Child and to Principle Five of the UN Global Compact regarding child labour. Accordingly, we have included stringent verification controls as part of our selection process to ensure all potential new recruitments comply with the minimum age regulations as stipulated by Sri Lanka's labour laws.

The Company also strongly supports the principle of "No Forced Labour" outlined under the International Labour Organization (ILO) convention. We believe all employees have the right to enter into and remain in employment voluntarily and at their free will. Our commitment towards this principle is further articulated through the Company's HR Policy framework.

Bi-annual audits by the District Labour Commissioner or Team provide further assurances that Access Engineering's operations are not subject to the risk of child labour or forced labour.

We further expect our suppliers to mirror our commitment to advocate against child labour and forced labour and have tailored our supplier screening and on-boarding processes to confirm the compliance status of our outsourced labour suppliers and other service providers. In our contractual agreements with these suppliers, we have included specific clauses to cover such matters as minimum age and minimum wage regulations. We also conduct routine due diligence to monitor labour management practices of these suppliers and service providers. Our investigations did not reveal any incidents of child labour or forced labour among our supplier base in the year under review.

HUMAN CAPITAL

GRI 202-2, 401-1

RECRUITMENT AND SELECTION

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

Competency testing accompanied by several rounds of formal interviews form the basis of selecting candidates for Management professions and Technical grades. Recruitment to Management grades are overseen by the Executive Vice Chairman and the Managing Director, assisted by the Senior General Manager whereas recruitment to Technical Grades is overseen by the Head of the respective Technical discipline assisted by HRD. The existing Senior Management Team is all hired locally from Sri Lanka. There were 2 senior management recruitments during the year under review.

Clerical and supportive (Operational) employees are required to present themselves for an interview, with final selections made by the HRD representatives based on a set of predetermined criteria outlining required minimum technical and behavioural competencies.

All new recruits are required to participate in our comprehensive orientation programme to help them assimilate our unique corporate culture and understand what is expected of an employee of Access Engineering.

Moreover as per the employment and appointment terms offered by the Company, all new recruits are required to remain on mandatory probation for a period of 6 months, after which they are subject to a formal evaluation to determine if their performance warrants absorption to the permanent cadre. Meanwhile, daily paid labourers (skilled and unskilled) continued to be recruited as and when needed in partnership with specialised labour service providers.

No recruitment freeze was announced and the Company continued with all planned recruitments despite the COVID-19 pandemic related restrictions in 2021. However, in-person interviews were not held and all potential candidates were interviewed using digital tools. Moreover all new recruits were asked to furnish a negative PCR test prior to reporting to work in-person with the cost of such tests being reimbursed. This was later changed as per the latest circulars issued by the Government, stating that a PCR test is not required from persons with all 3 doses of an approved COVID-19 vaccine.

New hires for FY 2021/22

	AEL	ARL & ARL2	Total
Based on Age			
=< 30	989	10	999
30<50	726	5	731
=< 50	141	1	142
Based on Gender			
Male	1,782	11	1,793
Female	74	5	79
Based on Province			
Southern	48	2	50
Western	1,552	13	1,565
Central	125	1	126
North Central	24	-	24
North Western	25	-	25
Northern	64	-	64
Sabaragamuwa	18	-	18

Employee turnover FY 2021/22

	AEL	ARL & ARL2	Total
Based on Age			
=< 30	901	6	907
30<50	710	1	711
=< 50	176	-	176
Based on Gender			
Male	1,732	4	1,736
Female	55	3	58
Based on Province*			
Southern	23	2	25
Western	1,441	3	1,444
Central	48	1	49
North Central	11	1	12
North Western	14	-	14
Northern	248	-	248

* 2 employees that resigned during the year were based in Kenya, hence not included under employee turnover based on Province.

During the period under review we are happy to say that no employee was retrenched or terminated due to COVID 19 related business slowdown.

GRI 202-1, 401-2, 401-3, 405-2

REMUNERATION AND BENEFITS

Access Engineering remains committed to ensure all employees receive fair and competitive remuneration in line with the nature of their job as well as their qualifications, experience and performance. We maintain an unbiased approach to ensure men and women in similar roles across all employee categories, are remunerated equally without prejudice. Accordingly, the ratio of basic salary of female to male employees is 1:1 Company-wide. All female employees were eligible for the annual bonus given in 2020/21 with 53 female employees receiving performance based incentives in addition to the annual bonus.

The unbiased approach to employee remuneration and benefits remained the same at ARL & ARL2 with 1:1 ratio of basic salary of female to male employees.

Minimum wage requirements as stipulated by the National Minimum Wage of Workers Act, No. 3 apply to our permanent employees irrespective of their staff category. The minimum wage stipulated under the Act was increased with effect from August 2021. To comply with these requirements, Access Engineering also increased the minimum wages of all workers.

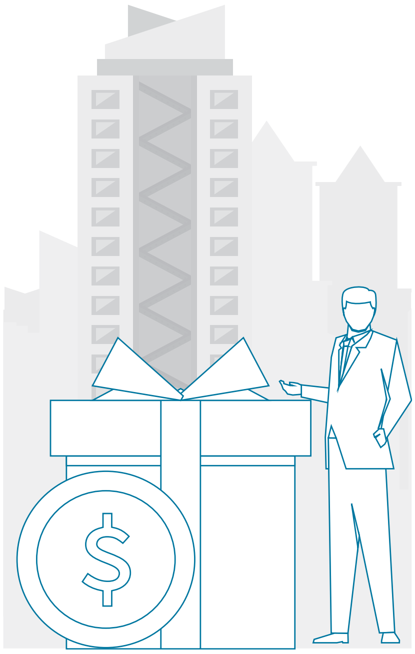
We comply with all statutory retirement benefit obligations pertaining to employees. Accordingly, the Company contributes an equivalent of 12% of the employees' basic monthly salary to the Employees Provident Fund and an equivalent of 3% to the Employees Trust Fund. We also provide necessary allocations to meet gratuity obligations for all employees who have been in employment for over 5 years.

At present all confirmed employees of Access Engineering, Access Realties & Access Realties 2 are entitled to a range of monetary and non-monetary benefits, in addition to their basic salary. These include;

- Annual bonus
- Performance – based incentives and recognition
- Surgical and hospitalisation cover (extended to the whole family)
- Festival advance
- 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
- Library facilities
- Personal loans at a concessionary interest rate
- Personal accident and death insurance coverage
- Death donations
- Staff welfare activities which include the annual staff trip, annual Christmas carnival and the sports day
- Opportunity for career development and advancement in a rapidly growing business environment

Daily paid labourers of Access Engineering who are not part of the permanent cadre are entitled to the following benefits;

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



Appreciation of long standing employees

Parental leave - AEL

Number of employees entitled to parental leave	179
Number of employees that took parental leave	4
Number of employees that returned to work after parental leave ended	5
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	6

GRI 404-2, 404-3

HUMAN CAPITAL

PERFORMANCE MANAGEMENT

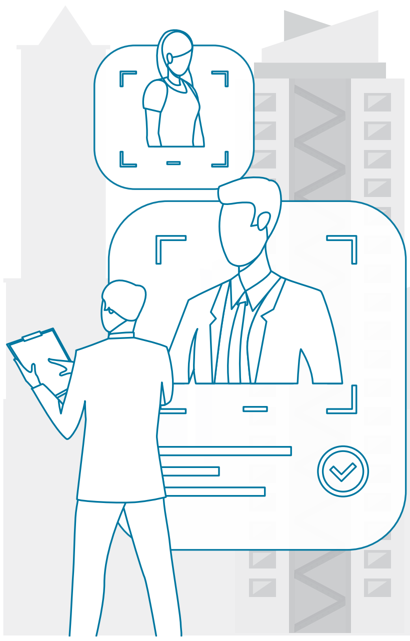
Given the sheer size and scale of our business it is imperative that every Access Engineering employee be fully performance-driven in line with our strategic intent. A comprehensive performance appraisal system underpins our efforts to drive a Company-wide high performance culture. The annual target setting exercise is a prerequisite for the performance appraisal process. Based on the broader departmental targets, Department heads are tasked with setting mutually acceptable annual KPI's for each individual employee. These targets are measured against actual performance and subject to a mandatory annual review. All the divisions of the Company conduct their performance appraisal process annually, to review employee performance against current targets and set new KPI's for the next financial year.

All permanent employees of the Company receive the annual performance appraisal. This includes all males and females as well as employees of all categories including the Senior Management, Middle Management, Junior Management, Executives, Clerical and Supportive Staff and even Minor employees. The annual performance appraisal process begins with a self-assessment by each employee covering a variety of aspects relating to the job including the scope, training & development, performance in relation to KPIs and suggestions among several others. Self-assessments are reviewed in detail by the employees' immediate supervisor which is then followed by performance appraisal discussions of which the panel should include a minimum of 2 members. Generally the panel includes the immediate superior, Head of the Department and a representative from the HRD. In this way, the annual performance appraisal provides the opportunity for employees to receive feedback regarding their performance along with suggestions for improvement, determine their training needs and receive recommendations to support career mobility (transfers or promotions). Finalised reviews are then forwarded to the SGM and Managing Director who together with the Corporate Management will approve increments and promotions.

The performance management system in place for ARL & ARL2 is similar to that of Access Engineering with the employees given the opportunity for self – evaluation prior to being evaluated by the Head of the Department. All employees of ARL & ARL2 are eligible for performance appraisal.

Apart from the Annual Performance Appraisal, performance reviews are conducted in the following instances as well.

- Completion of the probationary period
- Service confirmation
- Disciplinary issues
- Intermediate increments and promotions
- At the exit interview
- Or any other instance deemed necessary by the supervisor



TRAINING AND DEVELOPMENT

We are committed to the continuous development and education of our employees at all levels and ensure that our employees receive the necessary training needed to maintain maximum effectiveness in the performance of duties and responsibilities. An annual training plan is prepared by the Human Resource Department, based on the training requirements of various departments / business units. The highest weightage is allocated to building technical capacity of employees. In this regard we follow a blended learning approach based on the 70:20:10 principle (70% of on-the-job experience, 20% mentoring and 10% classroom training). In recent years, we have also placed special emphasis on improving soft skills and developing leadership attributes to support employees to enhance their career prospects and grow the Company. Training facilitation for executives is handled by the HR department using a combination of internal and external resource personnel. Training of plant/ site employees is handled by the respective Plant Manager.

At the end of every training programme feedback forms are shared among the participants in order to obtain their feedback. These forms are evaluated to have an overall idea about how the training programme was for participants.

During 2021/22, ARL & ARL2 placed high emphasis on developing a pool of internal trainers on various technical and operational aspects and giving staff on the job training.

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	

Internal training programmes

Training area	Number of programmes	Total participants	Training hours
Health and safety	13	295	928
Environmental	1	26	104
Technical	46	770	4,757
Total	60	1,091	5,789

External training programmes

Training area	Number of programmes	Total participants	Training hours
Health and safety	11	211	972
Environmental	-	-	-
Technical	59	781	4,170
Total	70	992	5,142

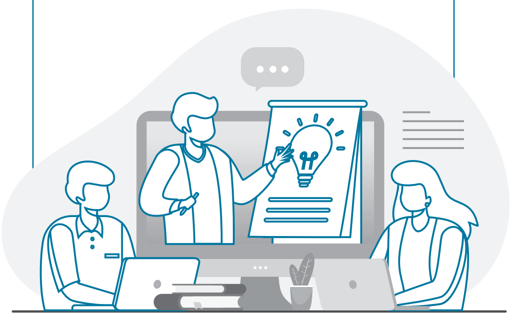
Internal training FY 2021/22 – ARL & ARL2

Training area	Number of programmes	Total participants	Training hours
Health and safety	-	-	-
Environmental	-	-	-
Technical	9.0	104	498
Soft Skills	-	-	-
Total	9	104	498

Technical training was focused on welding, plumbing, electrical and air conditioning work. Internal training sessions were carried out both physically and online.

Training Focus for FY 2021/22 – AEL

- Public speaking
- Corporate Writing
- Advanced MS Excel Programme
- Call centre etiquette
- Project Monitoring



Briefing session for ARL and ARL 2 maintenance staff

Preparation for Access Tower I and II fire drill

GRI 404-1

HUMAN CAPITAL

External training FY 2021/22 – ARL & ARL2

Training area	Number of programmes	Total participants	Training hours
Health and safety	3	34	186
Environmental	1	14	32
Technical	1	12	36
Soft Skills	-	-	-
Total	5	60	254

Technical training was focused on elevator rescue training, first – aid training, work at heights and fire fighting.

Meanwhile supervisors who nominate employees for specific training programmes, are expected to keep tabs on how well the relevant employee(s) have benefitted from such exposures.

The pandemic related restrictions in 2021 such as the regional lockdowns and associated travel restrictions and restrictions on physical gathering had a considerable impact on the roll out of our planned training interventions for the year. Taking steps to overcome these challenges as much as possible, the Company leveraged on digital mediums to conduct training activities, with existing training modules redesigned to improve the effectiveness of learning content delivered online. Online mediums were used for soft skill training and non-technical training of executive-level employees who were provided with necessary resources including laptops and internet facilities (dongles, wifi facility, mobile packages) to enable them to participate in virtual trainings and meetings. In-person training activities at plants were conducted on a limited basis and in strict adherence to COVID safety protocols. Experienced employees at plants were mobilised to carry out training of new employees who were recruited to the plant/ site.

Training hours - FY 2021/22

Average training hours based on gender

	Total
Male	5.04
Female	6.64

Average training hours based on category

	Total
Staff	5.40
Labour	2.32

Creating a continuous learning culture is an important part of our overall approach to training and development. For this purpose, we have established an in-house library, which is kept up to date and open to all employees, while our leaders are encouraged to use every opportunity to share their knowledge with their teams. We also support employees to undertake additional training by offering special financial assistance for the pursuit of higher education. Our efforts to promote continuous learning also includes a special rewards scheme to recognise employee innovations. Our recently launched Innovation Hub named 'Idea Nest' is an excellent platform for all employees to develop their innovative skills.

Apart from this, our employees benefit from experiential learning opportunities by volunteering their time to participate in CSR activities conducted by the Company.

GENDER EQUALITY

AEL considers gender equality to be a significant factor in creating a better work environment as well as improving the efficiency of the Organisation. A diverse workforce will bring with it diversity in opinion which will lead to a more holistic approach and therefore a greater tendency to achieve greater success. Empowerment, partisan-free, and supportive gender equality leads to an innovative mindset.

AEL utilises several strategies to promote gender equality, such as transparency in the recruitment process, providing equal pay packages, equal opportunities for progress and promotion, training and development opportunities for both men and women, equal care for needs.

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

OCCUPATIONAL HEALTH AND SAFETY

Being in the construction business, working at our project sites entails handling of industrial machinery and heavy duty construction equipment that could pose potential safety risks.

Creating a safe workplace remains one of our fundamental goals. We remain dedicated to ensuring the health and safety of our employees (both staff and labourers), contractors, suppliers, visitors, and other stakeholders. Towards this end, we adhere to the specific health, safety and wellbeing requirements stated under the Factories Ordinance 1942 and comply fully with the Workmen's Compensation Ordinance of 1935 to offer compensation to workers who are injured in the course of their employment by an accident arising out of the and during the course of their work.

Moreover all Access Engineering employees are entitled to a surgical and hospitalisation cover and insured under a personal accident and death cover. Our daily paid labourers also benefit from surgical and hospitalisation cover provided their period of service is over 2 years.

Access Engineering further reinstated its commitment to workplace safety through the voluntary adoption of the latest ISO 45001:2018 Occupational Health and Safety Standard. ISO 45001: 2018 serves as the basis of a comprehensive Occupational Health and Safety (OHS) System for managing health and safety risks and eliminating hazards that could cause injury or disease at any and all workplaces across the Company. This OHS framework follows a systematic approach to reduce the risk of injury and illness through proactive detection as well as ongoing assessment of safety hazards. The OHS sets clear protocols for hazard identification. This includes routine site-wise HIRA (Hazard Identification and Risk Assessment) to identify potential hazards. Hazards identified during these formal inspections are recorded and used as the basis to determine appropriate ways to eliminate the hazard, or minimize the risk when the hazard cannot be eliminated. Apart from this, site employees are encouraged to be vigilant regarding potential hazards. Any such hazards identified during day to day activity, are reported to the respective officer responsible for Health & Safety. If the hazard can be remedied immediately, the officer takes appropriate action with the consultation of the Head of the operating unit.

The Management Systems (MS) team is the main internal body responsible for Company-wide safety and as such provides oversight for the implementation of the OHS System. As part of their duties, the MS team regularly carries out safety audits, monitors safety conditions and provides safety training to employees. At site level, special "Emergency Response Teams" have been established to provide oversight for day to day first aid and fire emergencies. The MS team regularly connects online and offline with site-wise Emergency Response Teams to obtain status updates and provide guidance for resolution of emergency situations.

Meanwhile the overall efficacy of OHS System is strengthened by the due diligence framework, comprising bi-annual compliance audits by the Company's own 'Department of Management Systems' as well as external assurance audit conducted every nine months by DNV GL.

Adhering to health and safety protocols at work

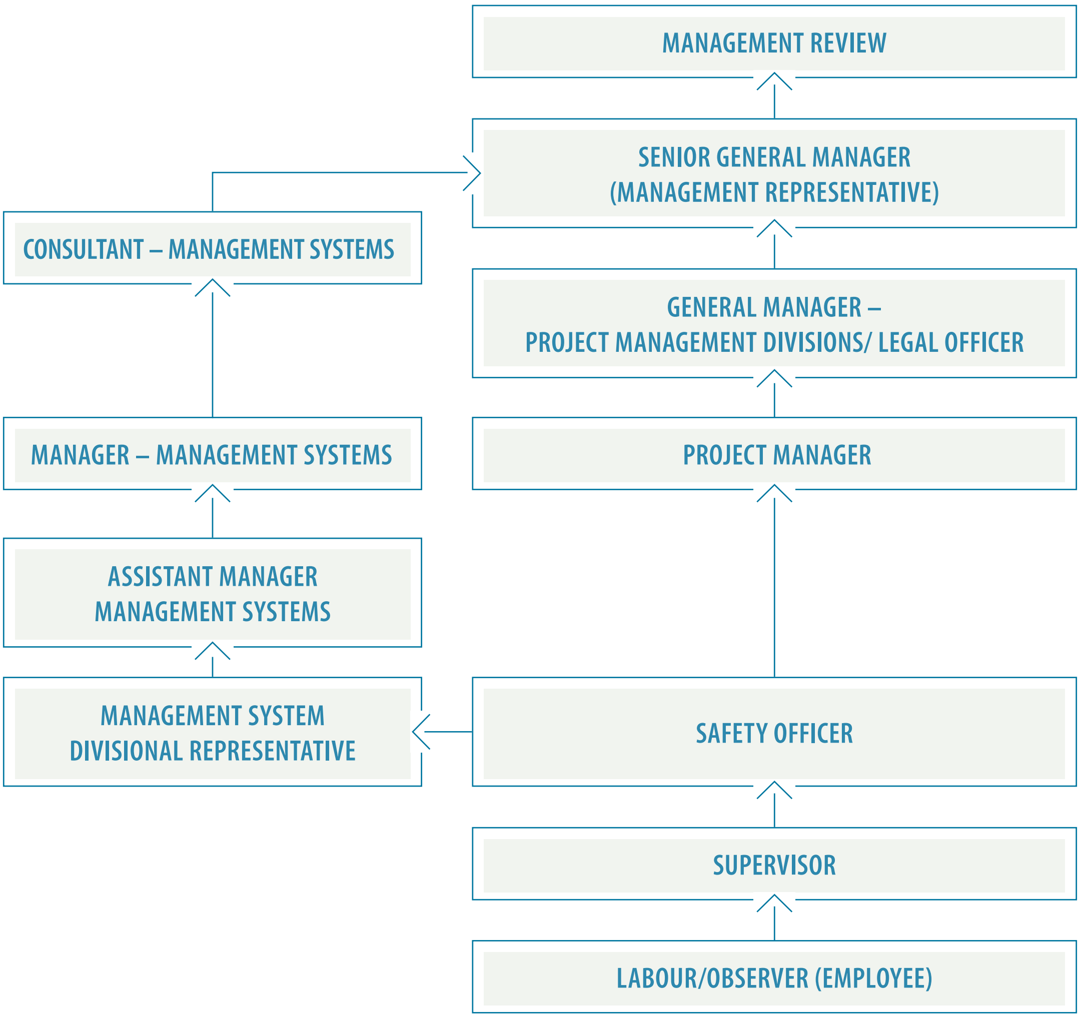
HUMAN CAPITAL

KEY HAZARDS IN THE CONSTRUCTION INDUSTRY

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

All incidents are documented and investigated immediately. A detailed incident management protocol has been established to systematically investigate all incidents. As per the protocol incidents are segmented under three broad categories; near misses and first aid; minor, major and fatal accidents; or occupational illnesses, with clear investigative responsibilities under each segment. The protocol also sets out guidelines for the implementation of corrective action and for updating incident reports.

INCIDENT REPORTING HIERARCHY



Under its respective Emergency Response Plans, Access Engineering PLC and its completely owned subsidiaries Access Realties (Pvt.) Ltd. & Access Realties 2 (Pvt.) Ltd. each have its own crisis management teams. At Access Realties & Access Realties 2, this team is led by the 'Head of Security and Compliance,' whereas at Access Engineering PLC, it is led by the Human Resources Department. A Communications Coordinator, Safety Officer, HR Officer, and Finance Officer are among the cross-functional members of these teams.

Specific safety procedures are followed at Access Realties (Pvt) Ltd., and Access Realties 2 (Pvt) Ltd, where the Chief Security Officer (CSO) conducts a Contractor work safety session to inform all contractors and sub-contractors, regarding the work procedures and work instructions. Thereafter all contractors and sub-contractors receive a work permit to enter the premises and carry out their operations. The implementation of this process is monitored by the Facilities Management Executive, Chief Security Officer and the engineering team.

As part of the safety procedures at ARL & ARL2, a mandatory inspection and certification procedure is carried out annually for its key safety hazard areas - the Elevators and the Gondola operation.

In addition, an Internal fire fighting team/ warden has been appointed to coordinate the Emergency Preparedness and Response Plan and conduct Hazard Identification and Risk Assessment (HIRA), while fire drills with the Fire Department of the Colombo Municipal Council (CMC) are also done annually. Each floor of Access Tower II is equipped with a disable toilet. Emergency situations that could arise within the premises of Access Tower I & II are clearly documented, reviewed and periodically updated to ensure staff and tenant safety.

HUMAN CAPITAL

SAFETY TEAMS OF ARL & ARL2

	Crisis Management Team	Fire Fighting Team	First Aid Team	Safety Sub Committee
Headed by	HOD-FM	HOD-FM	HOD-FM	HOD-FM
No. of members	9	28	7	5
Composition	• Property Manager • HOD-FM • FME • HR Manager • CSO (2) • Electrical supervisor • Civil supervisor • Head of Engineering	• HOD-FM • FME • CSO (4) • Engineering Technicians (16) • Engineering supervisor (4) • Head of Engineering • Executive Engineering	• Property Manager • HOD-FM • FME • HR Manager • CSO (1) • Civil supervisor • Head of Engineering	• HOD FM • Cafeteria manager • Cafeteria sales manager • FME • Property Manager
Meeting Frequency	Monthly	Quarterly	Quarterly	Quarterly
Key Actions for the year	• Organise fire figting and evacuation training • COVID monitoring/ handling • Handing emergency situations (Elevator breakdowns, power crisis, flooding) • High risk activity monitoring (HIRA)	• Conduct the fire evacuation drill for year 2022 • Conduct fire warden classes to educate building occupants • Fire fighting & rescue during a fire	• Organise first-aid training workshops	• Follow up on the food contamination procedure

HOD – FM is 'Head of Department – Facility Management'

FME is 'Facility Management Executive'

CSO is 'Chief Security Officer'

During the year under review several health and safety training sessions were carried out at AEL, ARL and ARL2 including fire safety, first aid and safe use of LP gas. A total of 540 participants took part in these sessions.

In addition to health and safety training sessions, a number of health screening programs were carried out at AEL, the details of which are as follows;

Health screening FY 2021/22 - AEL

Area	Number of employees
General screening and vision	1,255
Hearing	630
Total	1,885

GRI 403-2

Health and safety parameters 2021/22 - AEL

Total safety hours	14,535,676
Fatalities*	-
Major accidents**	16
Minor accidents	36
Frequency of major accidents	1.10
Frequency of minor accidents	2.48
LTIFR (Lost Time Injury Frequency Rate)	3.58

* A fatality is defined as loss of life.

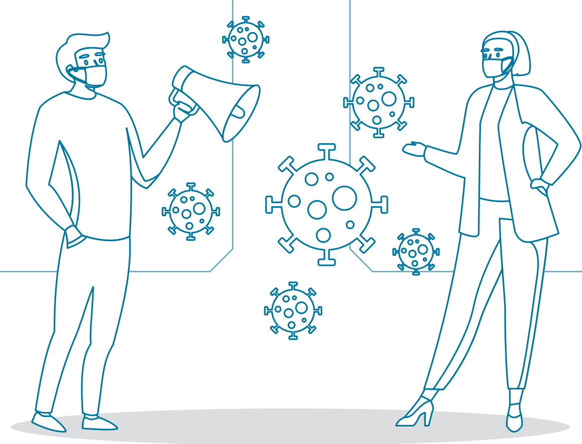
** A major accident is defined as one where the worker is unable to report to work for three or more consecutive days due to the accident.

Covid-19 response of AEL- FY 2021/22

- COVID-19 Workplace Preparedness and Response Guide
- Face masks and sanitising liquid distributed to employees, including daily paid labourers
- Conducted PCR tests and Rapid Antigen Tests for employees
- Implemented COVID safety protocols in the workplace
- Implemented work-from-home, where possible and practical
- Provided dry rations and transport facilities for employees
- Provided laptops and other resources for employees working from home
- Securing Intermediary Care Facilities for COVID positive patients
- Maintained constant communication with employees to improve awareness via emails, digital screens, notice boards, etc.
- Assisting in the completion of the vaccination program for all citizens implemented by the Government
- Appointed a 'COVID 19 Response Team'
- Regular disinfection of office premises and working within a bio - bubble
- Inclusion of COVID 19 for all staff insurance policies
- Facilitating essential service employees to report to work during curfew and lockdown

COVID-19 safety measures implemented at Access Tower I & II

- Established controls when entering the office/ sites (e.g. mandating wearing masks, temperature check, cleaning hands, etc.)
- Invested in necessary resources (e.g. personal protective equipment, face masks, face shields, gloves, sanitizers, disinfecting agents, foot-operated sinks, etc.)
- Limited the number of workers reporting to work by carefully selecting, considering their location of residence, mode of transportation, etc.
- Provided transport facilities for employees to report work, where necessary
- Provided accommodation with meals for essential staff required to report to work
- Managed visitors (declaring the health condition via the 'Visitor Questionnaire').
- Implemented work from home, arrangements, where possible and practical
- Periodically cleaning and disinfecting common areas
- Introduced social distancing protocols at accommodations, meal rooms, etc.
- Formulated an 'Emergency Action Plan' to address suspected COVID positive cases
- Operated an 'Isolation Room', till a suspected case is transferred to the hospital
- Decentralized payments to suppliers/ subcontractors in order to avoid suppliers/ subcontractors visiting the Head Office
- Conducted training and awareness sessions on minimising the spread of COVID 19 and responding in case of a suspected case



GRI 102-41, 402-1

HUMAN CAPITAL

EMPLOYEE RELATIONS

We believe strong employee relations is the key to ensuring our employees stay engaged and invested in the Company's future. Several formal mechanisms are also in place to inform employees of operational changes. Executive employees are notified via email, while the site bulletin board is used to inform site employees of any operational change. Additionally the Head of the Department, respective Project Manager or the Plant Manager and the representatives of the Human Resource Department are also involved in operational change communication where necessary. The minimum notice period for any such operational changes is 1- 30 days. This notice period is the same for ARL & ARL2.

Access Engineering does not have a collective bargaining agreement. Hence managers at all levels are encouraged to make use of team briefings and other routine meetings to develop strong ties with employees through continuous and ongoing dialogue, while our open-door policy allows employees to individually reach out to their superiors to discuss any work related matters. Other ongoing communications include, our quarterly newsletter and the annual email communication from the Executive Vice Chairman and the Managing Director for all staff at the beginning of each year. Throughout the year, employees also have the opportunity to meet the Company leadership at the Annual Staff Forum headed by the Executive Vice Chairman and the Managing Director. The forum creates a platform for the management to inform employees of the future direction of the Company and obtain suggestions for further improvement. The forum also includes a Q&A session for employees. If there are matters that cannot be resolved at these forums, employees have the liberty to raise their concerns through the formal grievance process. All grievances are treated seriously and investigated immediately supported by an impartial review to ensure a fair and equitable resolution within the stipulated timeline. These are Company-wide practices that apply to all employee categories. There were no grievances reported in FY 2021/22.

There are no collective bargaining agreements in place at ARL & ARL2 as well.

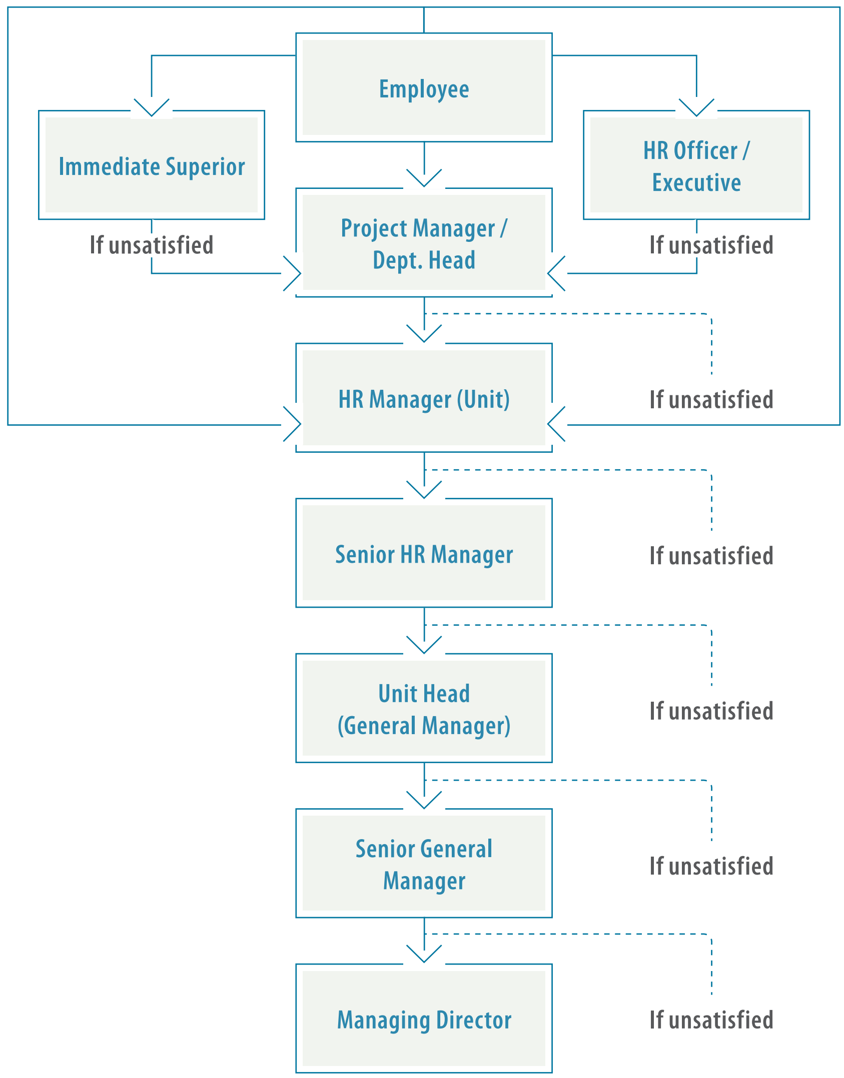
Measuring employee satisfaction

Great Place To Work. Certified MAR 2022-MAR 2023 LKA

Best Workplaces Great Place To Work. SRI LANKA 2022

In March 2022, the Company participated in the "Great Place to Work" survey to measure employee satisfaction . The survey saw 100% participation among all Company employees including minor staff, daily paid workers and industrial trainees. Survey responses were sought in two ways; employees who have official email accounts were asked to respond digitally while others were asked to provide their responses through a Kiosk commissioned specially for the purpose. Based on the results published, the Company was recognized as a 'Great Place to Work for the period March 2022 – March 2023'.

Grievance handling procedure – AEL



Employee engagement forms an important part of our efforts to maintain good relations with our teams. We maintain a robust event calendar to allow employees to engage with their colleagues and the Company management in an informal setting. These efforts also serve as work-life balance initiatives to help employees manage work stress and improve their quality of life. In FY 2021/22 we offered gym memberships at 'Elevate' to all our staff to promote work – life balance. The following are some of the employee engagement initiatives carried out at Access Engineering in the current year, despite challenges posed by the pandemic;

Grievance handling procedure – ARL & ARL2

Employee → Head of Department (HOD) → Manager → Executive Director → Executive Vice Chairman

Sinhala and Tamil New Year celebrations at Mathugama Asphalt Plant

Employee outing

Access Engineering Cricket Fiesta 2022

HUMAN CAPITAL

HUMAN CAPITAL DEVELOPMENT REPORT FY 2021/22

CHALLENGES

- Retaining employees amidst the highly competitive environment
- Inability to proceed with planned training activities due to COVID restrictions
- Employee resistance to e-learning

OPPORTUNITIES

- Secondment of employees to overseas projects
- Cross functional training

RECRUITMENT AND SELECTION

Highlights

- Over 1,000 online interviews
- 1,872 new recruits
- No lay-offs due to COVID

REMUNERATION AND BENEFITS

Highlights

- Zero salary cuts
- All employees paid on time without delay
- COVID 19 relief allowance for all employees

PERFORMANCE MANAGEMENT

Highlights

- 250 promotions at AEL

OCCUPATIONAL HEALTH AND SAFETY

Highlights

- LKR 48.7 Mn. incurred on COVID safety measures and medical insurance by AEL

FUTURE PLANS

MEDIUM TERM

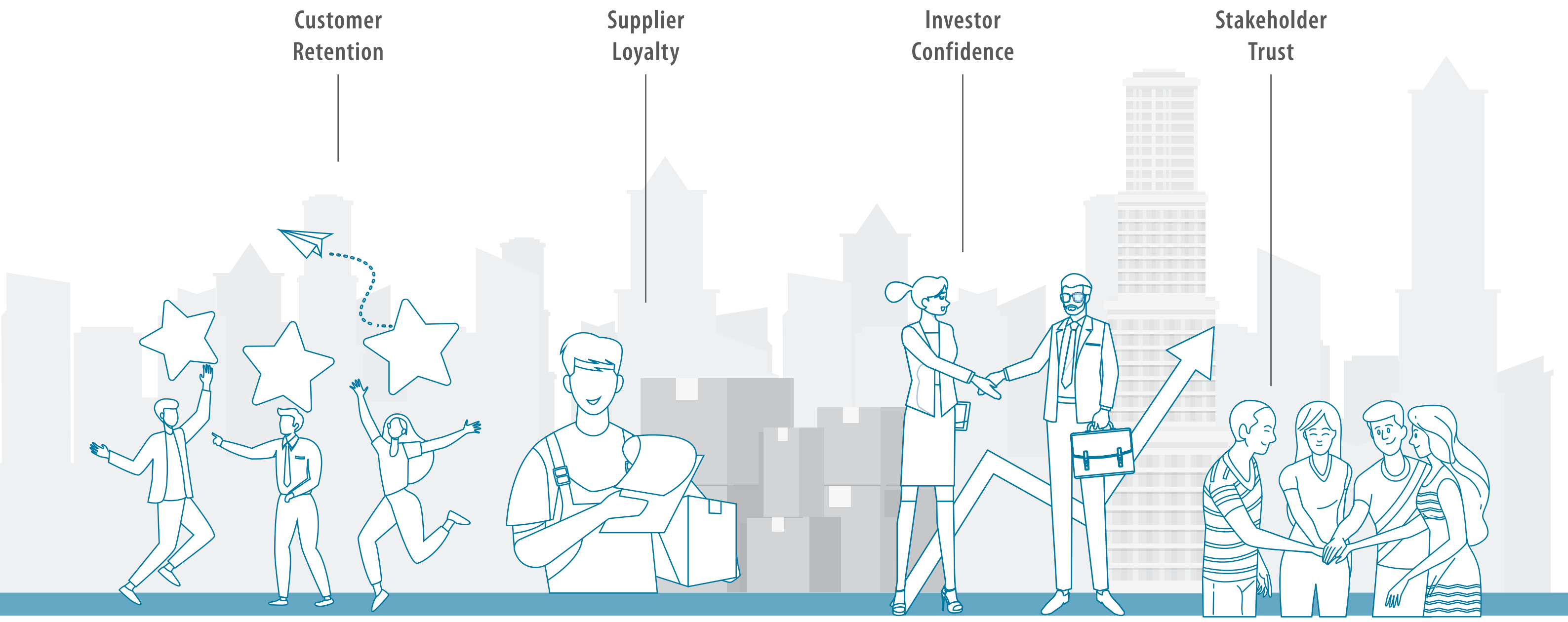
- Streamline recruitment and on-boarding processes using digital technology
- Focus on developing certified vocational training programmes for Electricians, Welders and Mechanics based on the demand for same

LONG TERM

- Leverage on social media to access a wider talent pool
- Strategic employer branding initiatives to strengthen the Company's status as an "Employer of Choice"

SOCIAL AND RELATIONSHIP CAPITAL

Social and Relationship Capital refers to the stakeholder relationships with our customers, investors, suppliers and the wider community. These relationships are vital in supporting our day to day operations and equally important to ensure our business continues to grow sustainably over time.



Impact on our other Capitals

FINANCIAL CAPITAL

MANUFACTURED CAPITAL

INTELLECTUAL CAPITAL

CUSTOMER CAPITAL

At AEL, our customers comprise both private and public entities who procure our services and solutions for their various construction needs. Currently our customer mix based on the number of customers is heavily skewed towards private customers who purchase asphalt concrete, ready mix concrete and aggregate products with approximately 45% contribution to the Group's topline. However from a volume of work perspective, the state institutions and clients including the Road Development Authority (RDA), Urban Development Authority (UDA) and the National Water Supply and Drainage Board (NWSDB) still dominate our customer mix with approximately 51% contribution to our 2021/22 topline.

Regardless of the customer profile, AEL's commitment to its customers is pivoted on two key pillars - world-class solutions and the best in-class service experience.

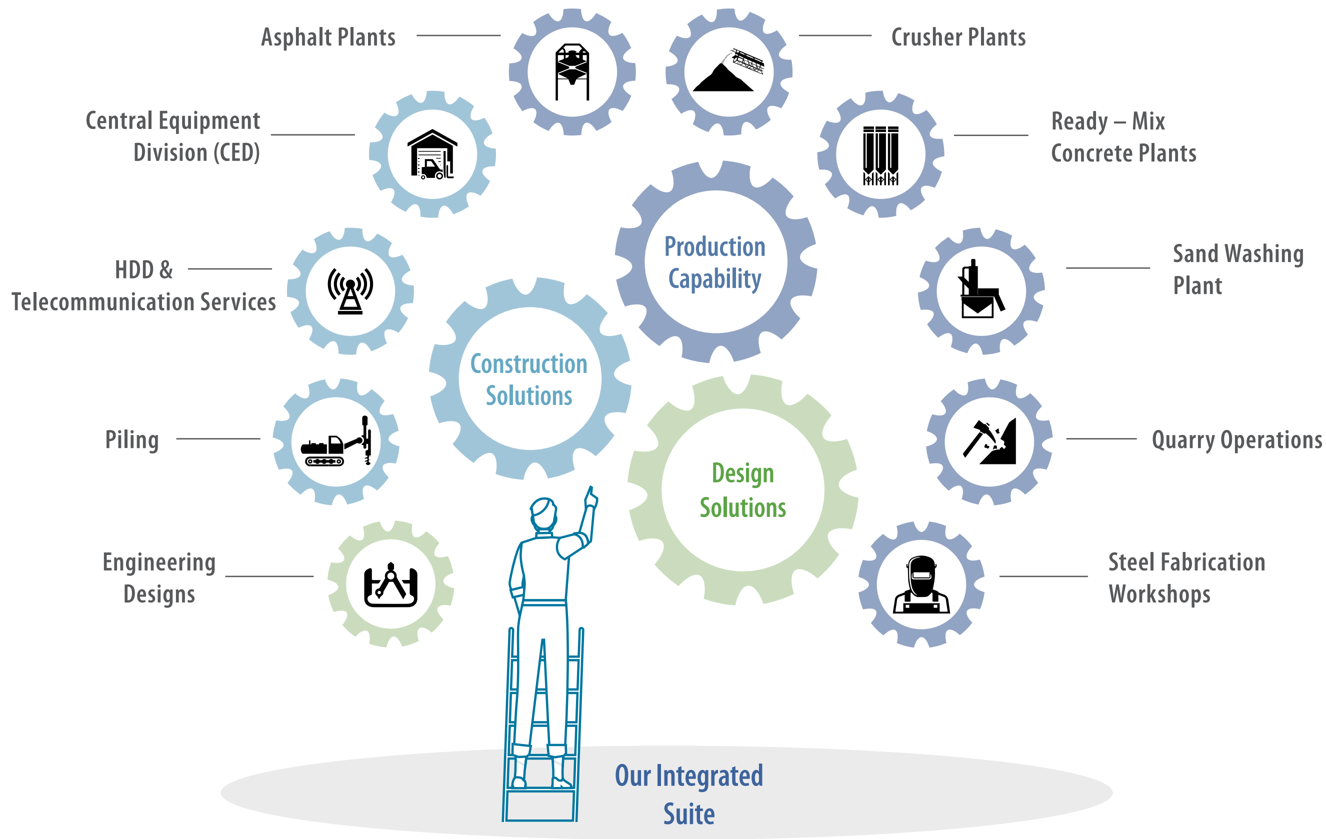
SOCIAL AND RELATIONSHIP CAPITAL

INTEGRATED ENGINEERING SOLUTIONS

AEL is positioned as a fully fledged construction solutions provider offering integrated engineering solutions to serve the needs of all customers. Over the years we have worked systematically by investing in complementary businesses in order to augment our value proposition and strengthen our bandwidth in the construction sphere. Today, our diversified business portfolio covering every stage of the construction value chain, allows us to provide both mainstream and fully fledged solutions as well as bespoke offerings to suit the precise needs of the customer.

AEL has obtained CIDA (Construction Industry Development Authority) accreditation across several fields of civil engineering as explained in great detail under Intellectual Capital, and is one of the leading EPC (engineering-procurement-construction) contractors in Sri Lanka with the ability to undertake large scale civil construction projects under several categories, including Highways, Water supply and sewerage, Buildings, Bridges, Irrigation and land drainage, Dredging and reclamation, Maritime construction, Piling, Soil nailing and stabilisation, Electrical installation (Low-tension) and Heavy steel fabrication.

These credentials coupled with our investment in the latest technology and reputation for innovation, gives us a strong competitive edge, while our adherence to global best practices along with our supplier network, enable us to offer world class solutions that aim to not only meet, but exceed customer expectations, every time.



OUR INTEGRATED SUITE

Design Solutions

Engineering Design

The engineering design division possesses vast capabilities and experience in various disciplines of civil engineering such as bridges, flyovers and viaducts, geometric and pavement designs of roads and highways, long span and high rise buildings, water retaining structures, foundations and ground improvements. Using the latest software to produce complex engineering designs on par with international standards our design division focuses on creating innovative design solutions to keep pace with the fast evolving global design trends. During the year under review, the engineering design division carried out the following value engineering solutions to reduce material usage and improve efficiency;

- Detail Finite Element Method (FEM) analysis and value engineering for Kohuwela, Getambe & Slave Island flyovers
- Maximum utilization of existing piles at the Elliot Place housing project
- Two stage construction of transfer floors at the Elliot Place housing project and Orugodawatta (Phase II) housing project to minimize formwork and scaffolding requirements
- Introduction of beamless slab drop systems at the Elliot Place housing project and Orugodawatta (Phase II) housing project for ease of construction and to improve the aesthetic appeal of the buildings
- Introduction of pour strips method at the Elliot Place housing project to reduce concrete and reinforcement requirements
- Use of AAC blocks and hollow partition walls to reduce reinforcement requirement of apartments

The design unit plans to make more use of Building Information Modeling (BIM) systems in future for project execution.

Construction Solutions

Piling

AEL's Piling Division is well-equipped with the latest state of the art machinery and equipment to install bored piles of diameters up to 1800 mm to a maximum depth of 56 m. The division also carries out installation of steel sheet piles, secant piles, contiguous piles, timber piles, micro piles and caissons and perform ground improvement and earth retaining work. Furthermore, the unit also has the capability to conduct Static Load Testing (Maintained Load Testing) to assess the pile's load bearing capacity, Pile Integrity Testing to assess the continuity and integrity of concrete pile foundations, Corsshole Sonic Logging Testing (CSL Testing) to verify the structural integrity of bored piles and drilled shafts and KODEN test to monitor the profile of a deep excavation. During 2021/22, the piling division together with Taisei Corporation of Japan, designed a methodology to mechanically stabilize retaining walls in the construction of viaducts of the BIA – Phase II expansion project. Construction of same was successfully carried out by AEL. The division also modified its KLEMM – 901 micro piling machine in order to carry out piling work in areas which are unreachable to the larger piling machines.

HDD & Telecommunication Services

AEL was the first construction Company in Sri Lanka to introduce the Horizontal Directional Drilling (HDD) technique, a trenchless method of installing pipes, ducts or cables underground with less or no disturbance to surrounding structures. We are also one of the few in Sri Lanka equipped with 'Ground Penetrating Radar (GPR)' system which helps identify existing underground utilities and obstacles prior to trench excavation thus avoiding potential damage to landscape and existing underground utilities.

Central Equipment Division (CED)

The CED maintains and repairs all Company owned heavy machinery, equipment and heavy vehicle fleet. The fleet of heavy machinery and equipment is maintained and administered by the division as a complimentary service for construction projects carried out by the Company. On-site and Off-site repairs are also handled by the division using the expertise of in-house mechanical engineers and technicians. During the year under review a remote vehicle and machinery monitoring system was implemented. Plans are underway for improving the existing repair and service facility located in Kaduwela.

SOCIAL AND RELATIONSHIP CAPITAL

Production Capability

Asphalt Plants

Our asphalt plants are located in Kotadeniyawa, Mathugama, Mailapitiya, Vavuniya, Okewela, Hatton, Ganewalpola and Giriulla. The total installed capacity was 1,112 TPH.

Crusher Plants

Our crusher plants are located in Mirigama, Mathugama, Mailapitiya, Maruthamadu, Thebuwana and Vavuniya produce crushed rock aggregates, the raw material for Asphalt Concrete and dense grade aggregates. The collective installed capacity of these plants was 952TPH.

Ready-Mix Plants

Our ready-mix concrete plants are located in Kandana, Balapitiya, Mabima, Mannar, Peliyagoda, Deduruoya and Nagollagama with a total installed capacity of 460M3/H.

Sand Washing Plant

Our sand washing plant at Mirigama has an installed capacity of 50 TPH.

Quarry Operations

Quarry operations are based in close proximity to locations of our ongoing projects. During the year AEL maintained quarries in Vavuniya, Mathugama, Hakmana, Wallallawita, Mirigama, Maruthamadu, Mailapitiya, Thebuwana and Mankulam.

Workshops

Steel Fabrication Workshop

Our purpose-built fabrication workshop is capable of efficiently producing and fabricating quality steel components for machinery and construction projects. The workshop provides cutting-edge solutions and equipment in the design and fabrication of steel and metal components for a wide range of purposes, including plant and machinery components and structural steel.

SOLUTIONS PROVIDED TO CUSTOMERS IN FY 2021/22

PILING PROJECTS

- Package A, Passenger Terminal Building and Associated Works on Bandaranaike International Airport Development Project (BIADP) Phase II Stage 2 (Viaduct Piling)
- Package A, Passenger Terminal Building and associated works on Bandaranaike International Airport Development Project (BIADP) Phase II Stage 2 (Building Piling)
- Piling works for proposed Damro showroom building at No.412, Pamburana, Matara
- Piling works for proposed Damro showroom building at No. 319a, Kandy Road, Dalugama, Kelaniya
- Piling works for design and construction of proposed flyover at Gatambe
- Piling works for design and construction of proposed flyover at Kohuwala

WORKSHOP PROJECTS

- Fabrication & Installation of a Fire Protection System at the Logistics Park at Kimbulapitiya including the warehouse facility. This fire system consists of 3,500 gallons per minute (gpm) pumping capacity with an Early Suppression, Fast Response (ESFR) automatic sprinkler system with an Internal & External fire hydrant system to cover 40,000M2 area.

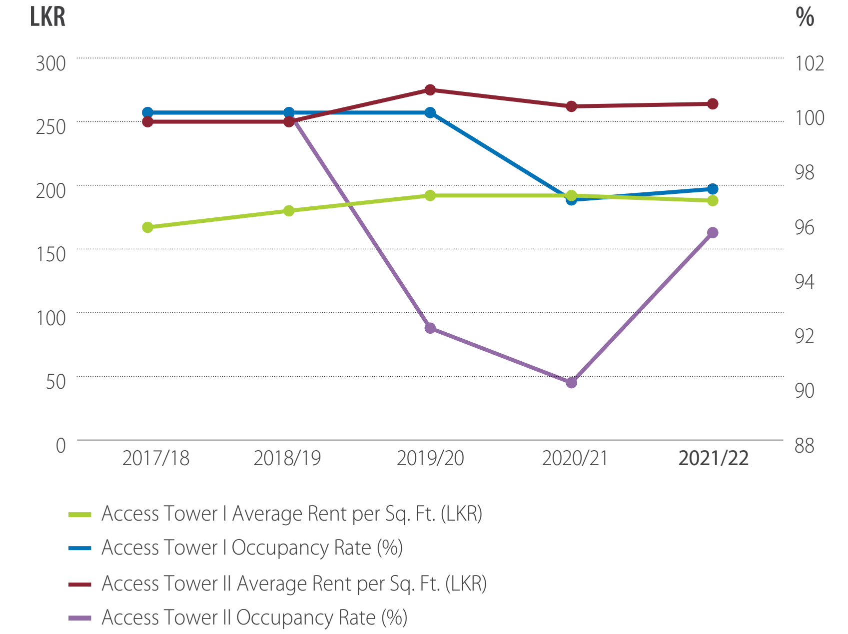
DESIGN PROJECTS

- Design & construction of 452 housing units for the Urban Development Authority (UDA) at 601 Watta, Cyril C Perera Mawatha, Colombo 13
- Design consultation for the proposed 'Marina Square – Uptown Colombo' mix development at No. 250 Srimath Ramanathan Mawatha, Colombo 15
- Design and construction of 1,000 housing units for the Urban Development Authority (UDA) at Stadiumgama
- Design & construction of 432 affordable housing units for the Urban Development Authority (UDA) at Orugodawatta (Phase II)
- Design & construction of 400 apartment units for the Urban Development Authority (UDA) at Elliot Place, Colombo 08
- Design and construction of a multi-storey public car park at Union Place, Colombo 02
- Design of steel mezzanine floor of the Bandaranaike International Airport Development Project (Phase II)
- Design & construction of flyovers at Kohuwela, Gatambe & Slave Island
- Design & construction of proposed Export Greenfield (EGF) logistics facility for Access Logistics Park Ekala (Private) Limited
- Design works of Central Expressway – Section III from Pothuhera to Galagedara

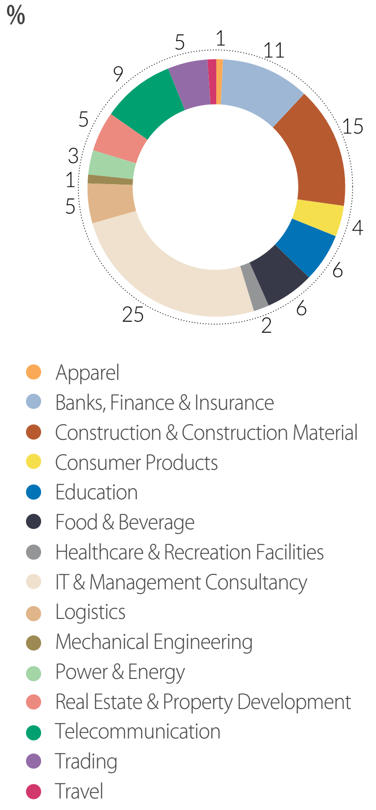
RENTABLE COMMERCIAL OFFICE SPACE

Within the Group, ARL and ARL2, which manage Access Tower I (North) and Access Tower II (South) respectively offer premium "A" grade commercial office space to a wide range of clients involved in various industries. Located in the heart of Colombo's commercial district, both towers have a combined gross floor area in excess of 475,000 Sq. Ft. and a combined sellable area of over 310,000 Sq. Ft. along with over 400 parking bays.

AVERAGE OCCUPANCY AND RENTAL PER SQ. FT. - ACCESS TOWER I AND II



TENANT COMPOSITION - ACCESS TOWER I AND II



It should be noted that the average rent per Sq. Ft. of both Access Tower I & II has declined in recent years. This is due to the impact of COVID 19, which has prompted us to offer rental moratoriums to tenants on request in order to maintain benchmark occupancy levels.

Unique features available to tenants of Access Tower II

- Promotional video wall at the entrance which could be used by all tenants
- Common cafeteria for all tenants on the 9th floor
- Meeting rooms with new technology on the 9th floor which could be hired by all tenants based on prior bookings
- Solar powered hot water system for the gym
- Tree planted balcony terraces
- Mechanical car park on the 8th floor
- Two separate elevators connecting the ground floor, all car park floors, and the ninth floor level link lobby
- DALI control system – Digital Addressable Lighting Interface (DALI), which is widely recognized to be the global standard for lighting control, is a lighting interface system that allows lighting to use a digital signal for more precise and flexible control. Using a two – way method the system enables the user to communicate with LED drivers and ballasts, and vice versa, via a DALI controller, which is typically a computer system with software or dimming controller. This provides a dimmer option to dim the lights of all floors and an addressable system where each light is programmed with a particular address to make it easier to operate. There is also no need to rewire depending on the tenant locations, rather only requires programming the new lights.

GRI 416-2

SOCIAL AND RELATIONSHIP CAPITAL

PRODUCT RESPONSIBILITY

We have a comprehensive approach towards product responsibility, starting with compliance, where we seek to fulfill all regulatory requirements applicable to our business and have made sure all statutory approvals have been obtained for our production plants. Moreover, to ensure the safety and efficacy of our construction solutions we invest in the globally acclaimed machinery and equipment for our operations and the latest software for our design division. Additionally our internal systems and processes are certified under ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 accreditations for quality, environment, and health and safety management.

Beyond this, all our large scale projects are subject to a minimum of three audits - the first at commencement, next during execution, and finally upon completion. Spot checks and random audits are also carried out from time to time.

For the safety of clients renting commercial space at Access Tower I and II, we introduced a 'COVID-19 Workplace Preparedness & Response Guide' and strictly adhered to all recommended safety protocols. In addition, a dedicated 'Crisis Management Team' was also put in place to manage emergencies during the pandemic period.

There were no incidents of non-compliance concerning health and safety impact to customers reported during the year.

PRODUCT INNOVATION

Our commitment to innovation remains a key aspect that sets AEL apart from peers. In the year under review, we placed special emphasis on innovation as we sought to manage pandemic related challenges as well as the raw material scarcity owing to import restriction.

At the Elliot Place Housing project, aluminium formwork panels which were used for previous projects were modified and utilised for the column formwork instead of the conventional formwork system, resulting saving on material and labour cost, speedy construction, flexibility in assembling and disassembling and long service life.

At the Stadiumgama Housing Project, we used AAC (Autoclaved Aerated Cement) blocks to save time in the installation process compared to conventional solid blocks.

At the BIA Viaduct project, we began working with our construction consultant TAISEI Corporation to strengthen the concrete mix and optimise the concrete pouring mechanism. Shutter vibrates were also used to improve the overall surface finish of precast barrier and kerb installations.

Refer to the projects section for full details regarding innovations for the year.

Meanwhile a new mechanical parking system was commissioned during the year at Access Tower II, thereby increasing the number of parking slots in the building which in turn has improved the car park to sellable ratio to approximately 800 Sq. Ft. The regulatory requirement is to have 1 car park for every 1,000 Sq. Ft. of rentable space.

TAKING INNOVATION TO THE NEXT LEVEL - THE 'IDEA NEST' PROJECT

The most significant task undertaken as part of the 'Idea Nest' project was the initiative to introduce 'Fiber Optic Monitoring Technology to Sri Lanka'. During the year, a partnership in this regard was reached between AEL & the University of Moratuwa supported by the Cambridge Center for Smart Infrastructure and Construction (CSIC) of the University of Cambridge and the University of Oxford.

It has been identified that Sri Lanka has not yet advanced in the concept of Smart Infrastructure in comparison with the developed world despite its numerous advantages. Also, Fibre Optic Monitoring Technology which has significantly developed over the last two decades has not yet been introduced to Sri Lanka.

The research project which will be carried out in 2 phases aims to introduce the Fibre Optic Monitoring Technology to Sri Lanka and use the unique climatic, geotechnical and material conditions present to further study this technology in the areas of integrity testing of piles, axial shortening of multi-storey buildings, scour monitoring of bridges and damage detection of historic structures.

Necessary monitoring instrument required for this project was procured by AEL during the year from fibris Terre Systems GmbH and the fiber optic cables with sensors were sourced from Switzerland. Phase I of the project is currently underway with laboratory testing, calibration and validation of results.

CUSTOMER RELATIONS

Given that a majority of our infrastructure projects are awarded through competitive bidding, we have structured our customer relationship model to align with best practices of the bidding process. Once the project is awarded we comply with the standard expectations outlined as per the contractual obligations.

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

Tenant relations are a key component of the value proposition offered by ARL and ARL2 to the occupants of Access Tower I and Access Tower II. In the year under review, both companies took steps to further strengthen ties with their tenants, especially with a view to helping them to manage the common challenges encountered as a result of the pandemic induced economic slowdown. To support our clients during these difficult times, we extended a payment moratorium scheme for certain tenants who requested for such relief measures. Further emphasizing our commitment, we focused on staying connected to our tenants by increasing the frequency of communication via digital channels. Additionally a special tenant satisfaction survey was carried out among tenants of Access Tower II to obtain their feedback on the newly introduced car park elevators with the findings of same shared among them. Plans are underway for carrying out a 'Tenant Forum' in future.

SOCIAL AND RELATIONSHIP CAPITAL

CUSTOMER GRIEVANCE HANDLING

Customer grievances are handled as per a standard policy, setting out guidelines for Project Managers, Plant Managers, Activity-Centre Manager, and Departmental Heads, with responsibility for monitoring its implementation under the purview of Management Systems Manager.

Meanwhile a Complaint Register is maintained at all the locations to document customer complaints and record response times.

01	Each Project Manager, Plant Manager, Activity Centre Manager, and Departmental Head nominates an officer to record customer complaints
02	The relevant officer records the complaint and communicates it to responsible people according to the nature of complaint
03	The relevant officer reviews the complaint and takes immediate actions to rectify the issue raised, if possible
04	Subsequently the relevant officer shall investigate and determine the root cause(s) and record in the customer complaint register
05	Corrective actions are taken to avoid recurrence by eliminating the root causes identified
06	Effectiveness of actions are evaluated within a reasonable time period
07	Finally feedback is obtained from the complainer and further actions are taken if required

A separate complaint handling procedure is in place to enable tenants of Access Tower I and II to escalate their complaints. In this regard, a Customer Relationship Management (CRM) System allows tenants to raise complaints. Once a tenant logs a complaint through the system, it enables them to monitor its progress through the system. There are also 3 Guest Relation Officers (GROs) to monitor customer complaints and requests. All complaints and requests are reviewed by the top management on a monthly basis, which ensures necessary corrective action can be implemented proactively to address problem areas.

INCIDENT MANAGEMENT AT ACCESS TOWER I & II

Access Tower I & II has an effective and efficient incident management procedure to ensure that any emergency or incident is addressed properly as given below.

Accident type	Management procedure
Major & fatal	• Head of the Department / Supervisor shall notify the Manager, 'Head of Security & Compliance' and HR Executive within 24 hours from occurrence of the incident via the accident notification form • The Manager shall communicate the same to the Corporate Management within 2 days from the accident
Minor	• The Supervisor shall notify the 'Head of Security & Compliance' and HR Executive within 2 days from occurrence of the incident via the accident notification form • All accidents, near-misses & first aid treatments are recorded with details

Reportable incidents are notified to the District Factory Inspecting Engineer where necessary.

Following measures were taken during the year to ensure that no harmful incident occurred;

- Periodic service of the gondola machine
- 'Work at Heights' training for users
- Daily machine inspection using a checklist
- Initiation of elevator breakdown rescue process revamp
- Conducting an elevator breakdown process training for the engineering team

Both Access Tower I & II renews the 'Fire Cover' annually to ensure that the building premises are built and maintained according to the national fire safety regulations.

INVESTOR CAPITAL

SHARE DISTRIBUTION

From		To	Number of shareholders	Number of shares	Percentage %
1	–	1,000	5,241	1,864,041	0.19
1,001	–	10,000	3,094	12,754,966	1.28
10,001	–	100,000	1,101	35,529,436	3.55
100,001	–	1,000,000	293	87,130,973	8.71
		Over 1,000,000	66	862,720,584	86.27
			9,795	1,000,000,000	100.000

SHARE PRICES FOR THE YEAR

Market price per share	2021/22 LKR	2020/21 LKR
Highest	38.40 (21.01.2022)	34.40 (19.01.2021)
Lowest	15.00 (31.03.2022)	10.60 (12.05.2020)
As at end of the year	15.00	22.10

CATEGORIES OF SHAREHOLDERS

Category	Number of shareholders	Number of shares	Percentage %
Local Individuals	9,211	742,496,898	74.25
Local Institutions	507	246,143,265	24.61
Foreign Individuals	65	3,056,066	0.31
Foreign Institutions	12	8,303,771	0.83
	9,795	1,000,000,000	100.00

PUBLIC HOLDING

The shares that are held publicly account for 39.943% of the total shareholding comprising 9,776 shareholders.

The float adjusted market capitalisation of the Company was LKR 5,991 Mn. The float adjusted market capitalisation of the Company falls under option three of Rule 7.14.1 (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.

DIRECTORS SHAREHOLDING AS AT 31 MARCH 2022

Name of the Director	Number of shares held	Percentage %
Mr. Sumal J S Perera	250,000,000	25.00
Mr. R. J S. Gomez	Nil	Nil
Mr. J C Joshua	101,000,000	10.10
Mr. S H S Mendis	24,300,000	2.43
Mr. D A R Fernando	24,300,000	2.43
Mr. S D Munasinghe	24,300,000	2.43
Mr. S D Perera	2,000,000	0.20
Prof. K A M K Ranasinghe	100	0.00
Mr. N D Gunaratne	Nil	Nil
Mr. D S Weerakkody	10,597	0.00
Mr. Shamal J S Perera	50,811,814	5.08

SOCIAL AND RELATIONSHIP CAPITAL

TWENTY MAJOR SHAREHOLDERS

Name of shareholder	31 MARCH 2022		31 MARCH 2021*	
	Number of Shares	Percentage %	Number of Shares	Percentage %
1. Mr. Sumal .J.S Perera	250,000,000	25.000%	250,000,000	25.000%
2. Mr. J.C.Joshua	101,000,000	10.100%	101,000,000	10.100%
3. Mrs. R.M.N. Joshua	70,000,000	7.000%	70,000,000	7.000%
4. Mr. Shamal J.S. Perera	50,811,814	5.081%	50,811,814	5.081%
5. Mrs D.R.S Malalasekera	45,000,000	4.500%	45,000,000	4.500%
6. Access International (Pvt.) Limited	32,200,000	3.220%	2,200,000	0.220%
7. Mr. J.W. Nanayakkara & Mrs. H.D. Nanayakkara	30,788,574	3.079%	30,788,574	3.079%
8. Foresight Engineering (Pvt.) Limited	30,000,000	3.000%	29,000,000	2.900%
9. Mr. D.A.R. Fernando	24,300,000	2.430%	24,300,000	2.430%
10. Mr. S.H.S. Mendis	24,300,000	2.430%	24,300,000	2.430%
11. Mr. S.D. Munasinghe	24,300,000	2.430%	24,300,000	2.430%
12. Employees Provident Fund	20,478,289	2.048%	20,478,289	2.048%
13. Confab Steel (Pvt.) Limited	19,647,506	1.965%	NIL	NIL
14. Mercantile Investments and Finance PLC	13,121,925	1.312%	15,171,925	1.517%
15. Access Medical (Pvt.) Limited	13,000,000	1.300%	13,000,000	1.300%
16. Mr. M.J. Fernando	12,138,117	1.214%	10,912,117	1.091%
17. Deutsche Bank AG as Trustee for JB Vantage Value Equity Fund	5,072,312	0.507%	5,072,312	0.507%
18. Hatton National Bank PLC - NDB Wealth Growth and Income Fund	4,000,000	0.400%	9,337,150	0.934%
19. Mr. S.R.S. De Saram & Mrs.S.T.T. Jayasundera	3,750,000	0.375%	944,414	0.094%
20. Sri Lanka Insurance Corporation Limited -Life Fund	3,613,569	0.361%	6,965,751	0.697%
	777,522,106	77.752%	733,582,346	73.358%
Others	222,477,894	22.248%	266,417,654	26.642%
Total	1,000,000,000	100.000%	1,000,000,000	100.000%

* Comparative shareholdings as at 31 March 2021 of the twenty largest shareholders as at 31 March 2022

INVESTOR RELATIONS

AEL considers regular communications with our investors to be a top priority. To this end, we provide timely, accurate information through various channels. Our Company website (www.accessengsl.com) is frequently updated with project-related information, as well real time trading information, financial statements, and Company research reports. All materials and price sensitive information is released to the Colombo Stock Exchange immediately. We maintain a dedicated investor relations email investor.relations@accessengsl.com. Shareholders can meet with Directors subject to prior appointments. The Company Executive Vice Chairman and other representatives meet overseas and local fund managers, overseas and local institutional investors, research firms, stockbroking companies, and high net worth individuals upon request. During the year we also participated in several investor forums organized by stockbroker firms.

Release Dates of Interim Financial Statements – 2021/22

Quarter	Due date	Actual release date
1	15 August 2021	12 August 2021
2	15 November 2021	12 November 2021
3	15 February 2022	11 February 2022
4	31 May 2022	13 May 2022

Release Date of Annual Report – 2020/21

Quarter	Due date	Actual release date
Annual Report	31 August 2021	12 August 2021
AGM	30 September 2021	15 September 2021

DIVIDEND POLICY

- A first interim dividend of LKR 0.25 per share was declared for 2021/22 on 10 August 2021 and paid in full by the Company on 7 September 2021
- A final dividend of LKR 0.75 per share was declared for 2021/22 on 17 May 2022 and paid in full by the Company on 13 June 2022

	2021/22		2020/21		2019/20		2018/19		2017/18	
	Group	Company	Group	Company	Group	Company	Group	Company	Group	Company
EPS (LKR)	5.11	2.58	2.39	2.33	0.98	1.93	2.15	1.96	2.51	1.91
DPS (LKR)	0.75	0.75	0.50	0.50	0.50	0.50	0.50	0.50	1.20	1.20
Payout (%)	15	29	21	21	51	26	23	25	48	63

Performance of AEL Share Relative to the Market

	31 MARCH 2022	1 APRIL 2021	Change (%)
AEL Share Price (LKR)	15.00	23.00	(34.78)
ASPI	8903.87	7193.28	23.78%
S&P SL 20	3031.16	2867.72	5.70%
Capital Goods	1274.93	1146.17	11.23%

TRADING STATISTICS

	31 MARCH 2022	31 MARCH 2021	31 MARCH 2020	31 MARCH 2019	31 MARCH 2018
Number of shares traded	352,484,217	448,903,146	357,123,112	102,113,697	108,091,199
Value of shares traded (LKR. Mn.)	9,588	10,789	6,757	1,637	2,729
Number of days traded	240	219	231	240	236
Number of trades	75,415	86,541	71,138	24,276	10,750

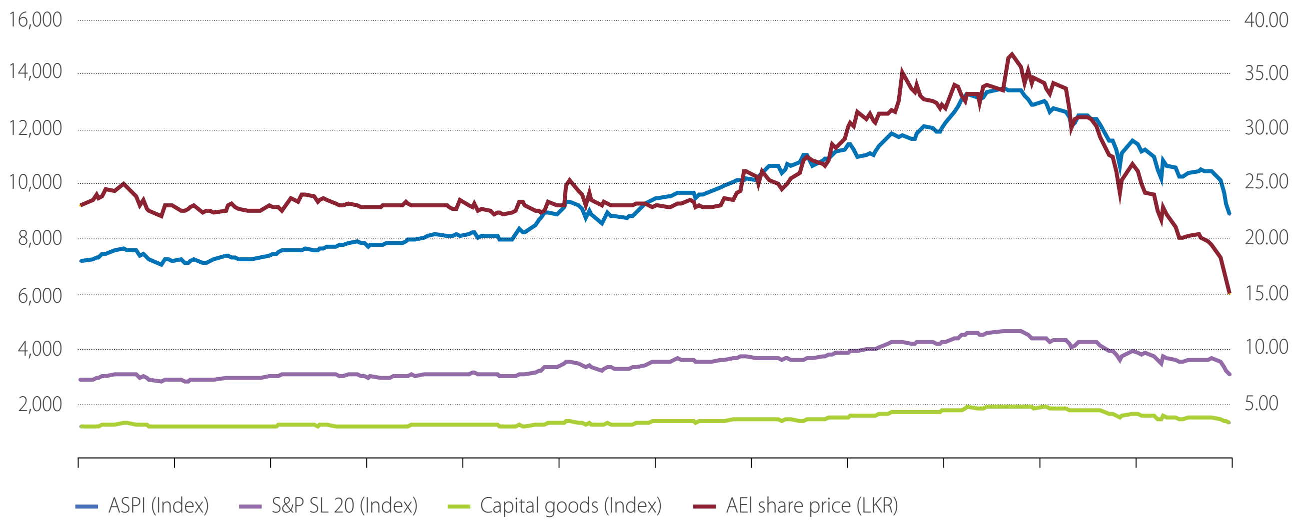
GRI 102-9, 102-10

SOCIAL AND RELATIONSHIP CAPITAL

DETAILS OF THE DEBENTURE ISSUE

In November 2015, AEL issued 50 Mn. rated, senior, unsecured, redeemable debentures with tenures of 5-8 years raising LKR 5 Bn. The debentures were listed on the Colombo Stock Exchange on 23 November 2015. At present the debentures are rated "(SL) A+ with a negative outlook" by ICRA Lanka Limited. Type 1 of the debenture issue, amounting to LKR 4,998 Mn. matured and was fully paid in November 2020. Type 2 of the debenture issue, amounting to LKR 1 Mn. matured and was fully paid in November 2021. The outstanding capital as of date is LKR 0.56 Mn. Outstanding debentures were not traded during the financial year 2021/22.

AEL TRADING



SUPPLIER CAPITAL

AEL's supplier base consists of over 18,500 suppliers ranging from contractors, sub-contractors, material and machinery suppliers, labour suppliers, designers, surveyors, transporters, IT solutions providers etc. with whom AEL has formed partnerships to support its backward integration strategy. For ease of management, our suppliers have been categorised into four distinct segments; International, Local, Internal and Inter – Company vendors/suppliers.

CHANGES TO AEL'S SUPPLIER BASE

Type of supplier	FY 2021/22	FY 2020/21
Local	18,051	16,253
International	579	512
Internal	115	97
Inter-Company	33	31
Total as at year end	18,778	16,893

The total supplier base of ARL and ARL 2 stood at 855 as at the end of the financial year.

Of our total suppliers, local suppliers, based in Sri Lanka account for the largest share of the annual procurement spend. These vendors / suppliers provide AEL with key construction materials such as cement, steel and sand. In the year under review approximately 73% of the spend was attributed to local suppliers. International vendors/suppliers from whom we procure machinery, equipment and obtain consultancy services, account for the second largest component of the average annual procurement spend.

AEL maintains a systematic approach to build sustainable, long term relationships with key suppliers.

1 NO POVERTY

GRI 204-1

NEW ADDITION TO AEL'S SUPPLIER BASE

Type of supplier	FY 2021/22	FY 2020/21
Local	587	1,552
International	22	63
Internal	5	14
Inter-Company	1	3
Total	615	1,632

SPENDING ON LOCAL SUPPLIERS - AEL

Material purchases	Local Suppliers	Foreign Suppliers	Total
Material purchases	3,047,031,961	489,742,742	3,536,774,703
CAPEX	77,976,711	673,870,627	751,847,338
Total	3,125,008,672	1,163,613,370	4,288,622,042
%	73%	27%	100%

SUPPLIER REGISTRY

AEL's supplier registry is updated as needed. From the beginning of the financial year, our e – procurement system named 'Green Tape' was made fully operational. Hence any new supplier with the intention of transacting with AEL needs to register with Green Tape.

SUPPLIER SCREENING

Our supplier screening process is based on AEL's – Standard Operating Procedures (SOP). The supplier screening SOP has been designed as a multi-pronged supplier evaluation toolkit. As per the SOP toolkit, equal weightage is assigned to business aspects such as price, quality, delivery timelines, innovation, credit terms, track record and reputation. In addition, depending on the nature and scale of the supplier, we also request for samples, conduct site visits, collect test reports and engage with suppliers to carry out additional verifications.

Our subcontractors and labour suppliers are further scrutinised vis-a-vis their labour and environmental compliance, as we expect such suppliers to comply with all labour and environment standards and regulations that are applicable to AEL.

In addition, we have more recently introduced additional labour and environmental assessment criteria and have begun allocating higher weightage to suppliers who are certified under the ISO 14001: Environmental Management Standard and the ISO 45001: Occupational Health and Safety Standard.

LABOUR AND ENVIRONMENT STANDARDS APPLIED TO SUPPLIERS

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

SOCIAL AND RELATIONSHIP CAPITAL

SUPPLIER CODE OF CONDUCT

AEL's Supplier Code of Conduct aims to ensure that all of our significant suppliers are aware of and are committed to align with the Company's standards for safe working conditions, fair treatment of employees, and ethical operations.

At the point of calling for bids, the RFQ informs suppliers that should their bid be successful, they are legally bound to comply with the AEL's Code of Conduct. Accordingly after suppliers are screened and selected, the Supplier Code of Conduct is incorporated into the Suppliers Agreement.

PROCUREMENT BEST PRACTICES

To ensure effective and efficient procurement we have established a comprehensive Procurement Policy, which is implemented under the stewardship of the Company's Central Procurement Division. As dictated by the Policy and its related SOP's, the Central Procurement Division handles all material purchases, procurement of machinery and assets and major sub – contractors. The SOP guarantees that our procurement methods are accurate, consistent, and transparent.

Meanwhile, marking a significant milestone in our efforts to benchmark procurement best practices, we commenced the live roll out of the "Green Tape" E-Procurement System in April 2021, thus ensuring greater impartiality in our supplier screening process and improving transparency and traceability for the supplier. This is a cloud based e – tendering process which facilitates floating of Request for Proposals (RFPs) and the system provides several distinct advantages including central management of procurement activities, facilitating volume purchasing for better pricing, broad basing of supplier network, efficient inventory control, automated supplier management and a lesser administrative cost.

Following the live roll out, more than 75% of the tendering process is now conducted through the E-Procurement System. Moreover all large scale service providers and material suppliers were registered with 'Green Tape', while more than 80% of the supplier payments were also made through the online payment system.

SUPPLIER MANAGEMENT FRAMEWORK FOR ARL & ARL2

Suppliers of ARL & ARL2 are broadly categorised as follows;

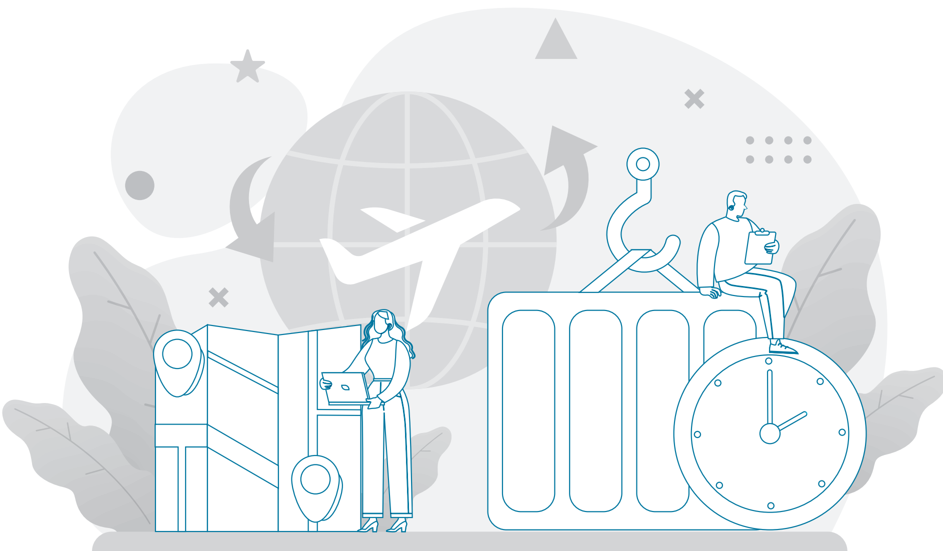
- Security service providers (Local)
- Janitorial service providers (Local)
- MEP service providers covering the elevators, gondolas, mechanical car parks, etc. (Local and Overseas)
- Fire protection and detection service providers (Local)

Both companies rely on an established 2-step supplier evaluation process comprising pre and post assessment, which serves as the basis of entering into and building supplier relationships.

The pre-assessment stage, done prior to on-boarding suppliers typically involves screening and scoring suppliers based on selected criteria including price, quality, previous work experience, delivery timelines etc. Only suppliers who record high scores on each of the above criteria are selected. As part of the pre-assessment screening, suppliers are required to demonstrate their alignment with all labour standards applicable to the Company. It should be noted however that suppliers are not screened based on environmental or social criteria since they are not considered a material concern for ARL & ARL2.

Suppliers who are successful in the pre-assessment stage are on-boarded as per a clearly documented Procurement Policy. All procurement activities are also carried out in accordance with this policy. Meanwhile, the post-evaluation process is an ongoing exercise involving routine due diligence to confirm the suppliers' reliability including commitment and progress to timelines, Quality and workmanship, Capacity, Clarity in Communication and documentation, Safety record, Handling of client property etc.

In addition to pre and post assessment of suppliers, the Companies also engage with suppliers during the procurement negotiation process and briefing sessions prior to commencement of work.



GRI 413-1, 419-1

COMMUNITY CAPITAL

As a leading construction Company, we strive to maintain a good standing in the community and maintain our reputation as a responsible corporate citizen. AEL's Social Responsibility Policy serves as the overarching mandate defining our community approach. The Social Responsibility Policy cascades into four thematic areas which guide all our community investment activities - Local Community Development, Human Capacity Building, Industry Advancement and Environmental Stewardship.

LOCAL COMMUNITY DEVELOPMENT

Our Commitment

We will actively work to support the well-being of the community, contribute to the enrichment of the society and make a tangible contribution to economic and social development of the localities where our projects and plants are located; mitigate health and safety impacts of infrastructure, hazardous materials, emissions, and discharges; counteract social impacts of involuntary resettlement, physical and economic displacement and livelihood disturbances, and honour the local culture and cultural heritage.

Action Taken

Our efforts in this regard are supported by an Environmental Impact Assessment (EIA). An EIA is a mandatory requirement for all our large scale infrastructure and construction projects. Based on the findings of the EIA, appropriate measures to minimise the community impact are factored into the project plan and implemented as part of the project management system. In addition, each project team has a member who acts as a Public Relations Officer (PRO). As the main liaison between AEL and the community, the PRO is required to maintain continuous and ongoing dialogue with community stakeholders to identify their grievances and inform the management in order to provide appropriate solutions. The PRO is further tasked with organising CSR activities or any charitable events for the benefit of the local community in the area.

It is important to note that the positive impact to the community from our projects significantly outweigh the negatives. Apart from the job opportunities created for the duration of the project, there are also substantial benefits to the community in terms of improved transport links, public infrastructure and telecommunication infrastructure, all collectively contributing to greater socio economic progress and regional GDP expansion over the long term.

Typical Negative Impacts to the Community owing to Projects	Mitigating Actions implemented via the Project Management System	
Damages to utility supplies	• Using equipment to detect underground utilities	• Taking prompt actions to restore/repair
Safety hazards	• Barricading the working area • Adhering to the Traffic Management Plan	• Using safety sign boards • Managing traffic
Mobility Restrictions	• Providing advance notice to areas affected • Determining alternate options for access and parking, if available	• Providing controlled access by keeping the traffic moving • Managing traffic as per the Traffic Management Plan
Air Quality Degradation	• Watering to control dust generation • Using sprinklers to control spreading of dust	• Checking emissions of generators and other equipment
Vibration and Crack Propagation	• Measuring and monitoring the level of vibration • Limiting the time of operation	• Conducting crack surveys and rectifying defects at the end of the project
Noise Pollution	• Monitoring noise levels to ensure they are within allowed range • Ensuring that construction machinery is fitted with silencers to reduce noise	• Using soundproof or low noise equipment • Limiting the time of operation

During 2021/22 there were no instances of non - compliance with laws and regulations in the social and economic areas.

SOCIAL AND RELATIONSHIP CAPITAL

Sangawasa Construction project - Sri Bodhirukkaramaya Temple - Okewela

Access Engineering PLC made a contribution of LKR 1,000,000/- towards constructing a much needed Sangawasa for the Sri Bodhirukkaramaya community Temple in Okewela in the Hambantota District. Employees of the Company were involved in organising and coordinating the project until the point of successful completion and handover.

"Enhance the future" – classroom building project

The project is a community capacity building initiative by Access Engineering PLC, where the Company has committed to construct a series of classrooms at rural schools around Sri Lanka at an estimated cost of LKR 2,500,000/- per school.

As at end-March 2022, several classrooms were fully constructed and vested with the respective school authorities. Currently approximately 70% of the construction work has been completed for the classrooms at the Athawetunuwewa Vidyalaya in Welioya. Employee involvement in coordinating, technical assistance, fund management and periodical inspection have enabled the projects to proceed smoothly and meet expected timelines.

Human Capacity Building

Our Commitment

We will build human capacity and develop human resources in the society, including our own employees and their families, focusing our attention on formal preschool, school, technical and tertiary education as well as informal education and social interaction and dialogue by means of transferring knowledge, mentoring and coaching, apprenticeships, scholarships, and other financial contributions.

Action Taken

We have a staff welfare programme running for several years to distribute books to the children of our employees. Schoolbooks, bags, and stationery items worth over LKR 5.3 Mn. were distributed among 1,821 children of our employees during 2021/22.

Industry Advancement

Our Commitment

We will take leadership in the advancement of the construction industry to take up future challenges through the introduction of modern technology, development of human resources and dissemination of best practices in construction management.

Action Taken

"Visal Puhunu Balakaya" - Vocational Training programme for painting, carpentry and bar bending skill improvement

This vocational training programme was launched with the intention of addressing the scarcity for skilled labour in the painting, carpentry and bar bending categories. The initiative was conducted in partnership with the Vocational Training Authority (VTA) to offer vocational training to unemployed community youth. The Pilot Programme saw 07 Painters, 01 Carpenter and 07 Bar Benders, receiving NVQ level certifications following the completion of training in their respective vocations.

The entire programme was organised and coordinated by employees of Bloemendhal housing project.

Environmental Stewardship

Our Commitment

We will contribute to sustain natural resources and the environment for future generations, through initiatives to ensure that our business is in compliance with all applicable environmental regulations. We will conserve resources by using them efficiently and recycling appropriately, and protect and enhance wildlife habitats around our businesses. We will limit the amount of hazardous wastes produced and disposed, and improve the efficiency of our operations to reduce the amount of waste generated. We will also support local environmental projects and activities.

Action Taken

"Husma Dena Thuru" – Tree planting program

This is a programme initiated by the Ministry of Environment in its effort to plant 2 Mn. saplings across the country in order to increase Sri Lanka's forest cover by 30% over the next five years. Access Engineering PLC has been a supporter of this initiative since the inception.

The Husma Dena Thuru programme was formally launched in January 2021 following the signing of the MoU between Access Engineering and the Ministry of Environment. The programme, at completion will see Access Engineering planting 100,000 medicinal, fruit and wild plants with food crops suitable for each area. We hope to cover all 25 districts with an average of 4,000 plants per district under the guidance of the Central Environmental Authority (CEA). Another notable aspect of the Husma Dena Thuru programme is the high level of employee involvement at every stage of the implementation.

Conducted programmes during the year 2021/22

- 08 APRIL 2021 –
Tree Planting Programme – Pinnaduwa
- 20 JULY 2021 –
Tree Planting Programme – Kadolana (Bellanwila)
- 17 NOVEMBER 2021 –
Tree Planting Programme – NSBM (Pitipana)
- 21 NOVEMBER 2021 –
Tree Planting Programme – Wakwella
- 04 DECEMBER 2021 –
Tree Planting Programme – Matara
- 07 JANUARY 2022 –
Tree Planting Programme – Kegalle
- 25 JANUARY 2022 –
Tree Planting Programme – Ambuldeniya and Kaduwela
- 26 FEBRUARY 2022 –
Tree Planting Programme – Kolonnawa

SOCIAL AND RELATIONSHIP CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL DEVELOPMENT REPORT FY 2021/22

CHALLENGES

- Raw material scarcity due to pandemic related challenges
- Disruption to overseas supply chains due to import restrictions

OPPORTUNITIES

- Pursue innovative solutions to ensure project timelines are met
- Expand local procurement

CUSTOMER CAPITAL

Highlights

- Design solutions
- Piling solutions
- Workshop solutions
- Focus on innovative construction solutions
- Rentable commercial office space

SUPPLIER CAPITAL

Highlights

- 73% of total procurement spend on local suppliers (63% - FY 2020/21)
- 615 new suppliers on-boarded by AEL
- Live roll out of the "Green Tape" E-Procurement System

INVESTOR CAPITAL

Highlights

- Over 9,500 shareholders
- LKR 750 Mn. total dividends declared

COMMUNITY CAPITAL

Highlights

- 'Husma Dena Thuru' National Tree Planting Program
- 'Enhance the Future' program
- 'Visal Puhunu Balakaya' Vocational Training Program

FUTURE PLANS

MEDIUM TERM

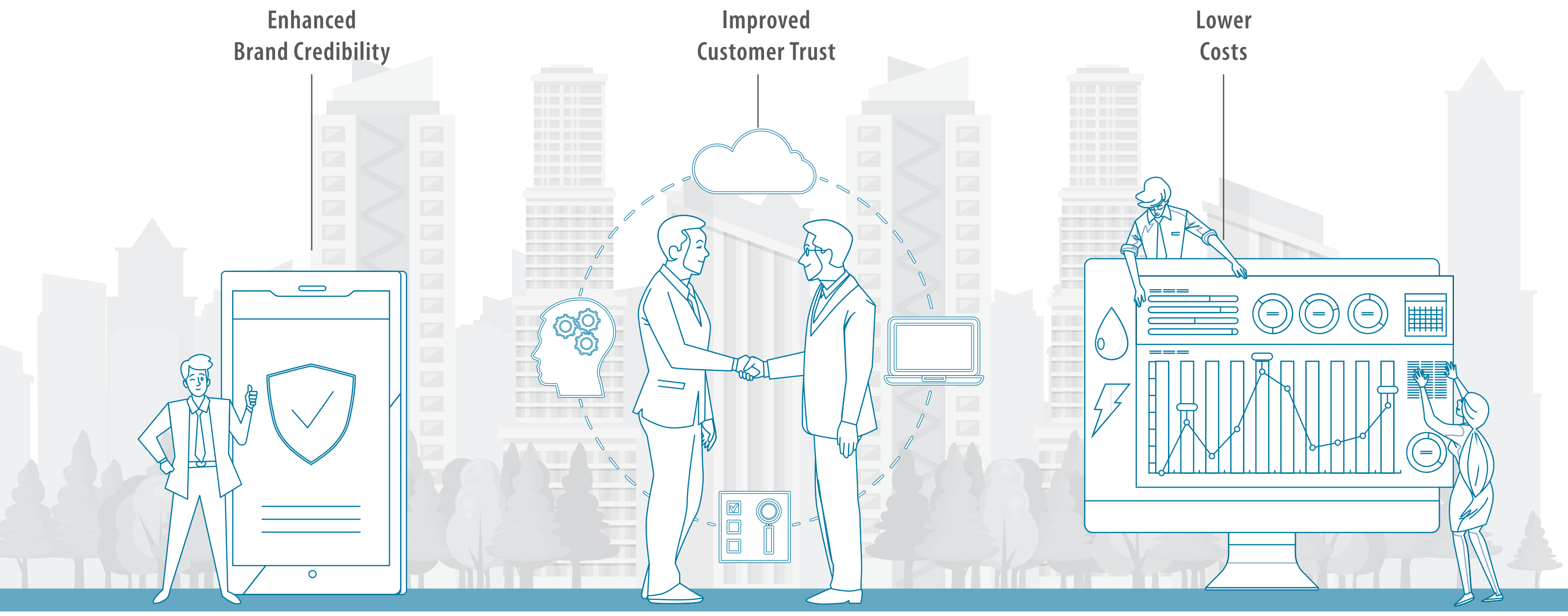
- Performing the entire tendering process through 'Green Tape'
- Conducting a 'Tenant Forum' for Access Tower I & II
- Conducting periodic investor webinars
- Completion of 'Husma Dena Thuru' National Tree planting program

LONG TERM

- Supplier evaluation based on social criteria
- Conducting more industry enhancement programs

NATURAL CAPITAL

As a construction Company we do rely on the use of natural resources in our day to day operations. Given that such resources are finite in nature, we are well aware that responsible consumption is crucial in preventing the loss of Natural Capital.



Impact on our other Capitals

FINANCIAL CAPITAL	SOCIAL AND RELATIONSHIP CAPITAL	INTELLECTUAL CAPITAL

The construction activities we do have the potential to damage the environment and we have systematically identified such impacts as shown overleaf.

NATURAL CAPITAL

OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON THE ENVIRONMENT

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

During the year under review, AEL invested LKR 2,651,302 on environment management, prevention and protection. In addition to these direct investments there are a vast number of indirect investments which include initiatives such as value engineering solutions, tree planting programmes, project and production plant related environment monitoring among several others.

GRI 307-1

ENVIRONMENTAL COMPLIANCE

Environmental compliance marks the first step in our journey towards managing Access Engineering's environmental footprint. Our construction activities are highly regulated, with a host of environmental regulations applicable throughout the construction lifecycle.

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

We are happy to report that during the year there were no incidents of non-compliance with environmental laws and regulations. The operations of ARL & ARL2 are not subject to stringent environmental laws and regulations, except those imposed by the Colombo Municipal Council (CMC).

NATURAL CAPITAL

GRI 302-1

ENERGY MANAGEMENT

Electricity used to power equipment and for lighting purposes as well as diesel and petrol used for construction vehicles, generators and motor vehicles, are the key sources of energy used by Access Engineering. In addition, our asphalt plants and the Central Equipment Division also account for a significant portion of the total annual fuel consumption.

Given the large volumes of energy consumed by our business each year, we consider energy management to be a major priority.

ELECTRICITY SAVING INITIATIVES

- Anticipating and addressing concerns during the design stage which leads to reduction in energy consumption and consequently GHG emission in the long term
- Thermal insulations for roofs to control heating, so that the need for air conditioning is minimised
- Usage of CFL and LED bulbs for lighting and other electric equipment that consume less energy
- Usage of renewable energy (solar) wherever practical
- Avoiding the use of oversized electrical equipment
- Procuring energy efficient machinery/ equipment
- Providing natural ventilation and lighting whenever possible in site offices, rest rooms, and meal rooms
- Dividing the lighting system into several zones with separate switches
- Installing power factor correction capacitors for three phase connection to improve energy efficiency
- Limiting operation time of Air Conditioners (in selected areas)
- Isolating locations (such as meeting rooms) from the central Air Conditioning system
- Usage of solar powered lighting, wherever feasible
- Motivating users to save energy via displaying posters

FUEL SAVING MEASURES

- Procuring fuel efficient vehicles and machinery
- Annual maintenance and assessment of vehicles and machinery and performing scheduled services on time
- Disposing of or cease operations of aged machinery
- Monitoring fuel consumption against the mileage of the vehicles and machineries, and troubleshoot any deviations
- Monitoring fuel consumption against the production of the plant
- Avoiding the use of oversized generators for electricity generation and other fuel-driven equipment

As part of our overall energy management efforts, we also monitor the emissions generated from the machinery and equipment used across our various operations. Emissions in fuel-driven equipment such as generators are strictly monitored with appropriate action taken to rectify any anomalies. Corrective action may range from filter replacement to servicing. We also monitor emissions released by vehicles to identify any abnormal compositions in the emission.

Energy consumption within AEL, ARL & ARL2

Type of energy	AEL			ARL & ARL2			Total
	Units consumed	Conversion ratio	Total energy consumption (Joules)	Units consumed	Conversion ratio	Total energy consumption (Joules)	
Diesel (ltr.)	18,939,310	38.940	737,496,731	25,255	38.940	983,430	738,480,161
Petrol (ltr.)	241,186	33.165	7,998,934	-	33.165	-	7,998,934
Kerosene (ltr.)	1,951	36.765	71,729	-	36.765	-	71,729
Electricity (kWh)	2,574,769	3.600	9,269,168	5,030,618	3.600	18,110,225	27,379,393
Total			754,836,562			19,093,655	773,930,217

GRI 302-3, 305-1, 305-2

Energy intensity within AEL, ARL & ARL2

	AEL	ARL & ARL2
Total energy consumption (Joules)	754,836,562	19,093,655
Year end number of employees	2,854	50
Energy intensity measured in terms of energy consumption per employee (Joules)	264,484	381,873

Direct and Indirect GHG emissions within AEL, ARL & ARL2

Type of emission	AEL				ARL & ARL2		Total CO2 emission (KG)
	Type of energy	Units Consumed	Conversion Rate	Total CO2 emission (KG)	Units Consumed	Conversion Rate	
	Diesel (Litres)	18,939,310	2.740	51,893,709	25,255	2.740	69,199
	Petrol (Litres)	241,186	2.280	549,904	-	2.280	-
Direct emission	Kerosene (Litres)	1,951	2.520	4,917	-	2.520	-
Indirect emission	Electricity (kWh)	2,574,769	0.710	1,828,086	5,030,618	0.710	3,571,739
Total				54,276,616			3,640,937

Our emission controlling initiatives have also been incorporated to the supply chain where bulk of our overseas procurement is obtained through sea - freight which is less carbon intensive. During 2021/22 AEL used sea - freight 88% in it's mode of transport with only 12% procured through air - freight.

PAPER CONSUMPTION

Type of paper	AEL Total consumption (kg)	ARL & ARL2 Total consumption (kg)	Total consumption (kg)
A3 80 gsm	2,620	5	2,625
A4 80 gsm	20,513	264	20,777
A5 80 gsm	68	6	74
B5 80 gsm	-	36	36
Total	23,201	311	23,512

The 'Green Tape' e - procurement system and the Document Management System (DMS) that were in place during the year helped AEL to minimize paper consumption despite significant growth in the volume of business.

GRI 303-1, 303-3

NATURAL CAPITAL

WATER MANAGEMENT

Water is used frequently in our construction operations mainly at our batching plants and for cleaning and washing of equipment and for utility purposes of our staff and on-site teams. Our water requirements are met through a combination of groundwater extracted through on-site deep tube wells, surface water drawn from nearby water bodies as well as water procured from the municipal water lines.

We have adopted an integrated water management framework to manage our water intake and measure our water output. Towards this end, we aim to reuse and recycle water by optimising the use of storm water and by reusing grey and black water whenever possible and practical.

WATER MANAGEMENT INITIATIVES

- Waste water is treated and reused at production plants and the workshop wherever possible
- Budgeting water consumption based on project activities for more realistic consumption (construction and day-to-day), and monitor consumption accordingly
- Cement contaminated water generated in the batching plant is sent through a sedimentation process and reused to wash truck mixtures, vehicles, etc.
- Re-using water at all our construction sites as much as possible
- Usage of concrete curing agents, so that water consumption for concrete curing is reduced
- Monitoring of water consumption by the Head Office
- Motivating users to save water via posters and spreading awareness

WATER CONSUMPTION FY 2021/22 - AEL, ARL AND ARL2

Ground Water	Surface Water	Pipe Borne Water
39,414 (Units)	3,031 (Units)	183,437 (Units)

Meanwhile, wastewater generated at our Mabima Concrete Batching Plant, Peliyagoda Concrete Batching Plant, Kandana Concrete Batching Plant and the Kaduwela Workshop is treated and reused wherever possible. Of the total water consumed in FY 2021/22, approximately 1.28% (2,392 M3) was recycled and reused.

At Access Tower I and Tower II water is used for sanitation requirements of staff and tenants, housekeeping requirements as well as for cooling of the Central Air Conditioning System at both buildings. Water requirements are purchased from the municipal lines and stored in an underground sump. Water is then pumped to the overhead tank and distributed to each floor via a Polypropylene Random (PPR) piping network.

Water from washrooms and kitchens are discharged to the city wastewater line, while kitchen wastewater is released to the city wastewater line after filtering through a grease trap that collects all food waste, oil, etc. In the central cooling system water is used only to fill the evaporation discharge of the cooling towers, hence the usage of water is very minimal. Access Tower II is equipped with a rainwater harvesting system, where captured water is used to irrigate the flower troughs around the building. In FY 2021/22, a new initiative was launched to collect the condensation water to be reused for Access Tower II cooling towers in order to reduce city water consumption.

Water specification parameters of both Access Tower I & II are also monitored monthly by an independent third party while preventive maintenance of all water sumps are done periodically.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
14 LIFE BELOW WATER

WASTE MANAGEMENT

A concerted effort in recent years, to practice the 3R (Reduce, Reuse, Recycle) principles have resulted in a year on year reduction in our annual waste generated volumes.

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

Waste Disposal Practices at Access Tower I and Access Tower II

Category	Waste Disposal Methodology
Construction waste	Disposed through the allocated civil contractor.
Garden / Food/ Paper / Polythene / Glass waste	Handed over to Colombo Municipal Council (CMC) garbage collection trucks.
E-waste	Disposed using an approved waste collector.

GRI 304-1

NATURAL CAPITAL

BIODIVERSITY CONSERVATION

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

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

To counteract any potential negative impact to the biodiversity and ecosystems we have an ongoing tree planting project themed 'Husma Dena Thuru'.

During 2021/22 Efforts were taken to increase the green coverage on the balconies of Access Tower II including planting of 150 creepers to improve the aesthetic appearance and to reduce the building's carbon footprint.

TRAINING AND AWARENESS

Training and awareness is an important part of our overall approach to building the eco friendly mindset among our employees and other stakeholders. Key initiatives for the FY 2021/22 include;

- e – waste collection campaign for tenants of Access Tower I and Access tower II. The campaign was organised jointly by Siam City Cement Lanka and Fairfirst Insurance PLC, both tenants of Access Tower II to coincide with the 'Global Recycling Day'. To further support this effort, Access Realties assigned a dedicated space in the basement car park of Access Tower II as a collection center of e – waste for tenants of both towers.
- e – mail campaign on 3R practices conducted by Access Realties for all the tenants of both Access Tower I & II including tenants and employees

NATURAL CAPITAL DEVELOPMENT REPORT FY 2021/22

CHALLENGES

- Damage to the environment that is inherent in large scale construction activities
- Striking a balance between natural resource consumption and national development goals

OPPORTUNITIES

- Adopt eco friendly technology and solutions to further reduce the Company's environmental footprint
- Moving towards a zero – carbon emitting building spaces

ENERGY MANAGEMENT INITIATIVES

Highlights

- Carried out energy efficient designs for building projects
- Procured energy efficient construction machinery, equipment and vehicles
- Promoted energy conservation among a wide range of stakeholders
- Commissioned magnetic chillers for the air conditioning system at Access Tower I
- Installed VFD-driven AHUs at Access Tower I

WATER MANAGEMENT INITIATIVES

Highlights

- Reused water at our concrete batching plants
- Promoted water conservation among a wide range of stakeholders
- Used concrete curing agents to reduce water consumption
- Commissioned a water condenser to capture water condensate from the cooling towers of Access Tower II

WASTE MANAGEMENT INITIATIVES

Highlights

- Use of Waste Management Plans (WMP)
- Use of approved waste disposal methods

BIODIVERSITY CONSERVATION INITIATIVES

Highlights

- 'Husma Dena Thuru' tree planting programme
- Use of dust controlling techniques
- Use of manufactured sand to replace river sand wherever possible
- Compliance with all applicable environmental laws and regulations

FUTURE PLANS

MEDIUM TERM

- Conducting an E – waste program
- Recycling paper as in previous years and reducing paper usage
- Conversion of CFL bulbs to LED bulbs in Access Tower I & II

LONG TERM

- Increasing the percentage of recycled and reused water
- Achieving zero carbon emissions in office buildings
- Improving the green coverage of Access Tower I & II
- Waste measurement by category at Access Tower I & II

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INDEPENDENT ASSURANCE REPORT TO ACCESS ENGINEERING PLC

GRI 102-56

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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 2022. The Sustainability Indicators are included in the Access Engineering PLC's Integrated Annual Report for the year ended 31 March 2022 (the "Report").

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

Assured Sustainability Indicators	Integrated Annual Report Page
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The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

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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, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022 are, in all material respects, prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2022, have not in all material respects, been prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

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

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

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

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

Our responsibility

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

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

INDEPENDENT ASSURANCE REPORT TO ACCESS ENGINEERING PLC

KPMG

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

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

Our firm applies Sri Lanka Standard on Quality Control (SLSQC) 1 and 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 control 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 control over the preparation and presentation of the Report.

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

Limited assurance on the Assured Sustainability Indicators

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

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

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

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

kpmg

CHARTERED ACCOUNTANTS
Colombo

30 August 2022

EFFICIENCY REDEFINED

Through the toughest of challenges, we always deliver accurate and professional outcomes.

STEWARDSHIP

BOARD OF DIRECTORS

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

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

Seated (Left to right) - Sumal Joseph Sanjiva Perera, Joseph Christopher Joshua

Standing (Left to right) - Prof Kulatilleke Arthanayake Malik Kumar Ranasinghe, Dilhan Perera, Ranjan John Suriyakumar Gomez

BOARD OF DIRECTORS

SUMAL JOSEPH SANJIVA PERERA

Chairman

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

JOSEPH CHRISTOPHER JOSHUA

Executive Vice Chairman

One of the founder Directors of the Access Group of Companies, he was instrumental in heading some of the most successful business units within the Group. A founder shareholder of AEL, he was the Joint Managing Director/ CEO/Managing Director of the Company since its inception until 24th August 2021. It was under his leadership that AEL achieved significant milestones in growth. He is also a Director of Access Realties (Private) Limited, Access Realties 2 (Private) Limited, Harbor 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 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, Harbor Village (Private) Limited, Access Projects (Private) Limited, Sathosa Motors PLC, WUS Logistics (Private) Limited, Access Logistics (Private) Limited, Access Logistics Park Ekala (Private) Limited, ARL Elevate (Private) Limited and Lanka AAC (Private) Limited. He was appointed the Managing Director of the Company on 24th August 2021.

SHEVANTHA HARINDRA SUDHARAKA MENDIS

Executive Director/Director – Business Development

Having held many Executive and Management positions within the AEL Group, he has functioned within the Engineering Division since its inception. With the genesis of AEL, he became a part of that unit and was appointed as Director – Business Development in 2002. He is also a Director of Access International (Private) Limited, Access Realties (Private) Limited, Blue Star Realties (Private) Limited, Access Realties 2 (Private) Limited, AEL East Africa Limited, Eco Friendly Power Developers (Private) Limited and ARL Elevate (Private) Limited.

SAUMAYA DHARSHANA MUNASINGHE

Executive Director/Director – Business Development

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

DILHAN PERERA

Non-Executive Director

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

RANJAN JOHN SURIYAKUMAR GOMEZ

Non-Executive Director

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

SHAMAL PERERA

Non-Executive Director

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

PROF KULATILLEKE ARTHANAYAKE MALIK KUMAR RANASINGHE

Independent Non-Executive Director

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

NIROSHAN DAKSHINA GUNARATNE

Independent Non-Executive Director

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

DINESH WEERAKKODY

Independent Non-Executive Director

Dinesh Weerakkody is a senior Director of several companies including GlaxoSmithKline (Consumer) Sri Lanka. He is a former Chairman of Hatton National Bank PLC, Commercial Bank of Ceylon PLC, the Employees' Trust Fund Board of Sri Lanka, the International Chamber of Commerce Sri Lanka and the National Human Resource Development Council of Sri Lanka. He was also an Advisor to the Prime Minister of Sri Lanka 2001-2004, Ministry of National Policies and Economic Affairs and the Minister of Tourism Development. He was also the Chairman of the Government -appointed Committee to review the Banking Sector and NBFI consolidation and the Committee appointed to review the budgetary allocation for Education and member of the Colombo City Development Committee and the National Health Development Fund. He is also a former Director of DFCC Bank PLC, Hemas Holdings PLC and Ceylon Tobacco PLC.

Weerakkody is a Graduate in Business Administration (Advanced Diploma) from ABE UK, a Fellow of the Chartered Institute of Management Accountants (UK) and the Certified Management Accountants of (Sri Lanka), and a Professional Member of the Singapore Human Resource Institute, IPM HR Senior Certified professional (USA) and holds an MBA from the University of Leicester, United Kingdom. He was conferred an honorary membership by the Institute of Personnel Management of Sri Lanka in 2008. In 2021 was conferred a Doctorate in Business Administration (Honoris Causa) from the American National Business University USA.

Weerakkody is the Vice President of the Employers' Federation of Ceylon, Immediate Past Chairman International Chamber of Commerce Sri Lanka and the Vice President of the Institute of Directors of Sri Lanka. He is currently a member of the Sri Lanka Cricket Financial Advisory Body and Caritas Sri Lanka. He is a business commentator and Managing Editor of Business Detective. He is a recipient of Sri Lanka National Honours - in 2019.

CORPORATE MANAGEMENT TEAM

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

Standing (Left to right) - Kosala Wickramasinghe, Niroshan Thilakarathne, 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 44 years of experience in the civil engineering field and has worked in various capacities in the state sector as well as the private sector.

MANOAJ JAYAHSURIYA

General Manager – Project Management Division I

Manoaj joined the Company in March 2006. He has over 35 years of experience in diversified fields such as the Sri Lanka Navy, operations, apparel manufacturing, corporate planning and human resources management. He is a Project Management Professional (PMP) who holds an MBA from the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura, BSc (Hons) from the University of Colombo and a Postgraduate Diploma in Psychology as well as several naval professional qualifications. He also functions as a Director of Sathosa Motors PLC and Access Motors Private Limited.

SRIMAL FERNANDO

Senior General Manager – Project Management Division II

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 holds a Bachelor's Degree in Civil Engineering from the University of Peradeniya and is a Corporate Member of the Institution of Engineers, Sri Lanka. During the period of his service, he was involved with major projects in many diversified fields such as Roads and Highways, Bridges, Telecommunication, Water and Wastewater, Piling and Buildings in a senior level management capacity. He was also appointed as a Director to the Board of WUS Logistics (Private) Limited, Access Logistics (Private) Limited and Access Logistics Park Ekala (Private) Limited.

KOSALA WICKRAMASINGHE

General Manager – Planning and Development

Kosala joined the Company as a Project Manager in 2007 and currently functions as the General Manager (Planning and Development). He holds a BSc (Hons) in Civil Engineering from the University of Moratuwa, Postgraduate Diploma in Structural Engineering from the University of Moratuwa and an MBA from Cardiff Metropolitan University. He is also a Corporate Member of the Institution of Engineers Sri Lanka and a Corporate Member of the Society of Structural Engineers Sri Lanka. He has over 22 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 & Air Ports, Buildings, Real Estate Developments in a senior management capacity. In addition, he currently serves as a Director of Harbour Village Private Ltd.

PRABASHANA KUMARA

General Manager – Project Management Division II

Prabashana joined the Company in December 2006 as an Operations Manager – Telecom Projects. Since then he has risen from Senior Manager – Telecom Projects to Deputy General Manager and he is currently functioning as a General Manager (Project Management Division II). He holds a BSc in Electrical and Electronics Engineering from the University of Peradeniya. He has 24 years of experience in the fields of Telecommunication and Building Services (M&E) and was involved in several major projects in Sri Lanka and overseas in Key Management roles.

THASANTHA KUMARA

General Manager – Project Management Division IV

Thasantha joined the Company at the beginning of 2013. He has over 27 years of experience in the field of Civil Engineering including Roads, Highways and Bridge Engineering and Project Management. He has served in the capacity of Resident Engineer, Design Engineer, and Executive Engineer for the Road Development Authority for seven years and in the private sector for 15 years in the capacity of Project Manager, Senior Project Manager and Divisional Coordinator in the Roads, Highways and Bridges Division. He has a BSc (Hons) in Civil Engineering from the University of Moratuwa and a Postgraduate Diploma in Highway and Traffic Engineering from the University of Moratuwa. He is also a Corporate Member of the Institution of Engineers, Sri Lanka.

NILANTHA IDDAGODAGE

General Manager – Finance

Nilantha joined the Company in 2008 and presently serves in the capacity of General Manager – Finance of the Company. He is a Fellow Member (FCA) of The Institute of Chartered Accountants of Sri Lanka and an Associate Member of the Association of Accounting Technicians of Sri Lanka. He holds an MBA from the Postgraduate Institute of Management (PIM) of the University of Sri Jayewardenepura and holds a BSc in Estate Management and Valuation (Special) Degree from the University of Sri Jayewardenepura. He has over 16 years of experience in the field of Finance and Auditing. He was also appointed to the Board of Access Projects (Private) Limited in May 2018.

NIROSHAN THILAKARATHNE

General Manager – Commercial

Niroshan presently serves in the capacity of General Manager – Commercial after serving in various capacities in the Company over a period of almost 19 years. He also has over 6 years of experience before joining Access Engineering having worked in a professional firm which provides Audit, Tax, Finance and Advisory services. He is also a finalist of The Institute of Chartered Accountants of Sri Lanka.

LAGATH GAMALATHGE

General Manager – Head of Production Plants

Lagath joined Access Engineering in 2007 as an Accountant for Projects and since then he has risen from Manager to Senior Manager roles and is now operating in his present placement as General Manager – Head of Production Plants. Lagath graduated from the University of Sri Jayewardenapura with a Bachelor of Commerce, specializing in marketing; following which he also completed an MBA at Cardiff Metropolitan University. He has over 22 years of experience in diversified fields such as manufacturing, operations and trading in Sri Lanka and overseas. Lagath is also a member of the Chartered Professional Managers of Sri Lanka. He was also appointed as a Director to the Board of Lanka AAC (Private) Limited.

DHAMMIKA SILVA

General Manager – Head of Engineering Designs

Dhammika joined Access Engineering in 2007 as a Senior Design Engineer. Since then he has risen from Manager Engineering Design to Senior Manager Engineering Designs and is currently operating as the General Manager – Engineering Designs. He holds both a BSc (Hons) in Engineering and an M.Eng in Structural Engineering from the University of Moratuwa. Dhammika is a Fellow Member of the Institution of Engineers, of Sri Lanka and a Member of the Society of Structural Engineers of Sri Lanka. He is a recognized structural Engineer eligible to design and approve high rise buildings in Sri Lanka under the IESL and UDA regulations. He is an International Professional Engineer recognized in 20 leading countries under the Washington Accord. He has over 21 years of experience in various disciplines of Civil Engineering mainly in structural engineering designs together with the constructions.

DHANUSHKA MUNASINGHE

Deputy General Manager – Project Management Division III

Dhanushka joined Access Engineering as an Engineer for Projects in 2005 and rose to Senior Engineer, Senior Manager (Project Management Division III) and is currently functioning as Deputy General Manager (Project Management Division III). He graduated from the University of Peradeniya with a BSc in Engineering and pursued his MBA in Project Management at the University of Moratuwa. He is a Chartered Engineer with corporate membership in the Institution of Engineers of Sri Lanka and possessing memberships in Institute of Chartered Professional Managers, and the Institute of Management of Sri Lanka. He is also a diploma holder in Commercial Arbitration.

PRASANNA GUNARATHNE

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

Prasanna joined the Company in 2006 as a Quantity Surveyor. Having held many positions from middle management to Senior Management, he was appointed to a Deputy General Manager position in 2021. He has over 18 years of experience locally and internationally in the fields of quantity surveying and contract administration. He is a Graduate of the University of Moratuwa holding a BSc (Hons) in Quantity Surveying Degree and completed a Master's Degree in Construction Law and Dispute Resolution attached to the same university. He is a Chartered Quantity Surveyor possessing an Associate Membership from the Institute of Quantity Surveyors, Sri Lanka (A.I.Q.S.SL) and Associate Membership of The Chartered Institute of Arbitrators (ACIArb) UK. He is also a diploma holder in Commercial Arbitration.

PIVITHIRI JAYASINGHE

Deputy General Manager – Project Management Division II

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

SENARATH BANDARA

Deputy General Manager – Business Development

Senarath has served in the capacity of Civil Engineer for a foreign construction Company for seven years. He joined Access Engineering in 2004 as a Planning Engineer. Then he rose to Senior Engineer Planning, Senior Manager Engineering and is currently functioning as the Deputy General Manager – Business Development. He graduated from the University of Peradeniya with a BSc in Civil Engineering, after which he followed through with an MBA from the University of Moratuwa and Diploma in Commercial Arbitration. Senarath is also a corporate member of the Institution of Engineers of Sri Lanka. He has over 22 years of experience in the fields of Civil Engineering Construction, Planning, Contract Administration, Dispute Resolution, Project Management and Business Development.

CORPORATE GOVERNANCE

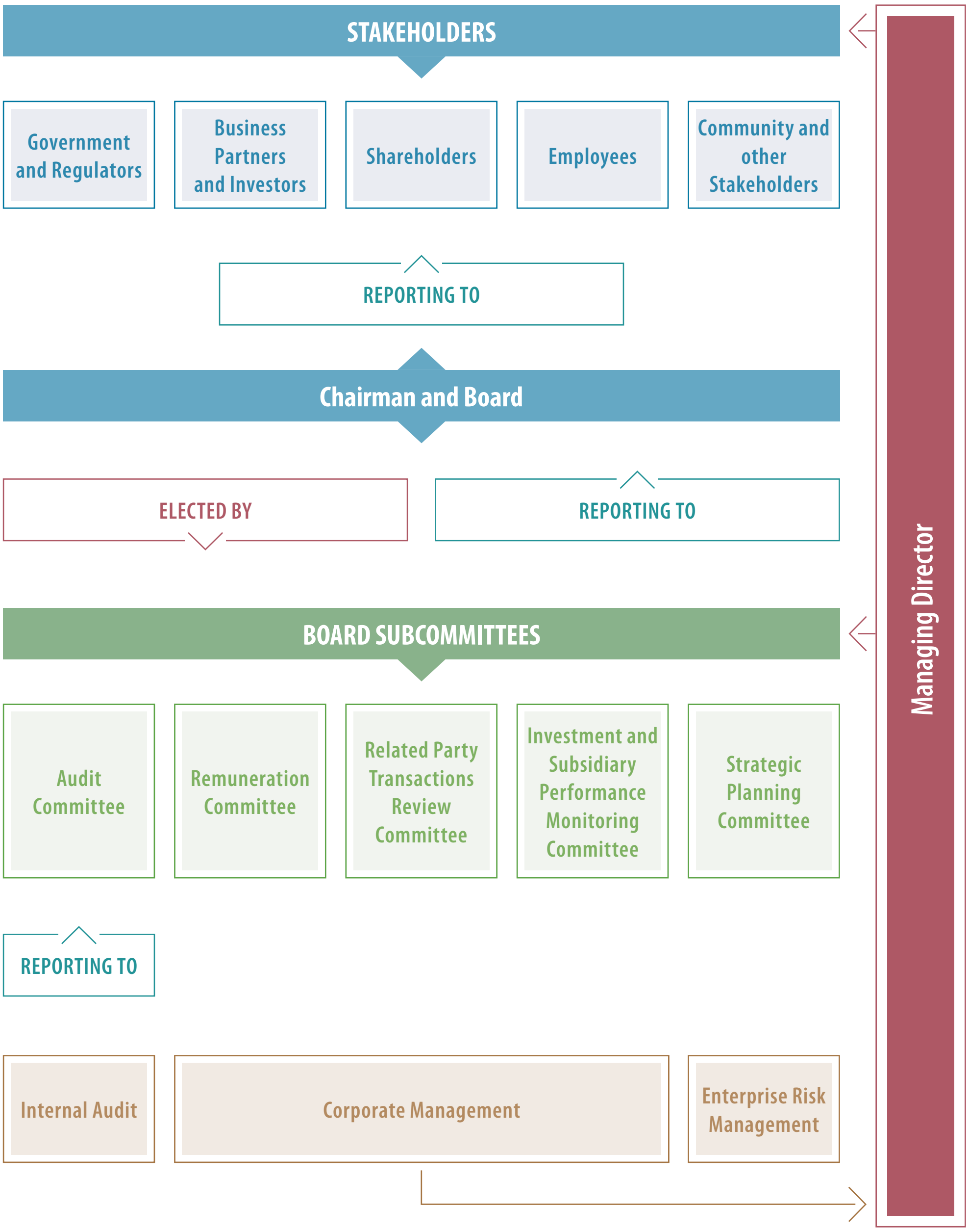
GRI 102-18

ACCESS ENGINEERING'S APPROACH TO GOOD GOVERNANCE

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

CORPORATE GOVERNANCE FRAMEWORK AND STRUCTURE

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



Regulatory Requirements

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

Internal Frameworks

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

Voluntary Codes and Best Practices

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

BOARD OF DIRECTORS

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

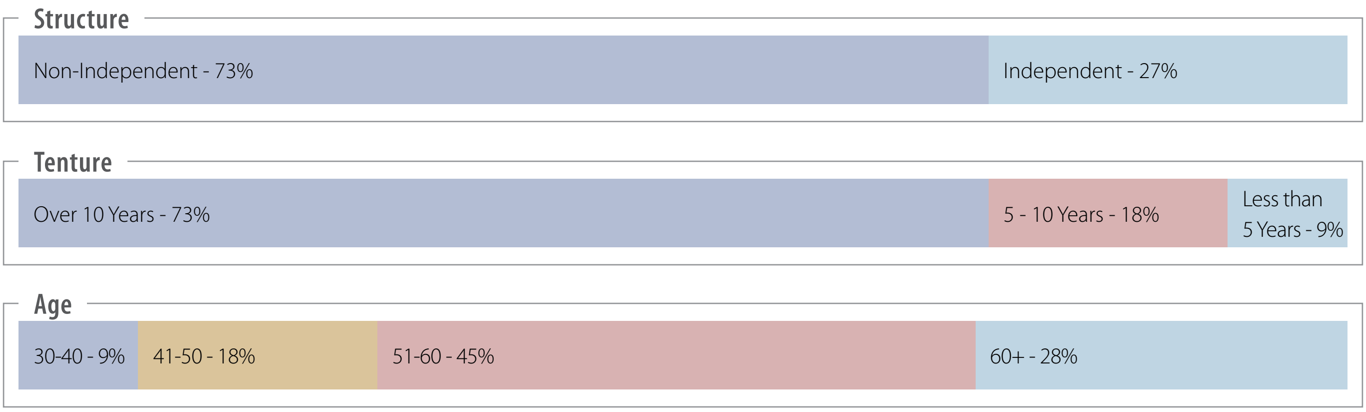
BOARD COMPOSITION

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

All Non-Executive Directors are independent of management and free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement. The Chairman holds separate meetings with the Non-Executive Directors without the presence of the Executive Directors, as and when needed.

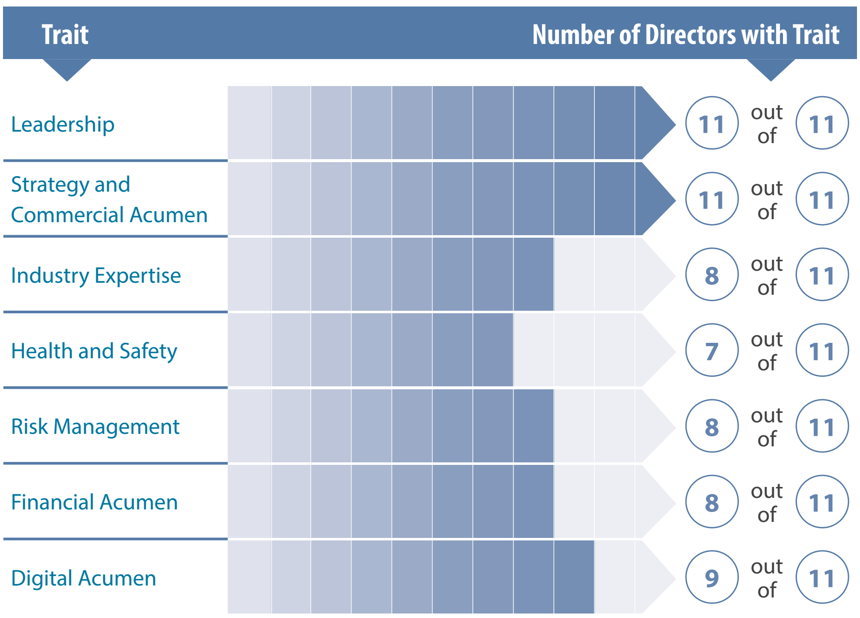
In addition, a strong mix of skills, experience and expertise among Board members support the Board in discharging its collective responsibilities. The Chairman with assistance of the Remuneration Committee reviews the quality of the AEL Board on an ongoing basis.

Board Diversity



MANAGING CONFLICT OF INTEREST

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



CORPORATE GOVERNANCE

Full Name	Nature of the Directorship	No of Board Seats held in Listed Companies	No of Board Seats held in Non Listed Companies
Mr. Sumal Joseph Sanjiva Perera	Executive	1	45
Mr. Joseph Christopher Joshua	Executive	1	14
Mr. Dalpadoruge Anton Rohana Fernando	Executive	1	16
Mr. Shevantha Harindra Sudharaka Mendis	Executive	-	9
Mr. Saumaya Dharshana Munasinghe	Executive	1	9
Mr. Ranjan John Suriyakumar Gomez	Non-Executive	-	19
Mr. Suresh Dilhan Perera	Non-Executive	-	24
Mr. Shamal Perera	Non-Executive	-	20
Prof. Kulathilaka Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive	3	-
Mr. Niroshan Dakshina Gunarathne	Independent Non-Executive	-	2
Mr. Dinesh Stephan Weerakkody	Independent Non-Executive	3	5

DIRECTORS TRAINING

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

DUTIES AND RESPONSIBILITIES OF THE AEL BOARD

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

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

In addition, the board is accountable for;

Governance

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

Strategy and direction

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

Risk management, accountability and control

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

REGULATORY COMPLIANCE

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

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

RISK MANAGEMENT AND CONTROL

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

Refer the Enterprise Risk Management Report on pages 198 to 214 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 are jointly responsible for the establishment of a proper system of financial and internal controls to support timely, transparent and accurate disclosure of financial results to stakeholders in line with regulatory requirements. The Board approves all financial statements prior to publication. Company's External Auditors - Messrs KPMG Chartered Accountants provide an independent opinion annually to assure the Board and stakeholders that the Company's financial statements reflect a true and fair view of operations.

ETHICS AND INTEGRITY

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

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

AEL's Code of Ethics

Equality

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

Honesty

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

Integrity

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

Discipline

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

Discipline

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

Honesty

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

CORPORATE GOVERNANCE

THE COMPANY'S WHISTLEBLOWING POLICY

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

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

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

IT GOVERNANCE

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

SUSTAINABILITY GOVERNANCE

As the main governing body within the organization, the AEL Board is charged with overseeing the Company's transition towards sustainable operations. Considering the nature and scale of AEL's operations, the Board provides leadership in framing the Company's Sustainability Policy, with due consideration to material economic, social and environmental impacts. The Policy cascades through to the operational level via specific approaches to address each identified Material Matter. Refer the Material Topics on pages 35 to 38 for comprehensive details on the economic, social and environmental topics deemed important in driving AEL towards becoming a sustainable business entity.

STAKEHOLDER ENGAGEMENT

The Board assigns high priority to stakeholder engagement. Towards this end a wide range of targeted engagement strategies are adopted in order to maximize the outcomes derived from the engagement process. Refer the Stakeholder Engagement on pages 28 to 34 for comprehensive details on the mechanisms adopted.

SHAREHOLDER RELATIONS AND ANNUAL GENERAL MEETING

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

The Board sets the date for the Annual General Meeting (AGM) after the conclusion of the particular financial year. Notice of AGM, the Annual Report and accounts and any other resolutions together with the corresponding information, are circulated to shareholders a minimum 15 working days prior to the AGM. The Board will seek to ensure that the resolutions and supporting information are sufficiently detailed and comprehensive to allow shareholders to form a view on all matters to be considered. Voting procedures at the AGM are also circulated to the shareholders in advance. AEL's next AGM is scheduled to be held on 23rd September 2022.

DIVISION OF RESPONSIBILITY BETWEEN THE CHAIRMAN, EXECUTIVE VICE CHAIRMAN AND THE MANAGING DIRECTOR

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

The Chairman who functions in an executive capacity, leads the Board to ensure that the Board fulfills its mandate as outlined by the Board Charter. As such the Chairman is responsible for directing the affairs of the Board while maintaining effective external relationships in line with governance best practices. As the head of the Board, the Chairman is required to encourage active and effective participation of all Directors at Board Meetings. He is also responsible for making the Board Members aware of the importance of creating value to all stakeholders of the Company. Chairman's responsibilities are discussed in detail on page 180 and 181.

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. . And the MD is responsible for the management of the Company and operations in coordination with the Vice Chairman.

BOARD MEETINGS

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

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

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

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

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

CORPORATE GOVERNANCE

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Strategy and Business

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

Governance

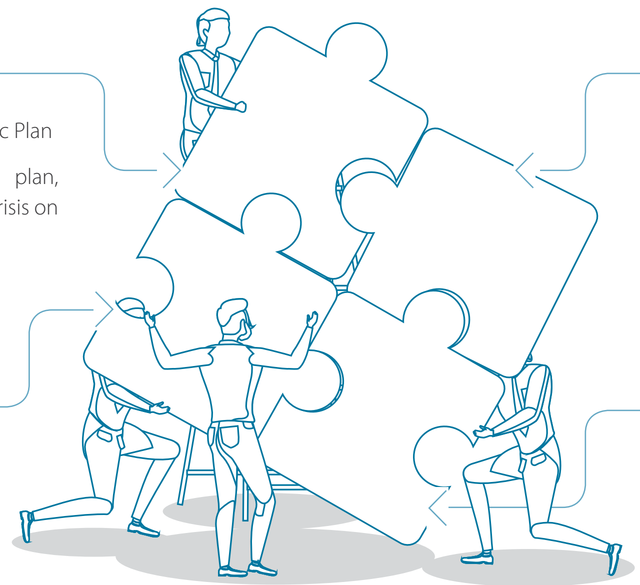
- Review of policy frameworks
- Succession planning
- Ensure corruption free business environment

Risk Oversight

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

Control

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



Key Focus areas for the Board in FY 2021/22

EVALUATING BOARD PERFORMANCE

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

DELEGATION OF AUTHORITY BY THE BOARD

Board Sub Committees

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

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

Audit Committee

E	NE	INE
None	1	3

Full report on pages 191 and 192.

Related Party Transactions Review Committee

E	NE	INE
1	None	3

Full report on pages 193 and 194

Remuneration Committee

E	NE	INE
None	1	3

Full report on page 195.

Strategic Planning Committee

E	E	INE
3	None	1

Full report on page 197.

Investment and Subsidiary Performance Monitoring Committee

E	NE	INE
2	None	3

Full report on page 196.

CORPORATE MANAGEMENT TEAM

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

REPORT ON BOARD SUBCOMMITTEES

Audit Committee

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

Audit Committee has continued to review and report to the Board on the Group's financial reporting, internal control and risk management processes and the performance, independence and effectiveness of the External Auditor, Messrs KPMG, Chartered Accountants. This report describes the Committee's major areas of focus since their last report in financial year 2021/22. The Committee appointed by the Board of Directors comprises Three (03) Independent Non-Executive Directors and One (01) Non-Executive Director of the Board.

Members of the Audit Committee:

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

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 191 and 192.

Remuneration Committee

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

In order to attract and retain the best human capital to sustain operations while rewarding performance, the Remuneration Committee is tasked with recommending the remuneration payable to the Executive Directors of the Company and/or equivalent position thereof. This recommendation is made to the Board, which is responsible for the final determination upon consideration of such recommendations.

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

Members of the Remuneration Committee:

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

Related Party Transactions Review Committee

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

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

Members of the Related Party Transactions Review Committee:

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

CORPORATE GOVERNANCE

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 193 and 194 for the Related Party Transactions Review Committee Report.

Investment and Subsidiary Performance Monitoring Committee

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

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

Members of the Committee on Investment and Subsidiary Performance Monitoring:

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

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 to be taken in any instances of non-compliance noticed in investment and budgetary monitoring of subsidiaries / associates

Strategic Planning Committee

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

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

Members of the Strategic Planning Committee:

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

Key Responsibilities of the Strategic Planning Committee include –

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

The Committee met regularly to fulfill the above tasks assigned.

Strategic Planning Committee Report is given on page 197.

Compliance Committee

The Compliance Committee is appointed by the Managing Director and is set-up to further strengthen good governance at the Corporate Management level. This mechanism will bridge the gap between the Senior Management and the Board of Directors when important decisions are to be made on operational issues. The Board oversees the performance of the Company against the triple bottom line objectives and the Code of Conduct based on the recommendations made by the Compliance Committee via the Managing Director. Regular meetings are conducted to discuss the compliance matters and new trends.

Members of the Compliance Committee:

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

The Committee's mandate includes:

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

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

Integrated Management Systems

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

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

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

Quality Management System (QMS)

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

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

Our Quality Policy

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

Environment Management System (EMS)

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

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

Our Environment Policy

- AEL is committed to carry out its operations to have a minimal impact to the environment as its strategic direction for a sustainable business
- The Company analyses the internal and external factors affecting the performance of its EMS

CORPORATE GOVERNANCE

- The Company identifies and reviews the needs and expectations of interested parties including compliance obligations with regard to the environment, and establishes communication with the relevant interested parties on environmental obligations
- The environmental management system is continually improved by reviewing, assessing and setting targets & objectives for enhancing its performance

Health & Safety Management System

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

Our Health & Safety Policy

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

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

External Frameworks

The main external frameworks that govern the system of corporate governance at AEL include The Companies Act No. 07 of 2007, the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance jointly issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka (SEC). Company's compliance with each of these provisions is given in pages 190, 177 to 179 respectively.

STATEMENT OF COMPLIANCE UNDER SECTION 7.6 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

Principal	Description	Comment/Reference	Compliance Status
CSE Listing Rule 7.6 – Contents of Annual Report			
(i)	Names of persons who during the financial year were Directors of the Entity	Board of Directors	Complied
(ii)	Principal activities of the Entity and its subsidiaries during the year and any changes therein	Notes to the Financial Statements	Complied
(iii)	The names and the number of shares held by the 20 largest holders of voting and non-voting shares and the percentage of such shares held	Investor Capital	Complied
(iv)	The Public Holding percentage	Investor Capital	Complied
(v)	A statement of each Director's holding and Chief Executive Officer holding in shares of the Entity at the beginning and end of each financial year	Investor Capital	Complied
(vi)	Information pertaining to material foreseeable risk factors of the Entity	Enterprise Risk Management	Complied
(vii)	Details of material issues pertaining to employees and industrial relations of the Entity	During 2021/22 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 on the Affairs of the Company	Complied
(ix)	Number of shares representing the Entity's stated capital	Annual Report of the Board of Directors on the Affairs of the Company	Complied
(x)	A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings	Investor Capital	Complied
(xi)	Financial ratios and market price information	Investor Capital	Complied
(xii)	Significant changes in the Entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.	Notes to the Financial Statements	Complied
(xiii)	Details of funds raised through a public issue, rights issue and a private placement during the year	In 2021/22 no funds were raised through a public issue, rights issue or a private placement.	
(xiv)	Employee Share Option Schemes and Employee Share Purchase Schemes	The Company does not have any Employee Share Option Schemes or Employee Share Purchase Schemes	
(xv)	Disclosures pertaining to Corporate Governance practices in terms of Rules 7.10.3, 7.10.5 c. and 7.10.6 c. of Section 7 of the Rules	• Board of Directors • Compliance with the Code of Best Practice on Corporate Governance jointly issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka • Annual Report of the Board of Directors on the Affairs of the Company • Notes to the Financial Statements • Audit Committee Report • Remuneration Committee Report	Complied
(xvi)	Related Party transactions exceeding 10% of the Equity or 5% of the total assets of the Entity as per Audited Financial Statements, whichever is lower	• Related Party Transactions Review Committee Report • Notes to the Financial Statements	Complied

CORPORATE GOVERNANCE

STATEMENT OF COMPLIANCE UNDER SECTION 7.10 OF THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

Principal	Description	Comment/Reference	Compliance Status
CSE Listing Rule 7.10 – Corporate Governance			
a. and b.	Compliance with corporate governance rules	Annual Report of the Board of Directors on the Affairs of the Company	Complied
CSE Listing Rule 7.10.1 – Non-Executive Directors			
a., b. and c.	Composition of the Non-Executive Directors	Board of Directors	Complied
CSE Listing Rule 7.10.2 – Independent Directors			
a.	Composition of the Independent Directors	Board of Directors	Complied
b.	Signed and dated declaration of each Independent Director	Compliance with the Code of Best Practice on Corporate Governance jointly issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka	Complied
CSE Listing Rule 7.10.3 – Disclosures Relating to Directors			
a. and b.	Determination of independence or non-independence of each NED	• Board of Directors • Compliance with the Code of Best Practice on Corporate Governance jointly issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka	Complied
c.	A brief Résumé of each Director	Board of Directors	Complied
d.	Brief Résumé of newly appointed Director/s	During 2021/22, No member was appointed to the Board	
CSE Listing Rule 7.10.4 – Criteria for Defining 'Independence'			
a. to h.	Criteria to meet to be an Independent Director	Compliance with the Code of Best Practice on Corporate Governance jointly issued by CA Sri Lanka and the Securities and Exchange Commission of Sri Lanka	Complied
CSE Listing Rule 7.10.5 – Remuneration Committee			
a.	Composition	Corporate Governance	Complied
b.	Functions	Corporate Governance	Complied
c.	Disclosures in the Annual Report	• Annual Report of the Board of Directors on the affairs of the Company • Notes to the Financial Statements • Remuneration Committee Report	Complied
CSE Listing Rule 7.10.6 – Audit Committee			
a.	Composition	Audit Committee Report	Complied
b.	Functions	Audit Committee Report	Complied
c.	Disclosures in the Annual Report	Audit Committee Report	Complied

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

Principal	Comment	Compliance Status
A. Directors		
A.1 The Board		
A.1	The Company is headed by a Unitary Board comprising of eleven members. The primary objective of the Board is to provide necessary stewardship, strategic direction, a policy framework and a governance structure in order to achieve the Vision of the Company. The Board regularly monitors the performance of the Company against goals and targets set on a periodic basis and discusses the same at Board meetings in great detail. Composition of the Board is set out on page 167. All Executive Directors are a part of the Company's Corporate Management Team. The Board consists of professionals from diverse fields such as Engineering, Accounting, Finance, Business Development, Human Resources and Consultancy, bringing independent judgment and perspectives for the efficient functioning of the Board and discharge of duties. They also sufficiently represent professional, academic and entrepreneurial domains, all of which are necessary for the effective functioning of the Board. Additionally, all Members of the Board possess adequate levels of skills, competencies and knowledge in their respective fields of specialization so as to provide overall strategic direction to the Company. The Board also sets the level of Risk Appetite of the Company. There are five Subcommittees of the Board of which three are mandatory and two are 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 in page 171. As and when the need arises Special Board meetings are also conveyed though no such meeting was held during the year under review. In addition to the above, the Board Subcommittees also met at various frequencies to discuss matters under their purview as elaborated in detail under their respective Reports.	Complied
A.1.2	A brief profile of each member of the Board of Directors and Corporate Management team is given on pages 158 to 165.	Complied
A.1.3	The Board collectively and the Directors individually, have recognized their duty to act in accordance with the prevailing Laws of the Country. The Board has put in place the Compliance Committee, which is headed by the Managing Director to ensure compliance with all necessary rules and regulations applicable to the Company. The Board also complies with the sound framework of business practices in place, which further strengthens compliance with existing laws and regulations. In matters of strategic importance to the Company, the Board obtains independent professional advice, if it deems necessary, at the expense of the Company.	Complied
A.1.4	All Directors had access to the services of a professional Company Secretarial body, which ensured that the Board received information on a timely manner for the effective conduct of meetings. The firm also provided the Board with advice on matters relating to compliance with rules and regulations, proper conduct of meetings and the adoption of best practices of corporate governance. The firm is also responsible for the distribution of the Company's Annual Report to its shareholders.	Complied

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
A.1.5	All Directors are encouraged to bring independent judgment on matters relating to strategic direction of the Company, effective utilization of resources, performance and business conduct. The vast experience and knowledge they possess in their specialized fields ensure the execution of this judgment. Transparency of the judgments is further enhanced with the existence of three Independent Non-Executive Directors who continue to critically evaluate the decisions of the Executive Directors. The Board has put in place a culture of accepting the contribution of each member and all Directors have an equal opportunity to express their views and ideas. The composition of the Board is sufficient enough to ensure balance of power and no Director dominates the conduct of meetings or the Board's decision-making process.	Complied
A.1.6	All Directors dedicated an adequate amount of time on matters relating to the Company and the Board. Their contribution to the Company was evident in the participation at Board meetings, Board Subcommittee meetings and in the decisions passed through circular resolution. Relevant Board Papers, together with supplementary information, were sent at least a week prior to the Board meetings so as to give them adequate time to critically review and study the contents. In the event additional information was requested by the Board through the Company Secretary, the same was made available at the earliest in order to enhance the effectiveness of Board decisions.	Complied
A.1.7	One third of the Directors could request for a resolution to be presented to the Board for the best interest of the Company.	Complied
A.1.8	A new Director who is appointed to the Board receives an orientation on the operations, risk management, internal control and other areas from the Managing Director in order to familiarize the new Director with the Company. Majority of the Independent Non-Executive Directors are members of the Sri Lanka Institute of Directors. Each Director was well aware of the need to continuously enhance his knowledge and skills so as to effectively perform his duties as a Director. Knowledge sharing among members, attending seminars organized by relevant professional bodies, participating in industry advancement sessions and policy making initiatives are some of the methods adopted during the year with respect to training and development.	Complied
A.2 Chairman and Chief Executive Officer (CEO)		
A.2	The Chairman is responsible for the effective conduct of the business of the Board, while the executive responsibility for management of the Company's business is vested with the Executive Vice Chairman and the Managing Director. Hence there is a balance of power and authority. Decision-making at the highest level happens by adopting the rule of simple majority. No one individual is vested with unfettered powers of decision-making.	Complied
A.2.1	The Chairman is mainly responsible for leading, directing and controlling the affairs of the Board including the Board Balance, effective conduct of Board meetings and Special meetings of the Board. He is also responsible for maintaining effective external relationships. Day-to-day affairs of the Company are headed by the Executive Vice Chairman (EVC) who is supported by the Managing Director (MD). The EVC and MD give leadership to the Corporate Management team who is collectively responsible for the conduct of day-to-day operations	Complied
A.3 Chairman's Role		
A.3	As the highest member of the organization, the Chairman is committed to the practice of good corporate governance. As the head at the Board meetings, the Chairman ensures that the Board members receive adequate information prior to every meeting together with the agenda to enable them to take accurate decisions about the Company, facilitates discussions at the meetings to include the views of all Members, encourages participation of all members in the decision-making process and ensures accurate recording of proceedings via minutes through the Company Secretary. He is responsible for ensuring that the objectives of the meeting are achieved and adequately discussed among its members. The Chairman is also responsible for the composition and the structure of the Board, representing the views of the Company to the public, maintaining relationships with shareholders and overseeing the self-evaluation of Board members performance.	Complied

Principal	Comment	Compliance Status
A.3.1	The Chairman is responsible for making sure that the agenda, minutes of prior meetings, Board papers and supplementary information are circulated among the members in advance, giving sufficient time for preparation. Agenda for each Board Meeting is finalized by the Chairman in consultation with the Company Secretary and where necessary, feedback from the other Members is taken.	Complied
A.4 Financial Acumen		
A.4	A brief profile of each member of the Board of Directors is given on pages 158 to 161.	Complied
A.5 Board Balance		
A.5	The Board compromises of eleven Directors of which five are Executive Directors and six are Non-Executive. This ratio was maintained throughout the Financial Year. Composition of the Board is set out on page 167. 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
A.5.1	55% of the Board of Directors of the Company operates in a Non-Executive capacity. Every Non-Executive Director on the Board has excelled in 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 six Non-Executive Directors out of which three are Independent. Composition of the Board is set out on page 167.	Complied with 2013 Code
A.5.3	Three Independent Non-Executive Directors on the Board are not involved in day-to-day affairs of the Company and they do not have any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment. Additionally, each Independent Non-Executive Director submits a written declaration of his independence to the Board on an annual basis. This written annual submission is also considered as a part of their annual performance evaluation. Based on the written declaration submitted by the Independent Non-Executive Directors for the financial year 2021/22, they were considered as continuing to be independent.	Complied
A.5.4	During the year, each Non-Executive Director submitted a dated and signed declaration regarding their independence against the specified criteria set out in the Code. While this declaration fulfilled the requirements of Schedule K of this Code, no circumstance rose for the determination of independence by the Board outside the criteria set out by the Code.	Complied
A.5.5	Based on the declarations submitted to the Board and other information available, the following Non-Executive Directors of the Board were decided to be independent as at the end of the Financial Year. • D S Weerakkody • Prof. K A M K Ranasinghe • 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.	N/A
A.5.8	Please refer comment under A.5.7.	N/A
A.5.9	The Chairman holds meetings with the NEDs' without the presence of Executive Directors as and when necessary. During the year no need arose for such meeting.	N/A

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
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. In instances where additional information is required, the same is requested, from the Corporate Management or the responsible individuals. As and when necessary, the Corporate Management also makes presentations to the Board in order to enable sound decision-making. The Board has free and open access to all Corporate Management members. The Chairman ensured that all Board Members were briefed sufficiently on any matter/s arising from the meeting/s. Any Director who was unable to attend a particular Board meeting is briefed on the proceedings before the next meeting by the Chairman and through the minutes of the meeting.	Complied
A.6.2	As a norm, all Board Papers are circulated to the Board members 10 working days before hand for them to study the materials and prepare themselves for the meeting and within two weeks of the meeting the decisions taken and the discussion points are minuted and circulated for their review/comments and finalization.	Complied
A.7 Appointments to the Board		
A.7	All Board appointments are based on the capacity of the individual concerned to pass the 'fit and proper' test, which in turn is based on the qualifications, experience and the value that can be added by the individual to the Board as well as to the Company. Existing Directors are vested with the autonomy to critically evaluate the potential candidate in the above test and a final decision is taken by the Board collectively.	Complied
A.7.1	The Company does not have a Nomination Committee in place. However, the existing Board members function in a manner that is similar to a formally appointed Nomination Committee in matters concerning new appointments to the Board.	Complied with 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 were no newly appointed Directors during the year (2021/22), 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

Principal	Comment	Compliance Status
A.8 Re-Election		
A.8	Directors are re-elected with the sanction of the shareholders at the Annual General Meeting of the Company. The Articles of Association of the Company requires one NED to appear for re-election every year and as such 2021 saw the re-election of N D Gunarathne 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 Prof. K. A. M. K. Ranasinghe 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 (2021/22). 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 and the same is being minuted under the Board meeting minutes. Also when Directors send their resignation letters, they explain the decision factors in the resignation letter for the documentary purposes. During the financial year 2021/22, there was no resignation of Directors.	N/A
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, the Board Members meet the Chairman and conduct face to face discussions on the members anticipated suggestions for the betterment of the Company and the Chairman addresses performance remarks of the individual Board members that he has observed during the year.	Complied
A.9.2	Members of the Board and Board Committees carried out self-assessments of their performance for the FY 2021/22 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 2022/23 were identified. Each individual Director was satisfied of his performance in the FY 2021/22. 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, rest of the Board members discuss the value addition brought by that particular Member to the Board and the contribution made thereof. 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 pages from 158 to 161 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

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
B. Directors' Remuneration		
B.1 Remuneration Procedure		
B.1	Remuneration payable to the Executive Directors of the Company is recommended by the Remuneration Committee. Remuneration payable to the Non-Executive Directors of the Company is recommended by the Board as a whole. No Director is involved in deciding his own remuneration.	Complied
B.1.1	The Remuneration Committee is responsible for recommending the remuneration payable to Executive Directors. The Committee makes recommendations to the Board, which is responsible for the final determination.	Complied
B.1.2	The Remuneration Committee appointed by the Board consisted of four Non-Executive Directors out of which three were independent.	Complied
B.1.3	Details of the Remuneration Committee are given in page 195 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 Executive Vice Chairman in providing recommendations regarding the remuneration of other Executive Directors. The Chairman and the Executive Vice Chairman are not remunerated by the Company.	Complied
B.2 Level and Make Up of Remuneration		
B.2	The remuneration package of both Executive and Non-Executive Directors is based on a variety of factors including their contribution to the Company, market rates of remuneration and their expectation. The Board is aware of the fact that the level of remuneration should be sufficient enough to attract and retain Directors of high calibre to direct the Company. Portion of the remuneration of the Executive Directors is linked to their performance which is evaluated against targets set and agreed at the beginning of the period.	Complied
B.2.1	The Remuneration Committee considers the value addition of Executive Directors and their contribution to the achievement of short and long-term objectives in structuring their remuneration packages so as to ensure that nothing is paid more than necessary.	Complied
B.2.2	As the remuneration of the key personnel are 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 the same process, providing specific targets in the Executive Director's Terms of Reference which directs the Executive Director in achieving the organizational performance goals.	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

Principal	Comment	Compliance Status
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.	N/A
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 291 of this Report. Remuneration Committee Report is given in page 195.	Complied
B.3.1	Names of the members of the Remuneration Committee and the compensation paid to Key Management Personnel are given in pages 173 & 291 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 321 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 requires shareholder approval as per the provisions of the Articles of Association of the Company.	Complied
C.1.1	All related papers and the Notice of Meeting are sent to the shareholders 15 days before the AGM through the Company Secretary.	Complied
C.1.2	To receive and consider the Annual Report and Accounts is the first resolution adopted at every AGM. Further, the Company proposes separate resolutions on each substantially separate issue. Hence shareholders are given the opportunity to vote separately on each substantial issue.	Complied
C.1.3	The Company Secretary and admin teams have strict follow up from the date of the Notice of the Meeting until the Annual Report is sent to the shareholders. They track the appointed proxies at the time of the registration of the AGM and the Company Secretary takes notes of the casted votes in favour of the passed resolutions accordingly.	Complied
C.1.4	Before the AGM date, the Company Board and the respective Sub Committees meet and organize how the AGM should process and run through the possible questions that the management may face. Accordingly all the Committee heads are prepared in an instance where a related question is posted to answer them.	Complied
C.1.5	The Notice of Meeting and related documents are circulated to the Shareholders 15 working days prior to the AGM. Summary of the procedures governing voting at the AGM is provided in the Proxy Form, which is circulated to Shareholders together with the Notice of Meeting 15 working days prior to the AGM. The Board encourages all Shareholders to attend and actively participate in the AGM. The Shareholders may raise any queries they have with the Directors.	Complied

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
C.2 Communication with Shareholders		
C.2	The AGM, the Annual Report and other General Meetings (as and when required) are the primary means of communication with shareholders. Additionally, the Company makes disclosures on material and price sensitive matters from time to time to the CSE for dissemination among the public. Similarly the Company's website www.accessengsl.com is updated with financial and project related information, corporate disclosures and other press releases for public viewing.	Complied
C.2.1	Refer comment given under C.2.	Complied
C.2.2	The Company's policy on information dissemination is based on the prime need of creating a fair market for the Company's securities among all market participants. Hence the Company focuses on accurate, timely, relevant and open information dissemination and communication so as to avoid any market malpractice or doubt.	Complied
C.2.3	The Company has disclosed the contact information in all their publications and always encourage our shareholders to connect with us. Additionally the Company's website www.accessengsl.com gives all vital information for public viewing.	Complied
C.2.4	The point of contact is given in page 4 and 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 shareholders on appointment. The Company Secretary keeps a record of all valid correspondence from the shareholders and directs them to the appropriate Board Member who in return would respond as necessary. The Company also has a dedicated investor relations e-mail that could be equally utilized by any shareholder to correspond.	Complied
C.2.6	Both the Company Secretary as well as Members of the Board act as contact points in relation to shareholder matters.	Complied
C.2.7	Responses for shareholder queries directly sent to individual Members of the Board are sent by the respective Members. Queries directed to the Company Secretary are responded by the Directors via the Company Secretary.	Complied
C.3 Major and Material Transactions		
C.3	Refer the Related Party Transactions Review Committee Report on page 193 and 194 and Note 29 of Notes to the Financial Statements.	Complied
C.3.1	Refer the Related Party Transactions Review Committee Report on page 193 and 194 and Note 29 of Notes to the Financial Statements.	Complied
C.3.2	Refer the Related Party Transactions Review Committee Report on page 193 and 194 and Note 29 of Notes to the Financial Statements.	Complied
D. Accountability and Audit		
D.1 Financial Reporting		Complied
D.1	The Annual Report of the Board of Directors on the Affairs of the Company making the relevant declarations is given on pages 216 to 221 of this Report.	Complied
D.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
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

Principal	Comment	Compliance Status
D.1.3	The Financial Statements have the respective declaration stating that all standards, legal requirements are met with and the General Manager – Finance and the Executive Vice Chairman signs the financial statements below that declaration. Apart from that an annual declaration is also signed by the General Manager – Finance and the Executive Vice Chairman 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 216 to 221 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 218, 224 to 229 and 223 respectively.	Complied
D.1.6	'Management Discussion and Analysis' is given on page 91 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 favourable 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 minimise 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 223.	Complied
D.2.2	The confirmation of the Risk assessment conducted and the principal risks faced by the Company are disclosed in the Enterprise Risk Management report given on pages 198 to 214 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 an 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 2021/22 the Board was satisfied with the effectiveness of the system of internal control in place within the Company.	Complied
D.2.5	Refer page 223 for the 'Directors Statement on Internal Controls'.	Complied

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
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 one Non-Executive Director of the Board. The Chairman of the Committee is an Independent Non-Executive Director.	Complied
D.3.2	The Company 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 includes a descriptive note regarding the Audit Committee and how their duties are discharged and how their valuable time has been allocated by participating to the meetings and decision making (Ref. Page 191 and 192).	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 and in developing the Charter for the Related Party Transaction committee.	Complied
D.4.2	In compliance with the requirements of the Voluntary Code of Corporate Governance, the Related Party Transactions Review Committee comprises 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 Transactions 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 167 of this Report – Corporate Governance – Board of Directors.	Complied
D.5.1	The Company 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 reputation of the Company in any manner. The violation of Code of Ethics is an offence which is subject to disciplinary action.	Complied
D.5.2	Price sensitive transactions relating to investments are monitored through the Investment and Subsidiary Performance Monitoring Committee and through the Audit Committee. Significant matters are informed to the board for further action.	Complied
D.5.3	Refer the Related Party Transactions Review Committee Report on page 193 and 194.	Complied
D.5.4	Refer page 167 of this Report – Corporate Governance – Board of Directors.	Complied
D.6 Corporate Governance Disclosures		
D.6	This Report on Company's compliance with the CA Sri Lanka/SEC 'Code of Corporate Governance' meets this requirement.	Complied
D.6.1	Same as D.6.	Complied

Principal	Comment	Compliance Status
E. Institutional Investors		
E.1 Shareholder Voting		
E.1	The Board encourages 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 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. Other Investors		
F.1 Investing/Divesting Decisions		
F.1	The Company encourages individual shareholders to carry-out adequate analysis or seek independent advice in investing or divesting decisions. The Company facilitates this process by providing information necessary for the same on a timely and unbiased basis. This Integrated Report prepared by the Company gives sufficient information to shareholders to carry out their own analysis of the Company and its operations.	Complied
F.2 Shareholder Voting		
F.2	The Company encourages individual shareholders to participate in General Meetings and exercise their voting rights.	Complied
G. Internet of things and cyber security.		
G.1	Refer Enterprise Risk Management on page 214 of this Annual Report (Information & 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 and Cyber security requirements and to implement necessary strategies, which are 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 in the Internal Audit Report and same is reported to the Audit Committee. The Audit Committee along with the Manager IT reviews potential and ongoing Cyber security risks and strategises a course of action. High risk matters are referred to the Board for further actions.	Complied
G.4	Issues are addressed at the Integrated Risk Management audit annually carried out by an independent third party and identified issues are reported through the management letter. The audit findings are thoroughly and periodically reviewed in order to mitigate any potential or ongoing risks as Internet of Things and Cyber security has become an essential part of the business model due to the ongoing global conditions.	Complied
G.5	Company adheres to the required level of cyber security by analysing the gravity of the requirement and the IT department does continuous monitoring to mitigate the identified risk.	Complied

CORPORATE GOVERNANCE

Principal	Comment	Compliance Status
H. Environment, Society and Governance (ESG)		
H.1.1 Reporting of ESG Factors	Refer Pages 125 to 151 of the Annual Report - Social, Relationship and Natural Capital for this requirement.	Complied
H.1.2 Environmental Factors	Refer Pages 125 to 151 of the Annual Report - Social, Relationship and Natural Capital for this requirement.	Complied
H.1.3 Social Factors	Refer Pages 125 to 151 of the Annual Report - Social, Relationship and Natural Capital for this requirement.	Complied
H.1.4 Governance	Refer Pages 166 to 197 of the Annual Report – Corporate Governance for this requirement.	Complied
H.1.5 Board's role on ESG Factors	The Company 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

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

AUDIT COMMITTEE REPORT

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

ROLE OF THE AUDIT COMMITTEE

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

COMMITTEE COMPOSITION

There were no changes to the composition of the Committee as at 31 March 2021. The Committee continued to comprise four Non-Executive Directors as set out below. To ensure compliance with the requirements of the Rule 7.10.6 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and Securities Exchange Commission of Sri Lanka, Committee membership comprises three (3) Independent Non-Executive Directors and one (1) Non-Executive Director of the Board.

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

MEETING ATTENDANCE

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

Name of Directors	19.05.2021	10.08.2021	11.11.2021	11.02.2022
Mr. N D Gunaratne	✓	✓	✓	✓
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. D S Weerakkody	✓	✓	✓	✓
Mr. S D Perera	✓	✓	✓	✓

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

TERMS OF REFERENCE

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

COMPLIANCE

Financial reporting and significant judgement

The Committee is responsible for reviewing whether suitable accounting policies have been adopted and whether Management has made appropriate estimates and judgements 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 Internal Auditors on compliance with applicable laws and regulations. The Committee is satisfied that laws and regulations are duly complied with and statutory payments have been made on a timely basis.

AUDIT COMMITTEE REPORT

AUDIT & ACCOUNTABILITY

Internal controls

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

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

Internal audit

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

The Committee reviewed and approved the 2021/22 Internal Audit Plan and continued to monitor progress against this Plan during the year. Results and management actions arising from the reviews undertaken in 2021/22 were discussed in detail at each of the Committee's meetings. The Head of Internal Audit attended all of the Committee's meetings during 2021/22 and held discussions with the Committee in the absence of Executive Management.

Whistle-blowing

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

Independent auditors

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

POTENTIAL FINANCIAL IMPLICATION ARISING CURRENT ECONOMIC CRISIS

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

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

CONCLUSION

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

N D GUNARATNE
Chairman
Audit Committee

30 August 2022

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

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

ROLE OF THE COMMITTEE

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

COMPOSITION

There were no changes to the composition of the Committee as at 31 March 2021. The Committee continued to comprise three Independent Non-Executive Directors and one Executive Director/MD, who were appointed by resolution at a Board meeting. To ensure compliance with the requirements of the Section 9. 2. 2 of Listing Rules of the Colombo Stock Exchange and Code of Best Practice on Corporate Governance issued jointly by The Institute of Chartered Accountants of Sri Lanka and Securities Exchange Commission of Sri Lanka, the Committee comprised the following members:

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

The brief profiles of the existing members of the Committee are given on pages 158 to 161 of the Annual Report.

MEETING ATTENDANCE

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

Name of Directors	19.05.2021	10.08.2021	11.11.2021	11.02.2022
Mr. N D Gunaratne	✓	✓	✓	✓
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. D Weerakkody	✓	✓	✓	✓
Mr. D A R Fernando (By invitation)	✓	✓	✓	✓

TERMS OF REFERENCE

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

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT

PERFORMANCE REVIEW DURING THE YEAR

Every year the Related Party Transactions Review Committee has reviewed and evaluated its performance and submit the observations to the Board of Directors. All disclosures as per Section 9.3 of the Listing Rules of the Colombo Stock Exchange are given under declaration of this Report. Details of other related party transactions entered into by the Company/Group of Companies during the year are disclosed in Note 29 to the Financial Statements.

DECLARATION

Non-recurrent-related party transactions

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

Recurrent-related party transactions

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

N D GUNARATHNE
Chairman
Related Party Transactions Review Committee

30 August 2022

REMUNERATION COMMITTEE REPORT

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

ROLE OF THE COMMITTEE

The role of the Remuneration Committee is to set up the remuneration policy for Senior Management and make recommendations to the Board on recruitment, remuneration and performance evaluation of Senior 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 Senior Management
- The evaluation of performance of Senior Management
- Preparation of performance based remuneration plans including performance incentives
- Making amendments to the remuneration policy

The Committee is authorised by the Board to seek appropriate professional advice inside and outside the Company as and when it considers necessary.

COMPOSITION

Composition of the Board-appointed Remuneration Committee is comprised of three (3) Independent Non-Executive Directors and One (1) Non-Executive Director. There were no changes to the composition of the Committee during 2021/22.

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

The Committee's composition met the requirements of the Rule 7. 10. 5 of Listing Rules of the Colombo Stock Exchange. The brief profiles of the existing members of the Committee are given on pages 158 to 161 of the Annual Report.

MEETING ATTENDANCE

The remuneration committee members met virtually to discuss matters pertaining to the remuneration policy of the Company, prior to the Board meetings.

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 institution's growth strategy. The remuneration policy codifies the remuneration principles, processes, practices and procedures to give effect to the Institution's remuneration philosophy and strategy. The pay mix may comprise a combination of guaranteed pay (fixed pay and bonus) and variable pay (short-term incentives) depending on the level in the organizational hierarchy and performance.

As economic crisis takes shape, the Company will review the workforce and employee planning, management, performance, health and safety and experience strategies in 2022/23.

DINESH WEERAKKODY
Chairman
Remuneration Committee

30 August 2022

INVESTMENT AND SUBSIDIARY PERFORMANCE MONITORING COMMITTEE

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 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

- Subcommittee will make their assessment and notify their recommendations to the Board on major new investments in subsidiaries, associates, joint ventures and capital investments in the parent Company.
- Subcommittee will make their assessment and notify 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 the 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 of AEL. The subcommittee will submit their observations and recommendations to the Board.
- Review the progress of subsidiary companies of Access Engineering PLC and the progress of their respective subsidiaries.
- Advice the Management on what action should be taken for non-compliances noticed in investment and budgetary monitoring of subsidiaries, associates and joint ventures.

COMPOSITION

Composition of the Investment and Subsidiary Performance Monitoring Committee is comprised of three (3) Independent Non-Executive Directors and two (2) Executive Directors as set out below:

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

The brief profiles of the existing members of the Committee are given on pages 158 to 161 of the Annual Report.

MEETING ATTENDANCE

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

Name of Directors	12.05.2021	04.08.2021	03.11.2021	03.02.2022
Prof K A M K Ranasinghe	✓	✓	✓	✓
Mr. N D Gunaratne	✓	✓	✓	✓
Mr. D S Weerakkody	✓	✓	✓	✓
Mr. J C Joshua	✓	✓	✓	✓
Mr. D A R Fernando	✓	✓	✓	✓

SUMMARY OF ACTIVITIES

During the year, the Committee comprehensively reviewed the new investment/divestment decisions of Access Engineering PLC and monitored budgets of subsidiaries, associates and joint ventures of the Company. Committee decisions and discussions of the Meetings were recorded and forwarded to the Board of Directors of Access Engineering PLC for further action.

PROF. MALIK RANASINGHE
Chairman
Investment and Subsidiary Performance Monitoring Committee

30 August 2022

STRATEGIC PLANNING COMMITTEE REPORT

PURPOSE OF THE COMMITTEE

Strategic Planning Committee was established to focus on planning and setting strategic directions to achieve goals and objectives of the Company. During the year the Committee has continued to review and report to the Board on the Company's strategic direction, trends and issues in achieving its goals and objectives.

ROLE OF THE COMMITTEE

The role of the Committee is to assist the Board with its responsibilities for the Company's vision, mission and strategic direction. The Committee complies with the Best Practices in Corporate Governance. The specific responsibilities of the Strategic Planning Committee includes:

- Periodically reviewing the Company's vision, mission, strategic initiatives, major programmes and services and making recommendations to the Board.
- Identifying critical strategic issues facing the Company and assisting in the analysis of alternative strategic options.
- Ensuring that the Management has established an effective strategic planning process with time lines and targets.
- Advising the Board on trends in the industry, market, community and core competencies.
- Reviewing and forwarding to the Board, strategic plans of subsidiary companies to assure that they are aligned with the Company's strategic direction and goals.
- Reviewing major new investment programmes and services.
- Developing criteria for Management to use in evaluating potential strategic investments.

COMPOSITION

The Committee comprised three (3) Executive Directors and One (1) Non-Executive Independent Director of the Board. There were no changes to the composition of the Committee during 2021/22.

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

MEETINGS

The Strategic Planning Committee meets as and when necessary at the call of the Committee Chair at dates and times which are specified in advance.

The Committee met several times during the year to discuss the Company's strategic direction and its major strategic issues.

CONCLUSION

The Strategic Planning Committee is satisfied with the effectiveness of the strategic initiatives taken during the year and discussed the preventive measures to be taken for issues identified in achieving overall goals and objectives of the Company.

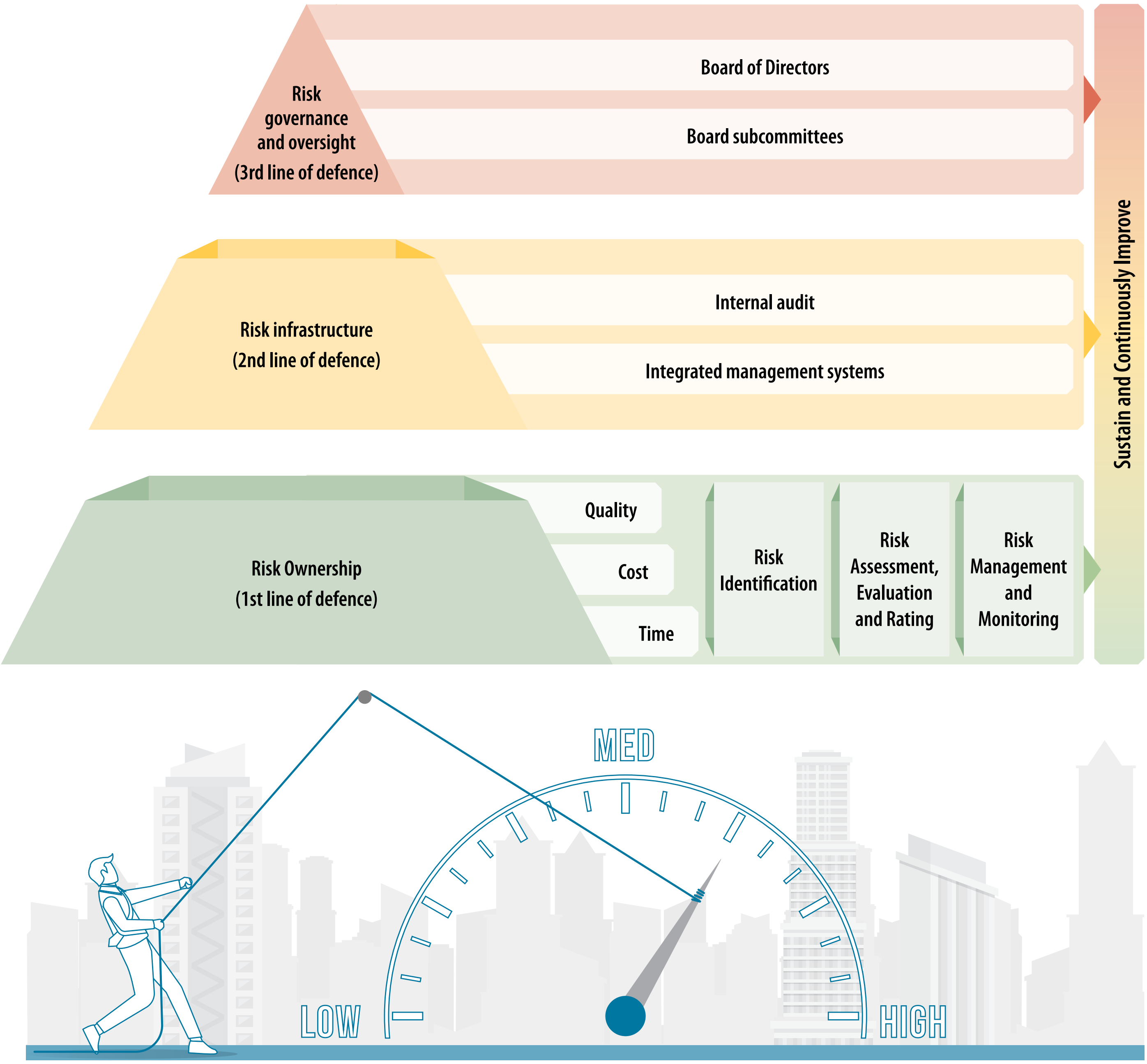
SUMAL PERERA
Chairman
Strategic Planning Committee

30 August 2022

MANAGING KEY RISKS

Risk management processes of AEL, ARL & ARL2 (The entities specified in the Reporting Boundary) continue to evolve to ensure it is reflective of the shape of the business and its operations. The Internal Audit function has been founded to be fully aligned with the Board and Board Sub Committees to further sharpen focus on the Company's internal risk and control environment. The Company recognizes that a consistent, agile and responsive approach to risk management is crucial to the sustainable delivery of its business objectives. Our approach to risk management has enabled us to strengthen our overall responsibility for managing risks, adopt industry best practices and improve our internal control frameworks.

The functions that enable AEL, ARL & ARL2 to effectively control its risks have been assigned to 3 levels. The first line of defence consists of operational managers who own and manage risks. They also are responsible for implementing corrective actions to address process and control deficiencies. The second line of defence consists of functions that monitor the implementation of effective risk management practices by operational managers, assist risk owners in defining the target risk exposure and report adequate risk-related information throughout the Company. The third line of defence provides the governing body and the Corporate Management a comprehensive assurance based on the highest level of independence and objectivity within the organization, by the Internal Audit Function.



RISK GOVERNANCE & OVERSIGHT

To meet the requirements of corporate governance (voluntary & mandatory) and other regulatory bodies, the Board accepts overall responsibility for risk management and determines the nature and extent of the principal risks to be taken and assesses the effectiveness of the risk management and internal control systems that are in place to mitigate impacts. The risk governance and oversight function ensures that appropriate Board Subcommittees are involved in the oversight of risk processes coming under their purview and that the full Board is actively engaged in a robust dialogue about critical risks.

Board of Directors

The Board is responsible for maintaining a sound risk management framework and internal control system to safeguard the shareholders' investments and the Company assets, identifying principal risks and ensuring the implementation of an appropriate risk management and internal control system to manage those risks in accordance with corporate governance principles. The ultimate responsibility for setting the risk appetite for the effective management of risk rests with the Board.

Board Subcommittees

Board Subcommittees are responsible for overseeing the development and implementation of policies relevant to their areas of scope, identification of emerging risks and monitoring the ongoing effectiveness of Company procedures. Acting within the authority delegated by the Board, the Strategic Planning Committee and the Audit Committee review specific risk profiles and receive regular reports on risk management, which include the Company's portfolio trends, policies, standards and soundness of internal controls, infrastructure and regulatory compliance. These Committees are authorized to investigate or seek any information relating to an activity within the terms of reference.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the integrity of the Company's Financial Statements and the financial reporting process, the systems of internal accounting and financial controls, the internal audit function, the annual independent external audit, compliance with legal and regulatory requirements, and policies and ethics established by the Company.

Related Party Transactions Review Committee

The objective of the Committee is to ensure that the interests of shareholders are taken into account when entering into related party transactions and to enhance corporate transparency and promote fair transactions between the Company, its Subsidiaries and other related parties. The Committee also performs the oversight function on behalf of the Board in complying with the Listing Rules of the Colombo Stock Exchange and with the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka.

Remuneration Committee

The Remuneration Committee assists the Board to discharge its responsibility by overseeing remuneration policies and practices of the Company. The Committee's main roles are:

- To review and make recommendations to the Board in relation to the individual remuneration levels of Directors (Executive & Non-executive), Senior Executives, other Executives and other persons whose activities in the Committee's opinion affect the financial soundness of the Company
- To oversee general remuneration practices across the Company and make appropriate recommendations.

Investment and Subsidiary Performance Monitoring Committee

The purpose of the Committee is to evaluate prospective investments and to monitor the performance of Subsidiaries/Associates prior to discussion of the relevant matters at Board Meetings.

Strategic Planning Committee

The Committee assists the Board and the Management in fulfilling its oversight responsibilities relating to strategic plans, which identify specific long-term goals and business objectives determined to be in the Company's best interests. This includes helping the Board and the Management identify opportunities such as mergers and acquisitions, joint ventures, new markets or product lines, acquisition or disposition of capital assets, equity and debt funding and modifications of existing capital structure, dividend policy, and stock offerings, repurchase programmes etc. Additionally, the Committee evaluates the progress of execution and effectiveness of the strategic plan and recommends changes to the plan where necessary and evaluates other issues or opportunities.

Compliance Committee

The Compliance Committee assists the Board and the Management in overseeing the Company's efforts with respect to operational compliance. This includes:

(i) Compliance with the laws and regulations applicable to the Company's business;

(ii) Compliance with the Company policies & procedures, standards of business conduct and ethics by employees, officers, Directors and other associates of the Company that are designed to support lawful and ethical business conduct by the Company and its employees and promote a culture of compliance and

(iii) Reviewing the Company's enterprise risk management and practices.

MANAGING KEY RISKS

RISK INFRASTRUCTURE

Risk infrastructure in place at AEL, ARL & ARL2 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, ARL & ARL2.

Internal Audit Function

The Company's Internal Audit Department which performs the internal audit function focuses on providing an independent oversight to the Board and the Audit Committee on the processes and controls that help to mitigate major risks.

Integrated Management Systems Function

AEL's integrated management systems consist of the Quality Management System (QMS) which confirms with the requirements of ISO 9001:2015, the Environmental Management System (EMS) which confirms with the requirements of ISO 14001:2015 and the Occupational Health and Safety Management System (OHSAS) which confirms with the requirements of ISO 45001:2018. These integrated management systems are a pivotal component of our risk infrastructure.

These systems are implemented in all Business Units across the Company and they help mitigating risks related to quality, environment and health & safety. All Business Units are regularly audited by the Management Systems' internal audit teams whilst they are bi-annually audited by the Management Systems External Auditor Det Norske Veritas (DNV GL).

RISK CULTURE

Higher levels of operational expertise, technical skills, compliance to distinctive processes and heightened levels of risk awareness, strengthens the formal components of our risk management framework. Training and developing staff skills, capacity building, the Code of Conduct followed by all employees and an attractive remuneration and compensation framework that rewards and stabilizes the approach to risk, supports the behaviours and shapes our risk culture. Along with the above framework, AEL has also incorporated firm whistleblowing policies to further reinforce its risk culture, this ensures the proper disclosure of misconducts or violations through confidential sources and allows for rectification. Together, these apparatuses emphasize AEL, ARL & ARL2's 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.

MANUFACTURED CAPITAL DEVELOPMENT REPORT FY 2021/22

Risk Management Policies	Corporate and Risk Governance	Code of Conduct	Mandatory Training	Remuneration and Rewards	Risk Appetite	Corporate Values

Enforcing an organizational risk culture begins at the level of Personal Predisposition, where the employees introspect and analyse various risk situations at the floor level. The same is then further developed in to various levels such as Person Ethics, Behaviours, and Organizational Culture which altogether enforces the organizations' risk culture.

For the annual year 2021/22, AEL, ARL & ARL2 have taken various initiatives to enforce its risk culture which included:

- Awareness programs in order to train and educate the employees regarding the risk culture.
- Management clearly specifying a well-defined process in order to report and manage risk.
- Leveraging the use of technology in order to assist with the management of risk and to improve the overall transparency of the Companies

RISK OWNERSHIP

The risk ownership function at AEL, ARL & ARL2 is responsible for identifying, measuring, monitoring and controlling risks at an operational level. This function also creates adequate risk awareness among the staff.

Each business unit's risk management function is led by the respective Head of the Unit, supported by his senior executive team. Managing Director together with the Corporate Management considers the operational risks that arise from the execution of the Company's business including risks of systems and equipment failure, overcapacity situations, inadequate skilled workforce and adverse climatic conditions. The Company adheres to policies, procedures, quality controls and best practices to ensure that all systems and equipment are functional. The consolidated risks and the mitigating actions are presented to the Strategic Planning Committee and the Audit Committee for review.

Primarily engaged in large scale infrastructure development projects, AEL is constantly challenged by the triple constraints of Time, Cost & Quality. The principle risks we face emanate from them. These risks have been broadly categorized under 13 principle risk drivers as elaborated in the Risk Table and are constantly reported to the Board and its Sub Committees.

The principle risks faced by ARL & ARL2 have been broadly categorized under 7 principle risk drivers as elaborated in the Risk Table and are constantly reported to the Board and discussed in great length at the management meetings.

At a more operational level, AEL, ARL & ARL2 adopt the following approach to managing these risks.

1 — Risk identification

Risk Identification is the process of determining risks that could potentially prevent the enterprise from achieving its objectives. It includes documenting and communicating the concern.

2 — Risk Assessment, Evaluation and Rating

Risk registers are used to assess and evaluate risks. All identified risks are assessed at three levels (high/ medium/low) with reference to the likelihood of occurrence and the potential impact. Tolerance levels and trigger points are also defined for each identified risk.

3 — Risk Management & Monitoring

Based on the risk scores derived from the risk register, the respective functions formulate strategies to curtail and mitigate these risk exposures. Risks are monitored at multiple levels within the Organization including at functional level, Board Sub Committee and Board level. Identified risks, the risk registers, mitigation plans and performance of each identified risk are evaluated at these levels throughout the year.

RISK IDENTIFICATION

An ongoing appraisal of the Company's risk profile is made by the Board. The level of risk the Company is willing to accept is defined as its Risk Appetite and has been set in the context of the interaction between risk assessment processes and its ability to mitigate and exert control over existing and emerging risks. Risk Appetite of AEL, ARL & ARL2 has been determined by the senior leadership to ensure that it is embedded in critical business processes.

RISK ASSESSMENT, EVALUATION & RATING

Risk Matrix for Risk Assessment

The following risk matrix is used by AEL, ARL & ARL2 as a technique for assessing and evaluating their risks. This matrix mainly focuses on risk analysis based on qualitative perception.

SEVERITY \ LIKELIHOOD	LOW	MEDIUM	HIGH
SIGNIFICANT	**Plan for action** (Mitigate or transfer)	**Immediate action** (Mitigate or share)	**Immediate action** (Mitigate or share)
MODERATE	**No action** (Accept or avoid)	**Plan for action** (Mitigate or transfer)	**Immediate action** (Mitigate or share)
MINOR	**No action** (Accept)	**No action** (Accept)	**Plan for action** (Mitigate or transfer)

MANAGING KEY RISKS

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

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

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

Risk Rating Process

The following diagram summarizes the risk rating process of AEL, ARL & ARL2

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

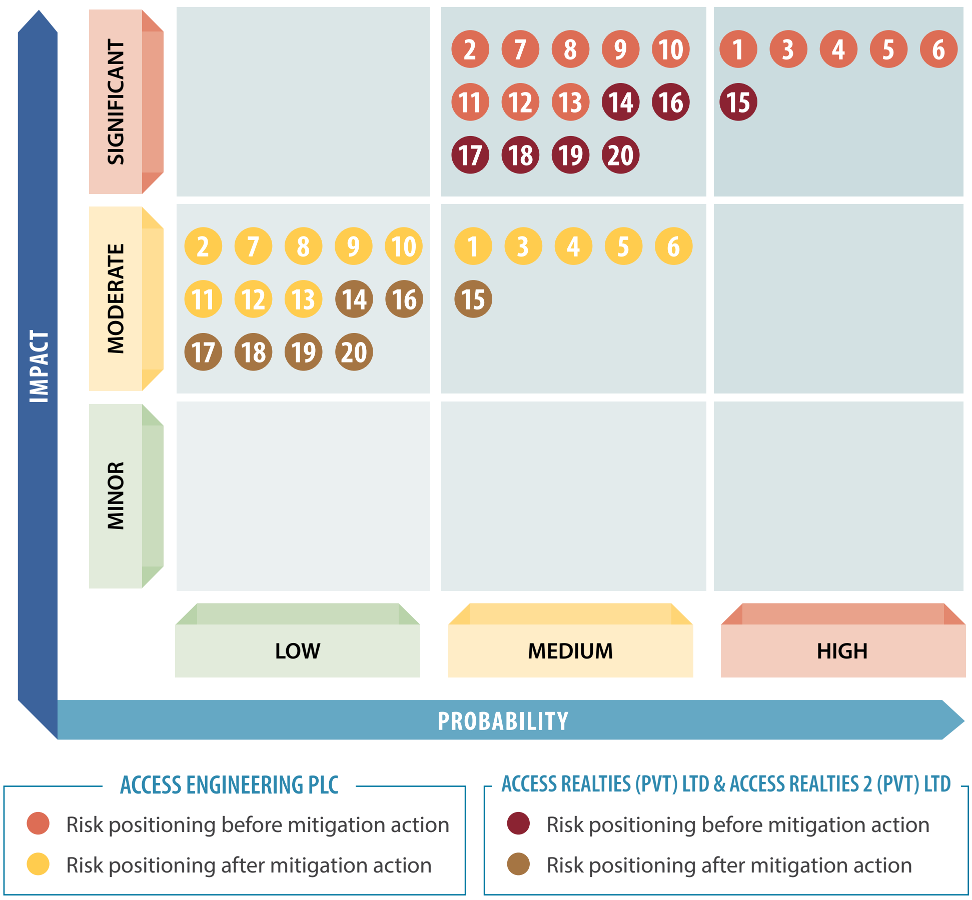
Objectives

- To minimize the risk of not meeting profit expectations
- To comply with the Regulatory Requirements
- To maintain a sound system of internal controls to safeguard shareholders' wealth and Company assets
- To ensure faster response to market opportunities by maintaining a 'sufficient' liquidity position at all times
- To move towards diverse business segments that are synergised with our core business in order to manage our exposure to cyclical downturns in our core business due to external factors
- Continue to be the preferred employer, successful in motivating, developing, retaining and attracting the best of human capital
- To keep pace with the current and new technological developments to safeguard against obsolescence and disruptions to our business
- To achieve cost savings through better management of resources
- To encourage employees to come up with ideas of innovative solutions and new ventures

Our Principle Risk

The Board and the Audit Committee at AEL concluded that the level of risk associated with the Company's principal risks is currently consistent with the Company's overall appetite in relation to these risks. The "heat map" sets out the positioning of our principal risks by impact and probability; both before any mitigation measures are taken into account and after the impacts of mitigation measures are taken into account.

The Directors confirm that they have carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.



RISK MANAGEMENT & MONITORING

The risk monitoring function at AEL, ARL & ARL2 measures the effectiveness of responses given to risks identified while evaluating their implementation against the plan and taking necessary corrective measures where deviations are evident.

Risk Management & Monitoring Report of Access Engineering PLC

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
1. Operating Risk	Operational risks are the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.	• Delays in project deliverables • Cost overruns • Unsatisfactory product performance • Quality not meeting specified requirements • Loss of profit, credibility & reputation • Delays in overall operations due to regulatory and policy changes	• Efficient & effective planning and implementation since the inception of the project covering the scope of the project, management of resources, time, quality & risk • Conducting frequent progress review meetings for business units to monitor work progress & budgetary controls and accordingly taking precautionary actions when & where necessary • Use of appropriate methodologies • Use of advanced technology & new construction techniques to expedite project implementation & reduce cost • Training and skills enhancement • Coordinating with the government and complying with the regulations in order to reduce or alleviate the impact of government impositions • Reducing the labour outlays and increasing the efficiency of machinery operations whereby, balancing or increasing the overall operational productivity • Compliance with Management System Standards (ISO 9001, ISO 14001, ISO 45001) • Monitor compliance of management system requirements via Internal Audits	Increased During 2021/22 Operating Risk of AEL increased and the Company managed to maintain a comprehensive approach to managing same. Operational risks caused due to the COVID-19 pandemic, foreign exchange risk and the restrictions of imports have been reviewed and mitigated. Overall operations and going concern of AEL has not been affected.	Increased
2. Technological Risk	This risk factor involves issues or concerns associated with the technologies involved in the execution methods and operational technology of projects.	• Failure to compete in the market as a result of technological obsolescence in the processes	• Investment in new technology • Upgrading of knowledge through training & development • Consulting with various technological firms and industry leaders on new and emerging technologies • Procuring and implementing new technologies for greater operational efficiency • Exploring sustainable technologies to allow for the reduction of the Company's carbon footprint	Unchanged During 2021/22 Technological Risk remained unchanged. AEL has invested in various new and latest technologies in order to keep up with the ever changing global industry. This has allowed AEL to achieve greater operational efficiency and to become an industry leader.	Unchanged

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
3. Socio-Economic and Political Risk	Socio-economic and political factors have a direct impact on the operational and investment activities of the Company	• Loss of social license to operate as a result of corporate behaviour against the interests of the society • The depreciation of the Rupee adds increased market pressures to the business of the Company • Negative impact on budgetary control due to political uncertainties	• The severity of the socio-economic and political variables is evaluated during the corporate planning sessions on an annual basis • Contingency plans are incorporated in the corporate plan • An overall feasibility study is conducted including socio-economic and political risks, in order to prevent any potential risk from investing in new ventures	Unchanged	Increased
				During 2021/22 Socio-economic and Political Risk increased. However AEL mitigated the Risk by way of participating in various community related initiatives, such as community development, philanthropy and staff engagement in various community initiatives while maintaining healthy relationships with stakeholders. Economic and Political factors did not directly influence the Company's performance due to strong strategic planning.	
4. Human Capital and Labour Risk	Failure to attract and retain key management could lead to a lack of necessary expertise or lack of continuity in executing strategy	• Potential impact to the Company operations due to COVID-19 • Failure to achieve growth plans as a result of failure to attract and retain sufficient numbers of qualified and experienced employees and/or inability to ensure their ongoing engagement and commitment • Improper recruitment resulting in an incompetent workforce & inferior product/service offering to clients. The industry is also prone to a high level of staff/ labour turnover • Significant turnover of staff and labourers due to the current economic crisis	• Developing a contingency plan in order to combat COVID-19 and to implement various measures to prevent and protect staff and labourers while at the Company premises through practice such as routinal sanitization and employee health checkups • Recruitment of best talent pool in the industry • Conducting periodic performance appraisals of staff • Continuous training & development of staff both on-site & off-site • Adopt market-based compensation, including appropriate incentive packages • Giving freedom to employees to meet their senior managers at any time, in discussing their work related matters	Increased	Increased
				During 2021/22 Human Capital and Labour Risk increased. However the Company mitigated this Risk by keeping a firm emphasis on retaining key talent and recruiting competent personnel through various initiatives such as performance recognition, reward schemes, succession planning, leadership and career development programs.	

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
5. Quality, Environment, Health & Safety Performance Risk	Potential harm to the growth of the Company, people, key assets, and others involved in operations as well as potential damage to the environment and stakeholders.	• Potential impact on operational performance due to COVID-19 as there are health and safety concerns for employees • Potential impact on the operation of projects due to external impacts from stakeholder (such as government, suppliers and nearby parties) arising from COVID-19 • Downgrading in CIDA Accreditations • Impact on achieving continual growth of the Company • Damage stakeholder relationships • Impairing Company reputation	• Offices/Sites/Projects adhered to the DREAM concept by: - Maintaining Distance - Wearing masks - Practicing personal hygiene - Notifying relevant authorities in case of complications or symptoms • Adhering to government directions with regards to the work environment • Practicing the bio-secure bubble concept whereby, the number of employees working in a particular area is limited to and secluded. This reduces health and safety concerns and allows for rapid implementation of COVID-19 control measures • Maintain accreditations: ISO 9001, ISO 14001, and OHSAS 45001 • Focused training on Health, Safety & Environment • Regular management meetings, evaluating performance and identify opportunity for improvement • Internal audit function to monitor the proper implementation of safety standards with the support of Safety Officers attached to each project site • R&D into new techniques in construction which cause less impact to the environment • Periodic evaluation of stakeholders (mainly sub-contractors & suppliers) on environmental grounds	Unchanged During 2021/22 Quality, Environment, Health & Safety Performance Risk remained unchanged. AEL is dedicated to consistently improve the management systems in place. The Company is continuously seeking for sustainable methods and practices to reduce impact on the environment. The risk status pertaining to Health and its performance remained unchanged.	Unchanged

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
6. Compliance Risk	Compliance risk may arise due to the failure to abide by any law or regulatory requirements applicable to the Company. Non-compliance could lead to sanctions by regulatory bodies, penalties and reputational damage, which could have a material adverse effect on the Company's operations and financial condition.	• Impact on Company operations due to COVID-19 related Government restrictions • Risk on going concern of the Company • Impact on continuity and growth of Company operations • Impairing Company reputation • Reduction in profitability due to legal fees and penalties	• Conducting periodical assessments on the extent of compliance with the statutory requirements • The Management Systems Team continuously reviews the changes in regulations and takes necessary action to ensure that the Company is in compliance with the regulatory requirements • Complying with the CSE reporting requirements on a weekly, monthly, quarterly and annual basis • Strictly following expert advice on issues related to income and taxation	Increased	Unchanged
				Compliance Risk remained unchanged during 2021/22 and AEL adhered to its risk mitigation strategies in order to maintain a high standard of regulatory compliance.	
7. Competition Risk	Increased competition has the possibility of reducing market share and margins.	• Total revenue growth • Underlying operating margin • Underlying Earnings per share • Work won and secured and probable orders	• Ensuring high standards of quality in finished products • Increasing productivity and efficiency in order to ensure our prices remain competitive despite increasing wage, energy and transportation costs • Increasing efficiency through R&D, investment in new technology & the adoption of best practices • Diversifying business operations to reduce the impact of competition	Unchanged	Unchanged
				Competition Risk remained unchanged during 2021/22 and AEL continued to maintain its competitiveness in the market. The Company has always sought best global practices and has implemented and invested in various technologies in order to maintain global standards.	

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
8. Finance Risk	Probability of loss inherent in financing methods which may impair the ability to provide an adequate return.	• Negative impact on the Company's cost of funding due to increases in interest rates • Adverse impact to the Company due to volatile foreign exchange rates and restriction imposed by the Government for imports • Loss of liquidity due to increasing debtor positions • Unavailability of sufficient working capital, negatively affecting the smooth functioning of day-to-day operations of the Company • Negative impact on profitability • Potential negative impact on Company Rating • The risk of default in trade receivables due to the prevailing economic crisis in the country	• Credit risk is maintained by reviewing the creditworthiness of counterparties to transactions on a case by case basis updated with latest information as it becomes available • Liquidity risk is managed by bank facilities and monitoring headroom • Interest rate risk in respect of surplus cash is managed by making deposits with suitable financial institutions • Foreign exchange risk is hedged through various strategies such as entering in to forward and future contracts. • Use of management systems/platforms that maintain accounts and provides crucial information to simplify and diminish potential financial risks	Increased	Increased
				Finance Risk significantly increased during 2021/22, but the constant monitoring and strategic planning of various financial operations by the management has kept the finance risk in check. The Treasury Division was supported by the Finance functions of the businesses to manage financial risks through ongoing monitoring of liquidity management strategies.	

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
9. Reputation Risk	Reputation risk is the risk that an event or incident could damage the image of the Company.	• Diminishing qualifications for bidding • Negative effects on total revenue growth, underlying operating margin and EPS • Negative impact on work won, secured and probable orders • Contractor or sub-contractor works may have the potential to damage or downgrade Company's reputation	• Having in place a budgetary process and a budgetary control mechanism on a monthly basis to ensure that the Company's performance is in line with its targets • Adopting stringent quality assurance policies with regard to goods/materials bought from third parties as well as the inputs, processes and outputs of own products • Ensuring effective communication with various stakeholders including employees, customers, suppliers, and other stakeholders and the community at large • Ensuring compliance with relevant laws and regulations • Code of Ethics of the Company is expected to be followed by all without any exception • Contractors are systematically screened before an agreement is handed-over and vigorously monitored during the engagement process to offset any delays or defects • The internal technical team monitors contracts and ensures they are delivered in a timely manner • The senior management consistently monitors and ensures that contractors follow proper operational and working practices	Unchanged Reputation risk remained unchanged during the year. AEL Policies, Procedures and best practices were the foundation of its uncompromising approach to ethical and transparent business during 2021/22. These principle frameworks have allowed the Company to maintain its image and seal greater achievements.	Unchanged

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
10. IT Related Risk	Breakdowns and failures in information systems and the use of obsolete systems will adversely affect smooth functioning of the Company.	• Impact on regulatory reporting deadlines of SEC and CSE • Reduce underlying operating margin due to cost for time and data recovery • Impairing goodwill of the Company due to loss of credibility • Threats from Cyber-attacks, leading to downtime or loss of operational functionality due to significant use of technology during the pandemic	• Maintaining a well-established IT governance structure • Maintaining a proper "back up" system in order to overcome data loss • Implementing a password/access control policy • Incorporating necessary validation and verification functions at the information entry level • Carrying out Application Control Audits • Installing a Fire Protection system at the Server Rooms and maintaining centralized UPS Rooms and installing Smoke Detectors for Server Rooms and UPS Rooms • Making use of various tools such as proxies, firewalls and administrative restrictions to allow for the organization to alleviate or decrease downtime and increase operational efficiency • Organization-wide awareness on IT, cyber security and training staff on various ways of handling sensitive information • Evaluating IT and cyber security risks, discussing with the management regarding the potential outcomes and creating a course of action to minimize the risk • Thoroughly evaluating and regulating external suppliers providing IT infrastructure/services to ensure security and smoothness of operations	Increased IT Related Risk remained unchanged during 2021/22. AEL IT management systems are constantly monitored and maintained in order to ensure that there are no risks associated with IT. The centralization of these IT systems guarantees the uniformity and standardization across the Company. Furthermore, the use of various administrative and internal tools allows for greater security and reduction of IT related risks.	Unchanged

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
11. Procurement Risk	Material/services price variations and availability of them will adversely affect the progress of the business.	• Reducing Underlying operating margin • Inability to meet the completion targets • Difficulty to procure materials & services due to the ongoing foreign exchange controls by the Central Bank of Sri Lanka • Potential procurement delays due to import restrictions imposed by the Government • Degrading quality standards of works • Difficulty to procure materials & services due to the pandemic related delays • Potential delays expected while receiving materials/ services leading to an overall decline in performances across various business activities • Increasing lead times due to the surge in prices of imported raw materials.	• Developing new products to improve quality and manage costs • Establishing relationships with global and local suppliers for raw materials and commodities in order to reduce over-dependency on a single supplier/brand • Adoption of backward integration strategies • Entering into forward contracts for raw material purchases • Regular supplier evaluations are conducted to ascertain their financial strength, social & environmental conduct • Consistent analysis of market conditions and existing vendors to evaluate and strategise a path whereby, materials/services are supplied without any disruptions • Working with vendors to reduce lead time • Frequently communicating with suppliers to assess potential interruptions and devising a strategy to reduce delays or downtimes • Central Procurement Division was made fully operational during the year • Utilizing vendor management systems such as "Green Tape" in order to improve the overall efficiency and effectiveness of procurement activities and to fast track the procurement process as the vendor management systems allows to circumvent traditional drawbacks • Substituting imported raw materials with local raw materials • Following up with the government and foreign parties to strategise a course of action in order to reduce the lead times and to quote a favourable price reducing or alleviating any procurement risks	Increased	Increased
				Procurement Risk significantly increased during 2021/22 and the Company took various decisions taking into consideration the macro - economic environment, volatile exchange rates and the import restrictions. Central Procurement Division of the Company was fully operational during the year.	

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
12. Fraud Risk	Fraud risk arises due to weaknesses in the internal controls, which could result in financial losses.	• Loss of reputation • Decrease in operating profitability of the Company • Negative impact on the going concern of the Company	• The Internal Audit Department conducts audits on a regular basis in areas which are susceptible to the occurrence of fraud • Authority and approval limits are implemented for all functions of the Company, making employees accountable for their actions • Ensuring appropriate segregation of duties • Every key activity is subjected to the scrutiny of another suitably skilled and authorized employee • When fraud is detected, immediate remedial action is taken to prevent repetition • Employees are encouraged to report any genuine concerns regarding fraud and malpractice • Company has implemented a sound whistle blowing policy	Unchanged	Unchanged Fraud risk remained unchanged during the year. AEL maintained various administrative and internal controls to ensure that the risk associated with frauds are kept in check and mitigated. The Company has always built, encouraged and observed ethical working practices for employees. The Company also does a thorough background check before recruiting an employee whereby, a potential fraud could be mitigated.
13. Foreign Currency Risk	• Foreign currency shortage leading to curtailment of imports, thereby limiting availability of stocks • Rupee depreciation and resulting losses from foreign payables	• Increasing construction and construction related material prices • Shortage of material due to high cost of imports	• Ongoing construction is carried out using existing construction materials • Use of locally sourced materials wherever possible	Unchanged	Increased Foreign Currency Risk significantly increased during 2021/22. The Company took various proactive decisions taking into consideration the exposure to foreign currency risk.

MANAGING KEY RISKS

Risk Management & Monitoring Report of Access Realties (Private) Limited & Access Realties 2 (Private) Limited

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
14. Operational Risk	Operational risks are the risks of losses resulting from inadequate or failed internal processes, people and systems, or from external events.	• Potential risk of losing building occupancy due to upward revision of building rentals • Increasing cost of building maintenance • A deterioration in the financial stability of tenants could increase bad debts • Risk of structural deterioration of the building. This could impact its commercial appeal and result in potential under performance of the investment and loss of income • Risk of losses due to external factors such as fraud or theft of sensitive data. • Risk of losses arising out of interruption to business activities	• Commercial real estate investment portfolios should include properties in multiple markets to limit the impact of declines in any one of them • Managing liquidity risk requires detailed analysis of the supply/demand characteristics of the market in which the property is located • Manage property-specific risk through careful due diligence, not just on the property itself but on plans for the surrounding area, neighbourhood, and market that may potentially affect value and/or demand. • Careful analysis of a tenant's financial condition and credit worthiness prior to finalizing lease agreements and careful drafting of lease agreements • Training and skills enhancement of building maintenance staff • Monitor compliance of management system requirements via internal audits • Use of advanced building management technologies and new techniques to reduce cost	Not Reported	Decreased
				Since 2020/21, the Company faced a potential risk of losing tenants due to the associated lockdowns and disruption to business activities caused from the outbreak of the COVID-19 global pandemic. During the year, the Company has managed the situation using a variety of measures including granting of rental moratoriums to tenants on request. Hence the Company was able to continue as a going concern in 2021/22 and operational risk significantly reduced .	
15. Technological Risk	This is the potential risk of increasing operational costs and losing usability of the building premises due to usage of outdated technology.	• Failure to compete in the market as a result of technological obsolescence in processes	• Investment in new technology • Upgrading of knowledge through training and development of maintenance and operational staff, industrial visits • Consulting with various technological firms and industry leaders on new and emerging technologies • Procuring and implementing new technologies for greater operational efficiency • Exploring sustainable technologies to allow for the reduction of carbon footprint	Not Reported	Unchanged
				In 2021/22, the Company made investments to adopt new technologies on par with global industry practices.	

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
16. Human Capital and Labour Risk	Failure to attract and retain key management could lead to a lack of necessary expertise or lack of continuity in executing strategy.	• Potential impact on Company operations due to COVID-19 • Difficulties in maintenance management due to Improper recruitment	• Recruitment of the best talent pool in the industry • Conducting periodic performance appraisals of staff • Continuous training and development of staff	Not Reported	Unchanged
				During 2021/22, the Company conducted special training sessions for maintenance staff to enhance their skills with leadership and career development programmes, ensuring that high quality employees are retained.	
17. Finance Risk	Probability of loss inherent in financing methods which may impair the ability to provide an adequate return.	• Negative impact on the Company's cost of funding due to the increase in interest rates • Due to the increase in debtor position, there may be a risk in cash flows • Unavailability of sufficient working capital, negatively affecting the smooth functioning of day-to-day operations of the Company • Negative impact on profitability	• Credit risk is maintained by reviewing the creditworthiness of tenants on a case by case basis updated with latest information as it becomes available • Liquidity risk is managed by bank facilities and monitoring headroom • Interest rate risk with respect to cash surplus is managed by making deposits with suitable financial institutions • Implementing the use of management systems/platforms that maintain accounts and provides crucial information to simplify and diminish potential financial risks	Not Reported	Unchanged
				During 2021/22 there were continuous monitoring of liquidity management strategies. Due to the nature of business, the working capital requirements were limited and financial risk exposure is significantly low.	
18. Reputation Risk	Reputation risk is the risk that an event or incident could damage the image of the Company.	• Not complying with regulations, local laws or industry regulations • Data breaches due to unsafe practices that threaten personal information and safety of tenants and employees • Consistent inability to meet tenant needs or falling short of tenants expectations	• Investigate weaknesses and determine relevant reputational attributes within the organization • Mitigating the likelihood and severity of reputational damage/impact through standardizations, use of new technologies, policies, and procedures • The Board and the top management recognized the importance of reputational risk management, and middle managers led by example to promote positive messages to key stakeholders	Not Reported	Unchanged
				Reputation risk remained unchanged during the year. Company policies, procedures and best practices were the foundation of its uncompromising approach to ethical and transparent business during 2021/22.	

MANAGING KEY RISKS

Risk	Risk Description	Impact on KPI's	Risk Mitigation Strategies	2020/2021	2021/2022
19. IT-Related Risk	Breakdowns and failures in information systems and the use of obsolete systems will adversely affect smooth functioning of the Company.	• Impact on regulatory reporting deadlines of Inland Revenue • Reduction in the underlying operating margin due to cost for time and data recovery • Impairing goodwill of the Company due to loss of credibility • Threats from Cyber-attacks, leading to downtime or loss of operational functionality due to significant use in technology during the pandemic	• Maintaining a well-established IT governance structure • Maintaining a proper "back up" system in order to overcome data loss • Implementing a password/access control policy • Incorporating necessary validation and verification functions at the information entry level • Carrying out Application Control Audits • Installing a Fire Protection system at the Server Rooms and maintaining centralised UPS Rooms and installing Smoke Detectors for Server Rooms and UPS Rooms • Making use of various tools such as proxies, firewalls and administrative restrictions to allow for the Organisation to alleviate or decrease downtime and increase operational efficiency	Not Reported	Unchanged
				Relevant license renewals were made during 2021/22 and continuous monitoring of information systems were carried out. As a result IT related risk remained unchanged during the year.	
20. Procurement Risk	Material/services price variations and availability of same will adversely affect smooth functioning of the business.	• Potential delays expected while receiving materials/ services leading to an overall decline in performance across various business activities • Delays due to import restrictions imposed by the Government, increasing lead times due to the surge in prices of imported materials	• Establishing relationships with many global and local suppliers for materials and commodities in order to reduce over-dependency on a single supplier/brand • Regular supplier evaluations are conducted to ascertain their financial strength, social and environmental conduct • Working with vendors on an agreement to reduce lead time • Frequently communicating with suppliers to assess potential interruptions and devising a strategy to reduce delays or downtimes	Not Reported	Increased
				Procurement Risk significantly increased during 2021/22 and the Company took various decisions such as maintaining adequate buffer stocks taking into consideration the macro - economic environment, volatile exchange rates and the import restrictions.	

The management along with the employees of AEL, ARL & ARL2 always looks forward to facing challenging risks whereby, potential risks are forecasted and analysed. Through the forecast and analysis, the Group identifies potential high risks that may have an impact to the Group and strategically plans to implement methods to mitigate or minimize the risks.'

For the current year the Group faces risks pertaining to foreign exchange, imports and exports, labour turnover due to slow down of infrastructure development and many more. Nevertheless, the Group has strategically planned and implemented various methods to mitigate the same and to improve the overall efficiency of the Group.

STEADFAST SOLIDARITY

We are dedicated to providing quality products and services that ensure continuous improvement, with a view to establishing lasting social, economic and environmental sustainability.

FINANCIAL REPORTS

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

The Directors of Access Engineering PLC have pleasure in presenting their Annual Report of the Company, together with the Audited Financial Statements of the Company for the year ended 31 March 2022. 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 2022, in addition to the Audited Financial Statements.

The Company's Board of Directors is responsible for confirming that the information stated in the Annual Report on the Affairs of the Company, contains the information required in terms of the Companies Act No.07 of 2007, the Listing Rules of the Colombo Stock Exchange and is guided by recommended best practices.

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 *DiriSavi* Board of the Colombo Stock Exchange on 27 March 2012 and changed its name to Access Engineering PLC on 12 June 2012. The registration number of the Company changed to PB 200 PQ.

Access Engineering PLC is now listed on the Main Board of the Colombo Stock Exchange with effect from 8 January 2013. ICRA Lanka has also reaffirmed the issue Rating of [SL]A+ assigned to the Company's Senior Unsecured Redeemable Listed Debenture Programme, revising the outlook from Stable to Negative.

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY AND THE GROUP

Access Engineering PLC is a holding company and manages a portfolio of diverse range of business including Construction, Construction-Related Material, Property and Automobile. Refer Note 32 to the Financial Statements on page 297 for a brief description of the principal activities of the Company and subsidiaries.

SUBSIDIARY INVESTMENT ACTIVITIES DURING THE YEAR

The Company invested in 100% share capital of Access Logistics Park Ekala (Private) Limited with a consideration of LKR 2,388 Mn. Furthermore the company further invested a LKR 964 Mn and 40 Mn in the share capital of WUS Logistics (Private) Limited and Access Logistic (Private) Limited respectively, which are fully owned subsidiaries of the company.

In addition, the company has invested 100% share capital of AEL East Africa Ltd at a consideration of LKR 255,558/= during the year, involve in construction activities which was incorporated in Republic of Kenya.

The company acquired additional interest in the shares of Harbour Village (Private) Limited and increased its shareholding to 66.67%, the consideration of LKR 352 Mn was made to the non- controlling shareholders.

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 on Page 15. The Segment-wise contribution to Group revenue, results, assets and liabilities are provided in Note 4 (page 242) 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 page 231 of this Annual Report.

FINANCIAL RESULTS AND APPROPRIATIONS

Revenue

Revenue generated by the Group amounting to LKR 39,630 Mn (2021 – LKR 23,837 Mn). Similarly the Company revenue amounted to LKR 33,337 Mn (2021 – LKR 21,853 Mn). A detailed revenue analysis is presented in Note 5 (Page 244) 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 5,130 Mn (2021 – LKR 2,393 Mn) and LKR 5,110 Mn (2021 – LKR 2,386 Mn) respectively. In addition, the profit after tax of the Company was LKR 2,580 Mn (2021 – LKR 2,329 Mn).

Furthermore, the Group total comprehensive income attributable to parent was LKR 5,214 Mn (2021 – LKR 2,491 Mn). The Company's total comprehensive income for the year was LKR 2,676 Mn (2021 – LKR 2,363 Mn).

Access Engineering PLC for the year ended 31 March

	2022 LKR'000	2021 LKR'000
Profit after tax	2,579,902	2,328,595
Other adjustments	96,360	(5,513)
Balance brought forward from the previous year	12,646,119	11,323,037
Amount available for appropriation	15,322,381	13,646,119
1st interim dividend	(250,000)	(500,000)
2nd interim dividend	Nil	(500,000)
Final dividend	(750,000)	Nil
Balance carried forward to the following year	14,322,381	12,646,119

* In accordance with LKAS 10 - Events after the Reporting Period, the final dividend has not been recognised as liability in the Financial Statements.

Dividends

First interim dividend of LKR 0.25 per share was declared on 10 August 2021 and paid on 7 September 2021. The Final dividend of LKR 0.75 per share was declared on 17 May 2022 and paid on 13 June 2022

Revenue reserves

The Revenue reserves of the Group and the Company as at 31 March 2022 amounted to LKR 19,187 Mn (2021 – LKR 14,825 Mn) and LKR 15,323 Mn (2021 – 13,396 Mn) respectively. The movement during the year is disclosed in the Statement of Changes in Equity on page 232.

Accounting policies

The significant accounting policies adopted in the preparation of Financial Statements of the Group and the company is given on pages 236 to 316 on 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 236 to 316. 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 2022 total donations made by the Group and the Company amounted to LKR 3,388,605 (2021 – LKR 1,066,114) and LKR 2,103,344 (2021 – LKR 808,974) respectively.

Corporate social responsibility

The Company took forward its respective CSR initiatives with a range of programs and activities. Further details of the same are displayed on pages 140 to 141 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 equalled to LKR 3,005 Mn (2021 – LKR 1,528 Mn.) and LKR 2,799 Mn (2021 – LKR 722 Mn.) respectively. Related information and movements have been disclosed in Note 11 (pages 254 to 261) to the Financial Statements.

Addition to intangible assets of the Group and the Company additions during the year amounted to LKR 45.9 Mn (2021 – LKR 2.8 Mn.) and LKR 43.9 Mn (2021 – LKR 1.5 Mn.) respectively. All other related details to intangible assets are disclosed under the Note 14 (page 266) 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 2020 and the carrying value was adjusted accordingly. The information relating to freehold land and buildings are enclosed in Note 11.3 (page 260) and Note 13.2 (page 265) to the Financial Statements.

LAND HOLDINGS

The extents, locations and valuations of the group's freehold land holding are giver below:

Location	Extent			Carrying value of assets
	A	R	P	LKR
Access Engineering PLC				
No. 336/1, Low Level Road, Jalthara, Ranala	-	3	38.4	80,000,000
No. 267, Dehiwala Road, Maharagama	-	3	1	266,200,000
No. 278, Alubogahalanda, Jalthara, Ranala	3	3	4.86	82,000,000
No. 117, Dehiwala Road, Boralasgamuwa	-	2	35.5	255,000,000
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				
Nos. 264/5, 266, 268, 278 and 278/4, Dr Colvin R De Silva Mawatha (Union Place) and Nos. 116 & 118 Dawson Street, Colombo 02	1	-	25.65	4,055,650,735
Access Realties 2 (Private) Limited				
30 Stories Buildings at No. 278/4, Colombo o2	-	-	-	6,993,456,890
Sathosa Motors PLC				
Peliyagoda - Leasehold land	2	-	23.93	5,133,746
No. 86, Vauxhall Street, Colombo 02	-	2	3.07	868,000,000

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

Location	Extent A	Extent R	Extent P	Carrying value of assets 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	5,477,000
No. 301/1/D, Jalthara, Ranala.		3	26	4,000,000
WUS Logistics (Private) Limited				
No. 540, MaligagodellaWatta, Aswedduma Junction, Aluthapola, Negombo	41	2	27.45	900,000,000
Kimbulapitiya, Negombo	-	3	16.25	13,008,718
Harbour Village (Private) Limited				
No. 250, Srimath Ramanathan Mawatha, Kotahena, Colombo 15	5	-	-	2,400,000,000
Access Logistics (Private) Limited				
Kimbulapitiya South, Kimbulapitiya, Negombo	1	3	31.3	89,784,950

Investment properties

The investment properties of business units, when significantly occupied by Group companies, are classified as PPE in the consolidated Financial Statements in compliance with LKAS 40.

The Group revalued its investment properties in line with the policies adopted by the Group and the carrying value at Group and Company level is LKR 17,831 Mn (2021 – LKR 10,573 Mn.) and LKR 1,026 Mn (2021 – LKR 614 Mn) respectively. All information related to revaluation of the investment properties are provided in Note 13 (page 264) to the Financial Statements.

INVESTMENTS

A detailed description of the Company's investment in quoted shares held as at 31 March 2022 is given in Note 21 (page 276) to the Financial Statements.

Additionally, a detailed description of the Company's fixed deposits and debentures held as at 31 March 2022, are disclosed in Note 22 (page 277) and Note 20.2 (page 275) to the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company is LKR 9,000 Mn representing 1,000 Mn ordinary shares. (2021 – LKR 9,000 Mn representing 1,000 Mn ordinary shares). Details are given in Note 24 (page 278) to the Financial Statements.

DEBENTURE

Debenture of the Company amounting to LKR 4,998 Mn and LKR 1 Mn matured and fully paid in November 2020 and November 2021 respectively. The outstanding capital as at year end is LKR 0.56 Mn (2021 - LKR 1.59 Mn). as given in Note 26.1 (page 280) to the Financial Statements. Said Listed Debentures rating of [SL] A+ reaffirmed outlook revised to Negative from Stable by ICRA Lanka Limited.

RATIOS AND MARKET PRICES OF DEBENTURES

Ratios and market prices of the Listed Rated Senior Unsecured Redeemable Debentures issued by the Company, as required by the Listing Rules are set out in Note 26.1 to the Financial Statements on Page 280 to 281.

SHARE INFORMATION

Shareholders

Nine thousand seven hundred ninety five shareholders were registered as at 31 March 2022 (9,712 shareholders as at 31 March 2021). Detailed analysis of the same is given on page 133 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 133 to 135 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 222.

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 158 to 161.

Executive directors

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

Non - Executive Directors

Mr. R J S Gomez

Mr. S D Perera

Mr. Shamal J S Perera

Independent Non - Executive Directors

Prof. K A M K Ranasinghe

Mr. N D Gunaratne

Mr. D S Weerakkody

Mr. J C Joshua who served as the Managing Director was appointed Executive Vice Chairman with effect from 24 August 2021 and Mr. D A R Fernando who served as the Chief Operating Officer was appointed Managing Director with effect from 24 August 2021.

Retirement and re-election of directors

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

Directors of Subsidiary Companies are given in the page 320 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 183.

BOARD COMMITTEES

The Audit Committee, Remuneration Committee, Strategic Planning Committee and the Related Party Transactions Review 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 page 191. The composition of the said Committees as at 31 March 2022 is as follows.

Audit committee

Mr. N D Gunaratne - Chairman

Prof. K A M K Ranasinghe

Mr. S D Perera

Mr. D S Weerakkody

Mr. Shamal J S Perera

*Mr. Shamal J S Perera has been appointed to the Audit committee with effect from 11 February 2022.

Remuneration committee

Mr. D S Weerakkody - Chairman

Prof. K A M K Ranasinghe

Mr. N D Gunaratne

Mr. S D Perera

Related party transactions review committee

Mr. N D Gunaratne - Chairman

Prof. K A M K Ranasinghe

Mr. D S Weerakkody

Mr. D A R Fernando

Investment & subsidiary performance monitoring committee

Prof. K A M K Ranasinghe - Chairman

Mr. N D Gunaratne

Mr. D S Weerakkody

Mr. J C Joshua

Mr. D A R Fernando

Mr. Shamal J S Perera

*Mr. Shamal J S Perera has been appointed to the Investment & subsidiary performance monitoring committee with effect from 11 February 2022.

Strategic planning committee

Mr. S J S Perera - Chairman

Mr. J C Joshua

Mr. D A R Fernando

Prof. K A M K Ranasinghe

Declaration under rule 9.3.2 (D) listing rules

The Directors declare that the Company is in compliance with Rule 9 of the Listing Rules of the Colombo Stock Exchange pertaining a Relate Party Transactions during the Financial Year ended 31 March 2022.

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 2022 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 287) to the Financial Statements

Non-Recurrent related party transactions

There were no non-recurrent related party transactions of which aggregate value exceeded 10% of the equity or 5% of the total assets of the Company during the year ended 31 March 2022, which require specific disclosures in the Annual Report as required by Listing Rule 9.3.2 of the Colombo Stock Exchange and the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

Recurrent related party transactions

There were no recurrent related party transactions which in aggregate exceeded 10% of the consolidated revenue of the Group as per 31 March 2022 Audited Financial Statements, which required additional disclosures in the 2021/22 Annual Report under Colombo Stock Exchange Listing Rule 9.3.2 and Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission.

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

DIRECTORS' REMUNERATION

The Directors' remuneration is disclosed under key management personnel compensation in Note 29.6 to the Financial Statements on page 291.

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 287) 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 2022 and 31March 2021 are as follows.

	Shareholding as at 31/03/2022	Shareholding as at 31/03/2021
Mr S J S Perera	250,000,000	250,000,000
Mr J C Joshua	101,000,000	101,000,000
Mr R J S Gomez	Nil	630,325
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
Prof K A M K Ranasinghe	100	100
Mr N D Gunaratne	Nil	Nil
Mr D S Weerakkody	10,597	10,000
Mr Shamal J S Perera	50,811,814	50,811,814

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 Kay 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 166 to 196 explains the measures adopted by the Company during the year of review.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Group's system of internal control. The system is designed to give assurance,inter alia, regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information generated. However, any system can only ensure reasonable and not absolute assurance that errors and irregularities are either prevented or detected within a reasonable time period.

The Board, having reviewed the system of internal controls, is satisfied with the Group's adherence to and effectiveness of these controls for the period up to the date of signing the Financial Statements.

SUSTAINABILITY

The Group pursues its business goals based on a model of stakeholders' governance. Finding of the continuous internal stakeholder engagements have enabled the Group to focus on material issues highlighted by other stakeholders such as employees, customers, suppliers and the community. These steps have been encapsulated in a group-wide strategy focused on sustainable development which is continuously evolving based on the above mentioned stakeholder engagements. Capital Formation and Distribution on page 92.

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 2022 a total of 2,854 Persons were in employment (2,785 persons as at 31 March 2021). Refer Human Capital on Pages 109 to 124 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 2022 the trade and other payables in terms of the Group and the Company amounted to LKR 25,162 Mn (2021 – LKR 17,307 Mn) and LKR 14,066 Mn (2021 – LKR 10,918 Mn) respectively. Details of the same are given on Note 28 on page 286.

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 143 to 151 for more information.

RESEARCH AND DEVELOPMENT

The Group has an active approach to research and development and recognizes the contribution that it can make to the Group's operations. Significant expenditure has taken place over the years and substantial effort will continue to be made to introduce new products and processes and develop existing products and processes to improve operational efficiency.

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 292) to the Financial Statements covering commitments and contingencies.

CONTINGENT LIABILITIES

Except as disclosed in Note 30 (Page 292) 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 198 to 214.

EVENTS OCCURRING AFTER THE REPORTING PERIOD

Except for the matters disclosed in Note 31 (Page 296) to the Financial Statements, there were no material events as at the date of the Auditor's Report, which require adjustment to or disclosure in the Financial Statements.

GOING CONCERN

The Financial Statements are prepared on going concern principles. After making adequate enquires from the Management, the Directors are satisfied that the Company and it's subsidiaries have adequate resources to continue its operations in the foreseeable future.

INDEPENDENT AUDITORS' REPORT

The Report of the Independent Auditor on the Financial Statements of the Company is given on Pages 224 to 229.

AUDITORS

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

A total amount of LKR 4,722,333 is payable by the Company to the Auditors for the year under review comprising LKR 3,412,000 as audit fees and LKR 1,310,333 for non-audit services on Note 8 of page 247.

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 Annual General Meeting.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of knowledge and belief of the Directors, the Group/Company has not engaged in any activity, which contravenes laws and regulations of the country.

ANNUAL REPORT

The Board of Directors approved the consolidated Financial Statements on 30 August 2022 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 Eleventh Annual General Meeting will be held on 23 September 2022.

The notice of the Annual General Meeting appears on page 321.

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

S J S PERERA
Chairman

J C JOSHUA
Executive Vice Chairman

P W CORPORATE SECRETARIAL (PRIVATE) LIMITED
Secretaries

30 August 2022
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 224 to 229.

The Directors are responsible for the proper recording and maintenance of the books of all accounts of all transactions of the Company and its subsidiaries under the Sections 150(1), 151, 152(1) and 153 of the Companies Act No. 07 of 2007.

Under Section 148, the Directors are responsible for preparing the Company Financial Statements that give a true and fair view of the State of the Affairs of the Company and its subsidiaries at the reporting date of each financial year. The prepared Financial Statements consist of the Statement of Comprehensive Income giving a true and fair view of the profit or loss of the Company along with its subsidiaries for the financial year, 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 judgements 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 and in this regard have established appropriate systems of internal control with a view to preventing and detecting fraud and other irregularities.

As required by the Section 56(2) of the Companies Act No. 07 of 2007, the Board of Directors have confirmed that the Company, based on the information available, satisfied the solvency test immediately after the distribution, in accordance with Section 57 of the Companies Act No.07 of 2007, and have obtained a certificate from the Auditors, prior to declaring all dividends. The Directors are of the view that they have discharge their responsibilities as set out in this Statement.

The External Auditors, Messrs KPMG who were deemed re–appointed in terms of Section 158 of the Companies Act No. 07 of 2007 were provided with every opportunity to undertake the inspections they considered appropriate to enable them to form their opinion on the Financial Statements. The Report of the Auditors, shown on pages 224 to 229 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 292) to the Financial Statements covering commitments and contingencies.

By Order of the Board,

P W CORPORATE SECRETARIAL (PRIVATE) LIMITED
Secretaries

30 August 2022
Colombo

DIRECTORS' STATEMENT ON INTERNAL CONTROL

The following Statement fulfils the requirement to publish the Directors' Statement on Internal Control as per the Code of Best Practice on Corporate Governance 2017 jointly issued by The Institute of Chartered Accountants of Sri Lanka and the Securities and Exchange Commission of Sri Lanka.

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

Following features of the system of Internal Control that has been introduced by the Board gives reasonable assurance that a proper system is 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 Chief 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 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 Audit Committee for their review.
- The Board Audit Committee reviews internal control issues identified by the Internal Audit Department, regulatory bodies and the Management and evaluates the adequacy and effectiveness of the risk management and internal control systems. They further review the internal audit functions with particular emphasis on the scope of audits and quality of internal audits. The minutes of the Board Audit Committee meetings are tabled at the Board meetings of the Company.
- In accordance, with Sri 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 2021/22 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 objectives and can only provide reasonable and not absolute assurance against material misstatements of loss.

Based on the above processes, the Board of Directors confirms that the financial reporting system of the Company has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes has been done in accordance with the Sri Lankan Accounting Standards (SLFRSs/ LKASs), requirements of the Companies Act No. 07 of 2007 and Listing Rules of the Colombo Stock Exchange. The Consolidated Financial Statements for the year ended 31 March 2022 have been audited by Messrs KPMG, Chartered Accountants.

S J S PERERA
Chairman

J C JOSHUA
Executive Vice Chairman

N D GUNARATNE
Chairman, Audit Committee

30 August 2022

INDEPENDENT AUDITORS' REPORT

KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
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TO THE SHAREHOLDERS OF ACCESS ENGINEERING PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Access Engineering PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information as set out on pages 230 to 316.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2022, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company financial statements and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the Company financial statements and the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Recognition of Revenue

Refer note 5 to the consolidated financial statements

Risk description	Our response
The major components of the Group's revenue comprises of revenue recognized overtime from construction contracts amounting to Rs. 20 Bn for the year ended 31 March 2022. 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 of 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.

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. 17.8 Bn as at 31 March 2022. 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 and the implication of COVID-19 pandemic introduced significant estimation uncertainty in relation to the measurement of the market value of investment properties. We identified fair valuation of Investment properties as a key audit matter due to the use of significant estimates such as per perch price and value per square foot involved in assessing the fair value of the investment property.	Our audit procedures included, • Assessing the objectivity, independence, competence and qualifications of the external valuers. • Assessing the key assumptions applied and conclusion made by the external valuer in deriving the fair value of the Investment properties and comparing the same with evidence of current market values. • Challenging how valuers had assessed the impact of the prevailing uncertain and volatile macro-economic environment and implication of COVID-19 to assess whether that it was appropriately considered in the measurement in valuing properties to determine the fair value of the investment property. • Assessing the adequacy of disclosure in relation to fair value of investment property in the financial statements.

INDEPENDENT AUDITORS' REPORT

KPMG

Impairment assessment of Goodwill and Investments in Subsidiaries

Refer note 14 and 15 to the consolidated financial statements

Risk description	Our response
As at 31 March 2022, the goodwill and investment in subsidiaries amounting to Rs.1.2 Bn and Rs. 21.4 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 and the implication of COVID-19 pandemic 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 and COVID-19 pandemic such as discount rates, cost inflation and business growth with reference to the internally and externally derived sources including Group budgetary process and reasonableness of historical forecasts. • Obtaining the Company's cash flow projections covering a period of 12 months from the reporting period end date and challenging these key assumptions used in preparing the projections. • Considering the adequacy of the Group disclosures in the financial statements in respect of impairment testing.

KPMG

Recoverability of Trade Receivables

Refer note 19 to the consolidated financial statements.

Risk description	Our response
The Group trade receivables are stated in the financial position at their fair value less any provision for irrecoverable amounts. As at 31 March 2022 net of trade receivables were Rs. 21.9 Bn after provisions of Rs. 390.6 Mn. There are inherent risks relating to customer's credit risk profile which varies due to the size of each customer and the industries that the customers operate in. The risk is whether the trade receivables are recoverable and determining an appropriate provision for potentially impaired trade receivables requires significant management judgment. Impairment allowances represent management's best estimate of the losses expected within receivables as at the financial position date. Management has assessed the receivable balances individually based on the age of debts to identify any objective evidence of impairment. The prevailing uncertain volatility of macro-economic environment and the implication of COVID-19 pandemic 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, the COVID-19 pandemic 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 and the COVID-19 pandemic 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 and COVID-19 pandemic at the reporting date with reference to the reasonable and supportable information available to management at that date. • Assessing the adequacy of financial statements disclosure as per the required accounting standards.

INDEPENDENT AUDITORS' REPORT

KPMG

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

KPMG

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 2599.

CHARTERED ACCOUNTANTS
Colombo, Sri Lanka

30 August 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

GRI 207-4

For the year ended 31 March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Revenue	5.1	39,629,621,775	23,837,032,998	33,336,537,165	21,852,864,677
Cost of sales		(34,317,835,707)	(19,698,669,428)	(29,673,376,893)	(18,944,612,742)
Gross profit		5,311,786,068	4,138,363,570	3,663,160,272	2,908,251,935
Other income	6.1	1,119,699,891	572,247,573	1,437,024,525	775,714,870
Administrative expenses		(2,173,839,561)	(1,678,828,466)	(1,125,933,058)	(728,529,207)
Other expenses		(45,929,888)	(52,999,923)	(35,949,828)	(45,247,783)
Operating profit		4,211,716,510	2,978,782,754	3,938,301,911	2,910,189,815
Finance cost	7.1	(1,537,453,871)	(1,129,555,372)	(1,418,913,457)	(912,985,466)
Finance income	7.1	503,809,844	556,975,437	468,547,838	475,880,878
Share of results of equity-accounted investees, net of tax	16.2	1,435,066,924	711,721	-	-
Profit before tax		4,613,139,407	2,406,914,540	2,987,936,292	2,473,085,227
Income tax (expense) / reversal	9.1	517,073,784	(13,644,224)	(408,034,408)	(144,490,725)
Profit for the year		5,130,213,191	2,393,270,316	2,579,901,884	2,328,594,502
Profit attributable to:					
Equity holders of the parent		5,110,445,938	2,385,552,442	2,579,901,884	2,328,594,502
Non-controlling interests		19,767,253	7,717,874	-	-
Profit for the year		5,130,213,191	2,393,270,316	2,579,901,884	2,328,594,502
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Re-measurements of defined benefit liability	27.1	125,237,627	(5,857,822)	112,046,294	(6,410,593)
Revaluation of land and buildings	11.1/ 11.2	-	71,652,508	-	-
Related tax	9.1	(17,623,445)	40,058,259	(15,686,481)	40,352,423
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences on foreign operations		(3,530,876)	-	-	-
Other comprehensive income for the period, net of tax		104,083,306	105,852,945	96,359,813	33,941,830
Total comprehensive income for the year, net of tax		5,234,296,497	2,499,123,261	2,676,261,697	2,362,536,332
Total comprehensive income attributable to:					
Equity holders of the parent		5,213,985,669	2,491,180,786	2,676,261,697	2,362,536,332
Non-controlling interests		20,310,828	7,942,475	-	-
Total comprehensive income for the year, net of tax		5,234,296,497	2,499,123,261	2,676,261,697	2,362,536,332
Basic earnings per share	10	5.11	2.39	2.58	2.33
Dividend per share	24.3			0.75	0.50

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

Figures in brackets indicate deductions.

STATEMENT OF FINANCIAL POSITION

GRI 207-4

As at 31 March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Assets					
Non-current assets					
Property, plant and equipment	11.1/11.2	6,603,567,520	5,707,784,668	4,419,425,521	2,520,232,668
Right-of-use-assets	12.1	2,736,746,067	228,831,207	124,743,049	-
Investment properties	13.1	17,831,487,464	10,573,071,663	1,026,408,650	614,207,200
Investment properties- work-in-progress	13.3	1,768,828,208	6,605,111,595	-	-
Intangible assets and goodwill	14.1	1,257,774,793	1,235,105,336	58,026,814	28,907,551
Investments in subsidiaries	15.1	-	-	21,426,091,615	17,682,671,217
Equity-accounted investees	16.1	2,245,154,983	1,290,088,059	1,255,465,410	1,255,465,410
Non-current financial assets	17	510,000	-	510,000	-
Deferred tax asset	9.4	1,121,731,724	48,028,787	-	-
		33,565,800,759	25,688,021,315	28,310,671,059	22,101,484,046
Current assets					
Inventories	18.1	14,619,851,673	8,714,470,692	3,881,321,447	2,059,826,864
Trade and other receivables	19.1	25,160,628,086	14,185,353,886	21,854,323,383	11,815,103,857
Amount due from related parties	29.2	8,339,101	18,681,507	350,947,740	1,075,855,099
Current tax assets	9.3	53,920,346	71,577,002	-	-
Other current financial assets	20	3,557,423,609	3,120,448,246	3,309,006,015	2,879,334,391
Short-term investments	21	536,892,942	258,158,894	536,892,942	258,158,894
Short-term deposits	22	2,136,020,085	1,779,874,707	1,691,482,324	1,463,635,356
Cash and cash equivalents	23	2,208,007,038	2,222,958,389	898,392,700	699,437,937
		48,281,082,880	30,371,523,323	32,522,366,551	20,251,352,398
Total assets		81,846,883,639	56,059,544,638	60,833,037,610	42,352,836,444
Equity and liabilities					
Equity					
Share capital	24.1	9,000,000,000	9,000,000,000	9,000,000,000	9,000,000,000
Other components of equity		576,619,466	580,150,342	250,274,113	250,274,113
Retained earnings		18,610,155,988	14,245,340,560	15,072,380,079	13,146,118,382
Equity attributable to equity holders of the parent		28,186,775,454	23,825,490,902	24,322,654,192	22,396,392,495
Non-controlling interests	34	2,460,559,152	2,689,322,057	-	-
Total equity		30,647,334,606	26,514,812,959	24,322,654,192	22,396,392,495
Non-current liabilities					
Government grants	25	5,045,931	5,265,318	-	-
Lease liabilities	12.2	127,338,944	115,730,519	1,828,144	-
Loans and borrowings	26	18,846,956,594	6,166,781,521	18,640,420,000	6,085,581,677
Employee benefit liabilities	27	323,511,702	426,161,112	242,663,826	333,700,516
Deferred tax liabilities	9.4	2,116,602,374	1,980,833,535	185,861,816	180,572,577
		21,419,455,545	8,694,772,005	19,070,773,786	6,599,854,770
Current liabilities					
Bank overdraft	23	130,864,408	327,144,422	-	-
Trade and other payables	28	25,161,709,167	17,307,342,489	14,065,939,280	10,917,886,266
Amount due to related parties	29.3	71,465,679	28,717,792	191,298,506	123,977,357
Lease liabilities	12.2	134,932,777	28,187,383	17,903	-
Loans and borrowings	26	4,199,917,268	2,796,409,647	3,122,040,105	1,974,074,847
Current tax liabilities	9.3	44,934,182	328,805,392	41,977,711	325,232,040
Unclaimed dividends		36,270,007	33,352,549	18,336,127	15,418,669
		29,780,093,488	20,849,959,674	17,439,609,632	13,356,589,179
Total liabilities		51,199,549,033	29,544,731,679	36,510,383,418	19,956,443,949
Total equity and liabilities		81,846,883,639	56,059,544,638	60,833,037,610	42,352,836,444
Net asset per share		28.19	23.83	24.32	22.40

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.

J C Joshua
Executive Vice Chairman

D A R Fernando
Managing Director

30 August 2022
Colombo.

STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the parent						
	Stated capital LKR	Revaluation reserve LKR	Foreign currency translation reserve LKR	Retained earnings LKR	Total LKR	Non-controlling interests LKR	Total equity LKR
Balance as at 01 April 2020	9,000,000,000	469,042,894	-	12,365,267,222	21,834,310,116	2,552,784,328	24,387,094,444
Profit for the year	-	-	-	2,385,552,442	2,385,552,442	7,717,874	2,393,270,316
Other comprehensive income for the year, net of tax	-	111,107,448	-	(5,479,104)	105,628,344	224,601	105,852,945
Total comprehensive income for the year	-	111,107,448	-	2,380,073,338	2,491,180,786	7,942,475	2,499,123,261
Transactions with owners of the Company - contributions and distributions							
Cash dividends (Note 24.3)	-	-	-	(500,000,000)	(500,000,000)	-	(500,000,000)
Changes in ownership interests							
Acquisition of subsidiary with NCI - Lanka AAC (Private) Limited	-	-	-	-	-	128,595,254	128,595,254
Balance as at 31 March 2021	9,000,000,000	580,150,342	-	14,245,340,560	23,825,490,902	2,689,322,057	26,514,812,959
Profit for the year	-	-	-	5,110,445,938	5,110,445,938	19,767,253	5,130,213,191
Other comprehensive income for the year, net of tax	-	-	(3,530,876)	107,070,607	103,539,731	543,575	104,083,306
Total comprehensive income for the year	-	-	(3,530,876)	5,217,516,545	5,213,985,669	20,310,828	5,234,296,497
Transactions with owners of the Company - contributions and distributions							
Cash dividends (Note 24.3)	-	-	-	(750,000,000)	(750,000,000)	-	(750,000,000)
Changes in ownership interests							
Acquisition of NCI - Harbour Village (Private) Limited	-	-	-	(102,701,117)	(102,701,117)	(249,073,733)	(351,774,850)
Balance as at 31 March 2022	9,000,000,000	580,150,342	(3,530,876)	18,610,155,988	28,186,775,454	2,460,559,152	30,647,334,606

Company	Share capital LKR	Revaluation reserve LKR	Retained earnings LKR	Total equity LKR
Balance as at 01 April 2020	9,000,000,000	210,819,173	11,323,036,990	20,533,856,163
Profit for the year	-	-	2,328,594,502	2,328,594,502
Other comprehensive income for the year, net of tax	-	39,454,940	(5,513,110)	33,941,830
Total Comprehensive Income for the year	-	39,454,940	2,323,081,392	2,362,536,332
Transactions with owners of the Company - contributions and distributions				
Cash dividends (Note 24.3)	-	-	(500,000,000)	(500,000,000)
Balance as at 31 March 2021	9,000,000,000	250,274,113	13,146,118,382	22,396,392,495
Profit for the year	-	-	2,579,901,884	2,579,901,884
Other comprehensive income for the year, net of tax	-	-	96,359,813	96,359,813
Total comprehensive income for the year	-	-	2,676,261,697	2,676,261,697
Transactions with owners of the Company - contributions and distributions				
Cash dividends (Note 24.3)	-	-	(750,000,000)	(750,000,000)
Balance as at 31 March 2022	9,000,000,000	250,274,113	15,072,380,079	24,322,654,192

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 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Cash flow from operating activities					
Profit before tax		4,613,139,407	2,406,914,540	2,987,936,292	2,473,085,227
Adjustments for:					
Depreciation of property, plant and equipment	11.1/11.2	1,162,641,716	1,016,554,220	894,444,701	765,098,243
Amortisation of right-of-use assets	12.1	47,185,993	35,294,881	2,114,289	25,808,317
Amortisation and impairment of intangible assets	14.1	23,203,354	18,176,086	14,874,073	10,015,702
Provisions for employee benefits	27.1	57,176,463	88,163,638	40,896,434	64,918,477
Impairment losses/ write-off of trade and other receivables/ inventories		318,106,883	65,095,224	220,502,423	38,810,627
Increase in fair value of investment properties	13.1	(3,157,849)	(100,095,688)	-	(54,200,000)
Gain on disposal of property, plant and equipment	6.1	(77,779,076)	(74,638,590)	(55,911,022)	(23,707,364)
Loss on asset write-off		867,424	919,305	867,424	919,305
Amortisation of government grant	25	(219,387)	(219,389)	-	-
Share of profit of equity-accounted investees, net of tax	16.2	(1,435,066,924)	(711,721)	-	-
Dividend income from investment in joint venture and subsidiaries	6.1	-	-	(983,565,499)	(547,787,738)
Net finance costs	7.1	1,033,644,027	572,579,935	950,365,619	437,104,588
Operating profit before working capital changes		5,739,742,031	4,028,032,441	4,072,524,734	3,190,065,384
Changes in:					
Inventories		(5,921,408,474)	(411,990,570)	(1,813,422,840)	211,157,592
Trade and other receivables		(11,389,295,240)	(156,485,354)	(10,355,966,805)	(452,201,674)
Other current financial assets		(547,197,639)	(169,816,145)	(539,893,900)	(189,057,005)
Amounts due from related parties		10,342,406	220,436,251	(238,720,071)	(3,871,434,251)
Trade and other payables		7,815,851,756	6,303,033,853	3,107,983,968	3,786,663,829
Amounts due to related parties		42,747,887	(6,088,995)	67,321,149	87,375,492
Cash generated from / (used in) operating activities		(4,249,217,273)	9,807,121,481	(5,700,173,765)	2,762,569,367
Finance cost paid		(1,001,310,071)	(962,349,872)	(941,695,116)	(802,406,981)
Income tax paid	9.3	(709,747,436)	(288,011,920)	(701,685,979)	(278,548,409)
Gratuity paid	27	(34,588,246)	(28,130,005)	(19,886,830)	(16,237,755)
Net cash flows generated from / (used in) operating activities		(5,994,863,026)	8,528,629,684	(7,363,441,690)	1,665,376,222

STATEMENT OF CASH FLOWS

For the year ended 31 March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Cash flow from investing activities					
Purchase of property, plant and equipment	11.1/11.2	(3,004,998,497)	(1,527,745,524)	(2,799,195,115)	(721,909,641)
Purchase of intangible assets	14.1	(45,872,811)	(2,764,686)	(43,993,336)	(1,538,721)
Purchase of investment properties	13.1	(439,867,128)	(142,170,831)	(412,201,450)	-
Purchase of investment properties - work-in-progress	13.3	(1,102,265,286)	(4,708,637,503)	-	-
Proceeds from sale of property, plant and equipment		144,837,226	135,209,798	60,601,159	34,119,825
Investment in equity securities		(399,999,925)	(164,000,000)	(399,999,925)	(164,000,000)
Investment in non-current financial assets	17	(510,000)	-	(510,000)	-
Acquisition of subsidiary, net of cash acquired	33.2	-	1,145,294	-	(131,008,320)
Investment in subsidiary		-	-	(2,428,018,118)	-
Investment in equity-accounted investees		-	(400,000,000)	-	(400,000,000)
Proceed from maturity of quoted debt investment		100,000,000	1,256,460,000	100,000,000	850,000,000
Investments in short-term deposit		(337,178,122)	(534,496,379)	(206,268,886)	(880,925,361)
Dividend income from investments in subsidiaries		-	-	503,804,781	547,787,738
Dividend income from equity-accounted investees		479,760,718	-	479,760,718	-
Finance income received		128,915,419	278,729,306	107,348,203	193,168,683
Net cash flows used in investing activities		(4,477,178,406)	(5,808,270,525)	(5,038,671,969)	(674,305,797)
Cash flow from financing activities					
Dividends paid to equity holders of the parent		(750,000,000)	(500,000,000)	(750,000,000)	(500,000,000)
Acquisition of non-controlling interests	34.1	(351,774,850)	-	(351,774,850)	-
Proceeds from loans & borrowings	26.2	42,173,992,817	26,806,503,172	32,863,360,000	14,805,998,689
Repayment of loans & borrowings	26.2	(28,089,240,432)	(23,929,796,887)	(19,159,486,728)	(9,659,953,727)
Repayment of Debentures	26.1	(1,030,000)	(4,824,080,000)	(1,030,000)	(4,998,410,000)
Payment of lease liabilities		(2,328,577,439)	(25,388,181)	-	(29,157,291)
Net cash flows generated from / (used in) financing activities		10,653,370,096	(2,472,761,896)	12,601,068,422	(381,522,329)
Net increase in cash and cash equivalents		181,328,663	247,597,263	198,954,763	609,548,096
Cash and cash equivalents at the beginning of the year		1,895,813,967	1,648,216,704	699,437,937	89,889,841
Cash and cash equivalents at the end of the year	23	2,077,142,630	1,895,813,967	898,392,700	699,437,937

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

GRI 207-4

1. CORPORATE AND GROUP INFORMATION

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

1.1. Reporting entity

Access Engineering PLC ("Company") is a public limited liability company, incorporated on 31 July 2001 and domiciled in Sri Lanka. The Company was re-registered under the Companies Act No. 07 of 2007 on 06 February 2008. The ordinary shares of the Company are listed at the Colombo Stock Exchange. The Company's registered office and the principal place of business are located at "Access Towers", 278, Union Place, Colombo 02.

The principal activities and nature of operations of the Company, its subsidiaries and equity accounted investees are given on Note 15 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 2022 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 2022 were authorised for issue by the Board of Directors on 30 August 2022.

1.4. Responsibilities for the financial statements

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

The Board of Directors acknowledges this responsibility for Financial Statements as set out in the "Statement of Directors' Responsibility for Financial Statements" (Refer page 222), 'Annual Report of the Board of Directors' (Refer page 216) and in the statement appearing with the Statement of Financial Position (Refer page 231) of this Annual Report.

2. BASIS OF PREPARATION

2.1. Statement of compliance

The Financial Statements of the Company and the Consolidated Financial Statements of the Group comprise Statement of Financial Position, Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows together with the Accounting Policies and Notes (the Financial Statements) which have been prepared in accordance with Sri Lanka Accounting Standards (SLFRSs / LKASs) laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirement of the Companies Act No. 7 of 2007, provide appropriate disclosures as required by Listing Rules of Colombo Stock Exchange.

These Financial Statements except for information on cash flows have been prepared following the accrual basis of accounting.

The Group did not adopt any inappropriate accounting treatments which are not in compliance with the requirements of SLFRSs and LKASs, regulations governing the preparation of Financial Statements.

2.2. Basis of measurement

The Financial Statements have been prepared on the historical cost basis except for the following material items.

- Lands and buildings which are recognised as property plant and equipment which are measured at cost on initial recognition and subsequently carried at fair value.
- Lands and buildings which are recognised as investment property which are measured at cost on initial recognition and subsequently carried at fair value.
- Financial instruments reflected as fair value through profit or loss which are measured at fair value.
- Employee benefit liability recognised based on actuarial valuation
- Lease liabilities measured at amortised cost using effective interest method where appropriate, the specific policies are explained in the succeeding notes. No adjustments have been made for inflationary factors in the Financial Statements.

2.3. Functional and Presentation Currency

Items included in these Financial Statements are measured using the currency of primary economic environment in which the Company operates (functional currency).

Each entity in the Group determines its own functional currency and items included in the Financial Statements of these entities are measured using that functional currency. There were no change in the Group's presentation and functional currency during the year under review.

These Financial Statements are presented in Sri Lankan Rupees, the Group's functional and presentation currency.

The following subsidiary company is using different functional currency other than Sri Lankan Rupees (LKR):

Country of incorporation	Functional Currency	Name of the Subsidiary
Republic of Kenya	Kenyan Shilling	AEL East Africa Limited

2.4. Materiality and aggregation

Each material class of similar items is presented separately in the Financial Statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the Sri Lanka Accounting Standard - LKAS 1 on "Presentation of Financial Statements".

Notes to the Financial Statements are presented in a systematic manner that ensure the understandability and comparability of Financial Statements of the Group and the Company. Understandability of the financial statements is not compromised by obscuring material information with immaterial information or by aggregating material items that have different natures or functions.

Offsetting

Assets and liabilities or income and expenses are not set-off unless required or permitted by a Sri Lanka Accounting Standards.

2.5. Comparative Information

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year. The presentation and classification of the financial statements of the previous period, have been adjusted, where relevant, for better presentation.

2.6. Summary of significant accounting judgments, estimates and assumptions

The preparation of the Group's Consolidated Financial Statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, Management has made various judgments. Those which Management has assessed to have the most significant effect on the amounts recognized in the Consolidated Financial Statements have been discussed in the individual Notes of the related Financial Statement line items.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are also described in the individual Notes of the related Financial Statement line items below. The Group based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 March 2022 is included in the following notes.

Accounting Policies	Note
Revenue recognition	Note 5
Revaluation of Property plant and equipment	Note 11
Fair value of the investment property	Note 13
Impairment of non financial assets: key assumption underlying recoverable amount	Note 2.8.5
Measurement of defined benefit obligation: key actuarial assumptions	Note 27
Measurement of ECL allowance for trade receivables	Note 19
Fair value measurement of financial instruments	Note 36
Impairment of financial assets: key assumption underlying recoverable amount	Note 35
Income Tax (current tax and deferred tax)	Note 9
Recognition and measurement of provisions and contingencies: key assumption about the likelihood and magnitude of an outflow of resources	Note 30

2.7. Going concern

The Directors have made an assessment of the Company, its subsidiaries, associates and joint ventures have adequate resources to continue in operational existence and ability to continue as a going concern for the foreseeable future. The ongoing economic crisis in the country has increased the estimation uncertainty in the preparation of Financial Statements. The estimation uncertainty is associated with the extent and duration of the expected economic downturn (and forecasts for key economic factors including GDP and employment). This includes the disruption to capital markets, deteriorating credit, liquidity concerns, increasing unemployment, increasing material prices, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

Furthermore, changes in underlying economic factors have fluctuated the prices of inputs and outputs of the automobile industry.

Having evaluated the future outlook of the Group, the Directors have made an assessment of the Group's ability to continue as a going concern, and being satisfied that it has the resources to continue in business for the foreseeable future confirmed that they do not intend either to liquidate or to cease operations of the Group.

Furthermore, management is not aware of any material uncertainties relating to event or condition that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

2.8. Summary of significant accounting policies

Summary of significant accounting policies have been disclosed along with the relevant individual notes in the subsequent pages.

Following accounting policies which have been applied consistently by the Group, are considered to be significant but are not covered in any other sections.

2.8.1 Basis of consolidation

The Consolidated Financial Statements comprise the Financial Statements of the Company, its subsidiaries and the Group's interest in equity accounted investees (associates and joint ventures). Subsidiaries and equity accounted investees are disclosed in Note 15, Note 16 and Note 33 to the Financial Statements respectively.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee. (i.e., existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of Other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.8.2 Current versus non-current classification

The Group presents assets and liabilities in the Statement of Financial Position based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

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

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non current assets and liabilities.

2.8.3 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. The amount of borrowing costs eligible for capitalisation is determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for its intended use are completed.

2.8.4 Foreign currencies

2.8.4.1 Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in Other Comprehensive Income or profit or loss are also recognised in Other Comprehensive Income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the de-recognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

2.8.4.2 Foreign operations

Subsidiaries incorporated outside Sri Lanka are treated as foreign operations. On consolidation, the assets and liabilities of foreign operations are translated into Sri Lanka Rupees at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income and presented in the foreign currency translation reserve in equity except to the extent the translation difference is allocated to the non-controlling interest. On disposal of a foreign operation, the component of Other Comprehensive Income relating to that particular foreign operation is reclassified to income statement as part of the gain or loss on disposal.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.8.5 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

Impairment losses are recognized in the Statement of Profit or Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognized in other comprehensive income up to the amount of any previous revaluation.

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

2.8.6 Statement of cash flows

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

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

Cash and cash equivalent includes bank overdrafts that are repayable on demand and form on integral part of the Group's cash management.

NOTES TO THE FINANCIAL STATEMENTS

2.9. Changes in accounting policies and disclosures

New and amended standards and interpretations

The following amended standards apply from 1 April 2021, but do not have a significant impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Amendments to SLFRS 9, LKAS 39, SLFRS 7, SLFRS 4 and SLFRS 16 : Interest Rate Benchmark Reform - Phase 2

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments do not expect to have a significant impact on the consolidated financial statements of the Group.

Amendments to SLFRS 16: Covid-19: Related rent concessions beyond 30th June 2021

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

3. NEW AND AMENDED 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.

Amendments to LKAS 37 - Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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

Amendments to LKAS 16 – Property, Plant and Equipment: Proceeds before Intended Use

The amendment prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

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

Amendments to SLFRS 3 - Reference to the Conceptual Framework

The amendments update SLFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to SLFRS 3 a requirement that, for obligations within the scope of LKAS 37, an acquirer applies LKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

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

Amendments to LKAS 1 - Classification of liabilities as Current or Non-Current

The amendment aims to promote consistency in applying the requirements by helping companies to determine. whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The amendments are not expected to have a material impact on the Group.

SLFRS 17 - Insurance Contracts

SLFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, SLFRS 17 will replace SLFRS 4 Insurance Contracts (SLFRS 4). SLFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of SLFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in SLFRS 4, which are largely based on grandfathering previous local accounting policies, SLFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of SLFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

The amendments are effective for reporting periods beginning on or after 1 January 2023, with comparative figures required.

LKAS 8 - Amendments to the definition of Accounting Estimates

In February 2021, the IASB issued amendments to LKAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

LKAS 1 and SLFRS Practice Statement 2 - Amendments to disclosure of Accounting Policies

In February 2021, the IASB issued amendments to LKAS 1 and SLFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to LKAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

SLFRS 1 - First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to SLFRS standards process, the IASB issued an amendment to SLFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of SLFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to SLFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of SLFRS 1.

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

SLFRS 9 - Financial Instruments - Fees in the '10 per cent' test for the de-recognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to SLFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

NOTES TO THE FINANCIAL STATEMENTS

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

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

LKAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to SLFRS standards process the IASB issued amendment to LKAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of LKAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted

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

LKAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after 1 January 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

4. SEGMENT INFORMATION

Accounting policy

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

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

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The Board of Directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the Consolidated Financial Statements.

As such for Management purposes, the Group is organized into business units based on their products and services and has four operating Business Segments as follows:

Business Segment	Operations
Construction	Process of constructing buildings and other infrastructures.
Construction-Related Materials	Production and supply of construction related material such as asphalt product, quarry products, crusher products, ready-mix concrete and other construction material.
Property	Development of residential and commercial property for leasing, renting or sale in whole or part.
Automobile	Importing and distribution or sale of three branded motor vehicles, spare parts and operates of work shops.

4.1 Business segment

For the year ended 31 March 2022	Construction LKR	Construction– related material LKR	Property LKR	Automobile LKR	Adjustments & eliminations LKR	Consolidated Group Total LKR
Revenue						
External customers	20,058,443,648	15,678,458,278	771,214,464	3,121,505,385	-	39,629,621,775
Inter-segment	276,359,962	1,974,780,226	69,844,645	72,425,237	(2,393,410,070)	-
Total revenue	20,334,803,610	17,653,238,504	841,059,109	3,193,930,622	(2,393,410,070)	39,629,621,775
Segment operating profit	1,979,222,705	2,147,721,119	985,065,093	106,919,861	(1,007,212,268)	4,211,716,510
Net finance income / (cost)	(574,091,467)	(393,030,013)	13,723,261	(96,898,273)	16,652,465	(1,033,644,027)
Share of results of equity-accounted investees, net of tax (Note 16.2)	-	-	-	-	1,435,066,924	1,435,066,924
Income tax expense	(186,517,947)	(228,642,225)	944,753,382	(12,519,426)	-	517,073,784
Segment profit	1,218,613,291	1,526,048,881	1,943,541,736	(2,497,838)	444,507,121	5,130,213,191
Capital expenditure	2,214,818,179	718,622,880	1,575,821,982	95,731,087	(11,990,407)	4,593,003,721
Depreciation and amortisation	751,339,942	233,984,866	50,846,808	135,170,876	14,502,578	1,185,845,070
As at 31 March 2022						
Segment assets	52,187,251,719	12,201,262,365	34,261,976,796	4,065,065,428	(20,868,672,669)	81,846,883,639
Segment liabilities	35,804,048,735	3,303,488,605	11,133,045,876	1,906,380,066	(947,414,249)	51,199,549,033

For the year ended 31 March 2021	Construction LKR	Construction– related material LKR	Property LKR	Automobile LKR	Adjustments & eliminations LKR	Consolidated Group Total LKR
Revenue						
External customers	12,982,362,685	6,335,380,941	679,624,386	3,839,664,986	-	23,837,032,998
Inter-segment	4,317,718,641	1,307,814,823	62,216,544	41,919,622	(5,729,669,630)	-
Total revenue	17,300,081,326	7,643,195,764	741,840,930	3,881,584,608	(5,729,669,630)	23,837,032,998
Segment operating profit	2,264,896,201	785,486,043	516,636,040	110,532,923	(698,768,453)	2,978,782,754
Net finance income / (cost)	(330,192,977)	(134,639,840)	14,575,456	(140,399,827)	18,077,253	(572,579,935)
Share of results of equity-accounted investees, net of tax (Note 16.2)	-	-	-	-	711,721	711,721
Income tax expense	(105,768,653)	(38,722,072)	113,959,693	16,886,808	-	(13,644,224)
Segment profit	1,828,934,571	612,124,131	645,171,189	(12,980,096)	(679,979,479)	2,393,270,316
Capital expenditure	579,243,982	202,362,289	4,984,703,464	713,196,895	(98,188,086)	6,381,318,544
Depreciation and amortisation	661,600,446	167,433,577	54,497,987	136,695,717	14,502,579	1,034,730,306
As at 31 March 2021						
Segment assets	39,763,015,401	4,981,274,156	26,053,488,654	3,871,512,989	(18,609,746,562)	56,059,544,638
Segment liabilities	19,617,157,661	1,935,685,359	7,763,993,810	1,711,431,890	(1,483,537,041)	29,544,731,679

In addition to the segment results, income tax expense and net finance income/ (cost) have been allocated to other segments on a reasonable basis, for better presentation.

NOTES TO THE FINANCIAL STATEMENTS

5. REVENUE

Accounting policy

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

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Timing of transferring the goods and services to the customer is determined based on judgments taking into the consideration of the nature of the goods and services that offers to the customers.

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

Construction contracts

Revenue from construction related contracts is recognised upon satisfaction of a performance obligation agreed in the contract. At contract inception, the Group determines whether it satisfies the performance obligation over time or at a point in time. The revenue recognition occurs at a point in time when control of the asset is transferred to the customer. For each performance obligation satisfied over time, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation.

The progress is assessed based on surveys of work performed. When the outcome of construction contract can not be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. By considering loss making contracts, a provision is immediately made in profit or loss for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price when the forecast costs are greater than the forecast revenue.

Sale of goods

The revenue recognition occurs at a point in time when control of the asset is transferred to the customer, generally, on delivery of the goods. Sales are measured at the fair value of the consideration received or receivable excluding amounts collected on behalf of third parties (e.g. Sales taxes) and variable consideration (e.g. discounts and rebates).

Rendering of services

Revenue from rendering of services is recognised in the Statement of Profit or Loss when each performance obligations are satisfied by transferring promised service to the customer.

Rental Income

Rental income arising from operating lease on investment properties is accounted for on a straight-line basis over the lease term and incurred in revenue in the Statement of Profit or Loss due to its operating nature.

Agency Services

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount that it retains for its agency services.

5.1 Revenue

For the year ended 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Roads and highways construction	3,375,697,913	2,392,357,523	3,375,697,913	2,392,357,523
Water and drainage construction	1,491,433,828	1,141,530,680	1,491,433,828	1,141,530,680
Bridge construction	3,201,704,916	9,521,371	3,201,704,916	9,521,371
Building and other construction	11,931,969,846	9,374,631,071	9,597,624,968	11,869,105,517
Design income	6,619,650	-	19,619,650	31,790,000
Sale of construction-related material	15,657,756,383	6,311,308,619	15,575,933,159	6,319,092,425
Hiring income	71,185,477	69,451,549	72,120,103	70,524,348
Fabrication income	533,913	18,942,813	2,402,628	18,942,813
Vehicle sales and after sales services	3,121,505,385	3,839,664,986	-	-
Rental income	771,214,464	679,624,386	-	-
	39,629,621,775	23,837,032,998	33,336,537,165	21,852,864,677

5.1.1 Timing of revenue recognition

For the year ended 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Revenue recognised at a point in time	19,622,195,622	10,918,992,353	15,650,455,890	6,408,559,586
Revenue recognised over time	20,007,426,153	12,918,040,645	17,686,081,275	15,444,305,091
	39,629,621,775	23,837,032,998	33,336,537,165	21,852,864,677

5.2 Contract balances

Contract assets

Contract assets are entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, when that right is conditioned on some criteria other than the passage of time. Upon satisfaction of the conditions, the amounts recognised as contract assets are reclassified to trade receivables. The contract assets primarily relate to the Group's right to consideration for work completed but not billed at the reporting date.

Contract liability

The contract liabilities are entity's obligation to transfer goods and services to a customer for which the entity has received consideration (or the amount is due) from the customer. The contract liabilities primarily relate to the advance consideration received from customers for goods or services provided, for which revenue is recognised over the time.

Detail of contract assets, contract liabilities and amount recognised during the year as revenue are disclosed in the Note 19.5 and Note 28.1 respectively.

6. OTHER INCOME

Accounting policy

Income earned in other sources, which are not directly related to the ordinary course of business are recognized as other income.

The following specific criteria are used for the purpose of recognising income.

Gain on disposal of property, plant and equipment

The gain on disposal of property, plant and equipment is determined as the difference between the carrying amount of the property, plant and equipment at the time of disposal and the proceeds from disposal net of expenses incurred in disposal.

Dividends

Dividends income is recognised when the Group's/ Company's right to receive the payment is established.

Rent Income

Rent income is accounted for on a straight-line basis over the lease term.

Foreign Exchange Gain

All monetary assets and liabilities in foreign currencies at the reporting date are translated in to Sri Lankan Rupee using the year end exchange rate. Difference arising on settlement or translation of monetary items are recognized in Statement of Profit or Loss.

Restaurant and membership income

Restaurant and Membership income recognized on accrued basis.

Sundry income

Sundry income includes the creditor write off and amortization of assets related grants on accrued basis.

6.1 Other Income

For the year ended 31 March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Dividend income from investments in subsidiaries		-	-	983,565,499	547,787,738
Rent income		21,545,707	18,013,855	30,566,347	30,450,346
Gain on disposal of property, plant and equipment		77,779,076	74,638,590	55,911,022	23,707,364
Foreign exchange gain		525,057,793	138,852,179	339,889,908	97,620,198
Sundry income		468,995,236	167,675,317	27,091,749	21,949,224
Restaurant and membership income		23,164,230	72,971,944	-	-
Gain on fair value changes of investment property	13.1	3,157,849	100,095,688	-	54,200,000
		1,119,699,891	572,247,573	1,437,024,525	775,714,870

NOTES TO THE FINANCIAL STATEMENTS

7. NET FINANCE INCOME / (COST)

Accounting policy

Finance income

Finance income comprises of interest income on funds invested, staff loan, retention receivable, contract liability and dividend income, gains on the disposal of financial assets at fair value through profit or loss. Interest income is recognised as it accrues in the Statement of Profit or Loss.

Interest income is recorded using the Effective Interest Rate (EIR) method, which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instruments or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Finance costs

Finance costs comprise interest expense on borrowings, staff loan, retention receivable, contract liability and fair value losses on financial assets at fair value through profit or loss, are recognised in the Statement of Profit or Loss..

Interest expense is recorded as it accrues using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial liability.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

7.1 Net finance cost

For the year ended 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Finance income				
Interest income on fixed deposits	112,486,909	54,840,489	98,964,414	46,202,767
Interest income on repurchase agreements	254,670	925,000	254,670	925,000
Interest income on debenture	2,525,484	83,024,172	2,525,484	56,329,847
Other interest income	13,148,862	26,876,030	7,714,966	13,520,892
Interest income/ (reversal) of related party loan	-	-	(1,309,732)	1,309,732
Interest Income on long outstanding debtors	11,963,098	-	-	-
Realised gain on financial assets at fair value through profit or loss	-	71,962,339	-	71,962,339
Dividend income on financial assets at fair value through profit or loss	9,244,474	8,279,098	9,244,474	8,279,098
	149,623,497	245,907,128	117,394,276	198,529,675
Interest income on retention receivable	184,975,327	106,180,505	181,942,542	72,463,399
Interest income on staff loans	8,915,219	7,275,568	8,915,219	7,275,568
Interest income on contract liability	160,295,801	197,612,236	160,295,801	197,612,236
Total finance income	503,809,844	556,975,437	468,547,838	475,880,878
Finance cost				
Interest on finance leases	(27,146,684)	(17,814,973)	(185,734)	(1,465,126)
Interest on bank overdraft	(21,010,762)	(35,403,006)	(4,199,705)	(5,407,865)
Interest on debenture	(129,689)	(311,860,935)	(129,689)	(323,175,450)
Interest on bank loan	(1,009,123,201)	(432,150,533)	(937,387,579)	(284,328,206)
Net change in fair value of financial assets at fair value through profit or loss	(82,581,652)	(39,679,351)	(82,581,652)	(39,679,351)
	(1,139,991,988)	(836,908,798)	(1,024,484,359)	(654,055,998)
Unwinding of prepaid retention receivable expenses	(184,975,327)	(106,180,505)	(181,942,542)	(72,463,399)
Unwinding of prepaid staff loan expenses	(8,915,219)	(7,275,568)	(8,915,219)	(7,275,568)
Unwinding of significant financing component	(203,571,337)	(179,190,501)	(203,571,337)	(179,190,501)
Total finance cost	(1,537,453,871)	(1,129,555,372)	(1,418,913,457)	(912,985,466)
Net finance cost	(1,033,644,027)	(572,579,935)	(950,365,619)	(437,104,588)

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8. PROFIT BEFORE TAX

Accounting policy

Expenditure recognition

Expenses are recognised in the Statement of Profit or Loss on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant and equipment in a state of efficiency has been charged to the Statement of Profit or Loss.

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

For the year ended 31 March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Profit before tax is stated after charging all expenses including following:					
Auditors' remuneration - statutory audit & related services		12,472,356	8,049,300	3,412,000	2,993,000
Auditors' remuneration - non-audit services		1,656,857	1,420,622	1,310,333	986,353
Net change in fair value of financial assets at fair value through profit or loss		82,581,652	39,679,351	82,581,652	39,679,351
Write-off/ provision for trade receivables		312,347,755	67,590,264	187,207,661	40,268,548
Provision for / (reversal of) of retention receivables		(10,268,365)	284,555	41,366,505	(204,273)
Provision for/ (reversal of) write off of inventories		16,027,493	(2,779,595)	(8,071,743)	(1,253,648)
Donations		3,388,605	1,066,114	2,103,344	808,974
Staff expenses		4,084,034,876	3,226,501,760	3,389,984,023	2,614,678,868
CSR expense		20,088,697	35,961,986	18,012,771	35,893,438
Depreciation of property, plant and equipment	11.1/11.2	1,162,641,716	1,016,554,220	894,444,701	765,098,243
Amortisation and impairment of intangible assets	14.1	23,203,354	18,176,086	14,874,073	10,015,702
Amortisation of right-of-use-assets	12.1	47,185,993	35,294,881	2,114,289	25,808,317
Loss on asset write-off		867,424	919,305	867,424	919,305
Staff expenses					
Defined benefit plan costs - Gratuity	27.1	57,176,463	88,163,638	40,896,434	64,918,477
Defined contribution plan costs - EPF		173,495,116	146,051,366	126,712,445	105,897,523
Defined contribution plan costs - ETF		45,334,875	36,513,665	31,674,289	26,477,390
Directors' emoluments and fees	29.6	120,209,192	82,032,850	68,125,000	42,892,750
Staff cost		3,687,819,230	2,873,740,241	3,122,575,855	2,374,492,728
		4,084,034,876	3,226,501,760	3,389,984,023	2,614,678,868

As at 31 March	Group		Company	
	2022	2021	2022	2021
Number of employees	3,530	3,446	2,854	2,785

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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 2020/21 and 2021/22.

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.

Unrecognised 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 2022 and 2021 are:

For the year ended 31 March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Consolidated statement of profit or loss					
Current income tax:					
Current income tax charge	9.2	434,421,459	393,035,858	418,431,650	384,622,804
Adjustments in respect of current income tax of previous year	9.3	3,944,200	7,383,796	-	8,757,595
Deferred tax:					
Relating to origination and reversal of temporary differences		(955,439,443)	106,472,053	(10,397,242)	(34,548,933)
Impact on changes in tax rates		-	(493,247,483)	-	(214,340,741)
Income tax expense reported in the Statement of Profit or Loss		(517,073,784)	13,644,224	408,034,408	144,490,725
Consolidated statement of other comprehensive income					
Deferred tax related to items recognised in other comprehensive income during in the year:					
Net loss/ (gain) on actuarial gains and losses		17,623,445	(603,319)	15,686,481	(897,483)
Impact on changes in tax rates		-	(39,454,940)	-	(39,454,940)
Deferred tax charged to Comprehensive Income	9.4	17,623,445	(40,058,259)	15,686,481	(40,352,423)

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9.2 Reconciliation between accounting profit and current tax expense

For the year ended 31 March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Accounting profit before tax		4,613,139,407	2,406,914,540	2,987,936,292	2,473,085,227
Aggregate non-deductible expenses		2,548,288,662	2,125,832,009	1,943,239,476	1,443,171,735
Aggregate allowable items		(7,625,003,392)	(1,145,013,291)	(1,367,619,774)	(907,705,696)
Current year tax losses not utilized		4,593,362,015	75,028,429	-	-
Tax losses set-off against the current taxable income	9.2.1	(205,319,058)	(175,172,518)	-	-
Total statutory income		3,924,467,634	3,287,589,169	3,563,555,994	3,008,551,266
Exempted income		(1,020,012,356)	(575,379,888)	(988,237,153)	(556,066,836)
Taxable income		2,904,455,278	2,712,209,281	2,575,318,841	2,452,484,430
Taxable income at 2%		269,751,861	245,095,045	-	-
Taxable income at 14%		1,194,906,062	1,651,128,250	1,157,553,062	1,651,128,250
Taxable income at 18%		1,256,505,097	647,677,228	1,256,505,097	647,677,228
Taxable income at 24%		97,003,427	168,308,758	76,268,084	153,678,952
Taxable income at 30%		1,296,233	-	-	-
Dividend tax at 14%		84,992,598	-	84,992,598	-
		2,904,455,278	2,712,209,281	2,575,318,841	2,452,484,430
Tax @ 2%		5,395,037	4,901,901	-	-
Tax @ 14%		167,286,849	231,157,955	162,057,429	231,157,955
Tax @ 18%		226,170,917	116,581,901	226,170,917	116,581,901
Tax @ 24%		23,280,822	40,394,101	18,304,340	36,882,948
Tax @ 30%		388,870	-	-	-
Dividend tax @ 14%		11,898,964	-	11,898,964	-
Current income tax charge		434,421,459	393,035,858	418,431,650	384,622,804

9.2.1 Tax loss reconciliation

As at 31st March	Group 2022 LKR	Group 2021 LKR
Tax losses brought forward	942,493,498	862,164,599
Acquisitions through business combination	-	85,099,859
Adjustments to tax loss brought forward and tax losses arising during the year	4,662,436,843	170,401,558
Utilization of tax losses	(205,319,058)	(175,172,518)
Tax losses carried forward	5,399,611,283	942,493,498

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9.3 Current tax liabilities / (assets)

As at 31st March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year		257,228,390	126,852,511	325,232,040	210,400,050
Provision made during the year	9.2	434,421,459	393,035,858	418,431,650	384,622,804
Adjustments for the prior year		3,944,200	7,383,796	-	8,757,595
Payments made during the year		(709,747,436)	(288,011,920)	(701,685,979)	(278,548,409)
WHT recoverable		5,552,111	17,968,145	-	-
Exchange difference on translation		(384,888)	-	-	-
Balance at the end of the year		(8,986,164)	257,228,390	41,977,711	325,232,040

Made-up as follows

	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Current tax assets	(53,920,346)	(71,577,002)	-	-
Current tax liabilities	44,934,182	328,805,392	41,977,711	325,232,040
	(8,986,164)	257,228,390	41,977,711	325,232,040

9.4 Deferred tax liabilities / (assets)

As at 31st March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year	1,932,804,748	2,359,638,437	180,572,577	469,814,674
Expense for the year recognized in profit or loss	(955,439,443)	(386,775,430)	(10,397,242)	(248,889,674)
Expense for the year recognized in OCI	17,623,445	(40,058,259)	15,686,481	(40,352,423)
Exchange difference on translation	(118,100)	-	-	-
Balance at the end of the year	994,870,650	1,932,804,748	185,861,816	180,572,577

Made-up as follows

	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Deferred tax assets	(1,121,731,724)	(48,028,787)	-	-
Deferred tax liabilities	2,116,602,374	1,980,833,535	185,861,816	180,572,577
	994,870,650	1,932,804,748	185,861,816	180,572,577

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

As at 31st March	2022		2021	
	Temporary difference LKR	Tax effect on temporary difference LKR	Temporary difference LKR	Tax effect on temporary difference LKR
Group				
Accelerate depreciation for tax purpose	1,494,506,234	236,023,585	1,324,498,784	207,105,203
Revaluation of land and building to fair value	8,377,150,358	1,978,383,154	7,839,311,208	1,849,301,757
Revaluation of investment land to fair value	501,402,620	50,140,262	470,806,700	47,080,670
Leasehold land and buildings (right-of-use-assets)	65,388,929	3,193,343	(32,314,504)	(7,755,481)
Provision for impairment of trade receivables and retention receivables	(449,338,912)	(66,847,909)	(161,966,713)	(24,686,049)
Provision for inventories	(47,447,813)	(11,387,475)	(34,447,812)	(8,267,475)
Defined benefit obligation	(318,966,013)	(48,894,803)	(389,885,880)	(60,202,497)
Lease liability	-	-	(10,381,434)	(2,491,544)
Unutilized tax losses	(4,773,914,616)	(1,145,739,507)	(280,332,651)	(67,279,836)
	4,848,780,787	994,870,650	8,725,287,698	1,932,804,748
Company				
Accelerate depreciation for tax purpose	1,144,691,080	160,256,751	1,107,745,061	155,084,309
Revaluation of land and building to fair value	321,329,332	44,986,107	321,329,332	44,986,107
Revaluation of investment land to fair value	470,806,700	47,080,670	470,806,700	47,080,670
Leasehold land and buildings (right-of-use-assets)	125,000,000	17,500,000	-	-
Provision for impairment of trade receivables and retention receivables	(357,062,683)	(49,988,776)	(141,859,625)	(19,860,348)
Defined benefit obligation	(242,663,827)	(33,972,936)	(333,701,147)	(46,718,161)
	1,462,100,602	185,861,816	1,424,320,321	180,572,577

Deferred tax on unutilised tax losses

Deferred tax assets amounting to LKR. 162.4 Mn (2020/21 LKR. 130.89 Mn) has not been recognized for deductible temporary difference on unutilised tax losses amounting to LKR 801 Mn (2020/21 LKR. 658 Mn) as the management is of the opinion that the reversal of the taxable assets will not be crystalised in the foreseeable future.

Temporary difference arising from leasehold land and buildings (right-of-use-assets)

The Group and the Company recognized the net of right-of-use assets and lease liability in the temporary difference arising from the leasehold land and buildings (right-of-use-assets).

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.

Accordingly, the Company is liable to pay income tax at a rate of 14% on Construction income, 18% on construction related materials and 24% on Construction services and other income. Deferred tax rate is 14%.

Subsidiaries

Access Realties (Private) Limited

As per the agreement entered in to with the Board of Investment (BOI) of Sri Lanka, under Section 17 of the BOI Act No. 04 of 1978, the Company is exempted from Income Tax for the period of seven (07) years from the year of assessment in which the enterprise commences to make profit in relation to the transaction in that year or any year of assessment not later than five (05) years reckoned from the date of its operations whichever year is earlier. Accordingly, the seven (07) years Income Tax exemption period has commenced on 1 April 2003.

In accordance with the agreement entered in to with the BOI of Sri Lanka the Company is liable for Income Tax at 2% on its revenue for next fifteen (15) years immediately following the Seven (07) years Tax exemption period. On that basis, the revenue arising from the business shall be taxed at 2% during the concessionary period covering 01 April 2010 to 31 March 2025. Other income of Company is taxable at 24%.

As per the provision of new Inland revenue Act No. 24 of 2017 and amendments thereto, the Company has recognised deferred Tax liability on business assets (land and building) at 24% (LKR 896,002,024/-) because the management is under the impression that the asset will not be disposed prior to the expiration of BOI tax exempted period.

Access Realties 2 (Private) Limited

As per the Agreement entered into with the Board of Investment of Sri Lanka under Sec. 17 (A) of Inland Revenue (Amendment) Act No. 08 of 2012, the Company shall qualify for a tax exemption period of twelve (12) years subject to the condition that over of LKR 2,500 Mn is made in the project within a period of three (03) years from the date of 04 April 2013.

Further insertion of New Section under 48 D of Inland Revenue (amendment) Act 09 to 2015, if the approval of Board of Investment was granted prior to 31 October 2014 and the company which invested in such undertaking is unable to complete the required investment prior to 01 April 2015 and to commence commercial operations prior to 01 April 2016 due to practical reasons depending on the nature of the business, such period shall be extended up to 01 April 2018.

The aforesaid tax exemption period shall be reckoned from the year in which the enterprise commences to make profits or any Year of Assessment not later than two (02) years reckoned from the date of commencement of commercial operations whichever year is earlier as determined by Commissioner General of Inland Revenue.

Accordingly, the profit arising from the business is exempt from income tax for the period covering 01 April 2017 to 31 March 2029.

Other income of the Company is taxable at 24%.

As per the provision of new Inland revenue Act No. 24 of 2017 and amendments thereto, the company has recognised deferred tax liability on business assets (Building) at 24% (LKR 998,434,652/-), because the management is under the impression that the asset will not be disposed prior to the expiration of BOI concessionary rate period. Deferred tax on other assets (apart from buildings) have not been recognized on the basis that reversal of temporary differences will take place within the BOI tax exempted period.

ARL Elevate (Private) Limited

In accordance with the provision in the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company is liable for income tax at 24% .

Deferred tax asset has not been recognized in the Financial Statements as at 31 March 2022 because the Board of Directors of ARL Elevate (Private) Limited is of the opinion that the deferred tax asset would not be crystalised in the foreseeable future.

Sathosa Motors PLC and its Subsidiary

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 24% . Deferred tax rate is 24%.

Sathosa Motors PLC has recognized LKR 36.7 Mn as a deferred tax asset on the deductible temporary differences arising from tax losses, defined benefit obligations, obsolete stocks, debtor impairment and right of use assets.

Access Projects (Private) Limited

Under the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for income tax at the rate of 14% on its taxable income. Deferred tax rate is 14%.

Access Projects (Private) Limited has recognised a LKR. 804,984/- as a deferred tax asset on the deductible temporary differences as at 31 March 2022.

Deferred tax asset amounting to LKR.41,765,343/- as at 31 March 2021 has not been recognized for the deductible temporary differences as the management is of the opinion that the reversal of the taxable asset will not be crystallized in the foreseeable future.

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 2022.

For the above purpose the year of assessment shall be commencing from the year of assessment in which the enterprise commences to make a profit or any year of assessment not later than two years reckoned from the date of commencement of commercial operations or production whichever is earlier.

In accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and amendments thereto, the Company is liable for other income at a rate of 24%. Deferred tax rate is 24%.

Deferred tax liability on Business Assets has been recognized as at reporting date because the management is under the impression that the asset will not be disposed prior to the expiration of BOI exemption period.

Starting with the capitalization under project WIP of Gratuity provision from the financial year 2021 it has become a permanent difference and therefore Gratuity balance as at 31 March 2022 is not considered for deferred tax computation.

The Company has made provisions on the Deferred Tax Liability for the revaluation of Business Asset (Land) and the temporary differences arising on employee benefits. Deferred tax asset amounting to LKR. 44,326,898/- (2021 - LKR. 36,547,039/-) has not been recognized for deductible temporary difference as the management is of the opinion that the reversal of taxable asset will not be crystalised in the BOI exemption period.

WUS Logistics (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 24% on its taxable profit. Deferred tax rate is 24%.

NOTES TO THE FINANCIAL STATEMENTS

Lanka AAC (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 14% on its taxable profit. Deferred tax rate is 14%.

Access Logistics (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 24% on its taxable profit. Deferred tax rate is 24%.

Access Logistics Park Ekala (Private) Limited

In accordance with the provisions of the Inland Revenue Act No.24 of 2017 and amendments thereto, the Company is liable for Income Tax at 24% on its taxable profit. Deferred tax rate is 24%.

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%.

Provision for tax assessments

Company - Income Tax Assessment received for year of assessment 2015/16, 2016/17 and 2017/18

The Department of Inland Revenue has raised an assessment on income tax for the year of assessment 2015/16, 2016/17 and 2017/18, assessing the tax exemption claimed under section 17A (2) (C) and qualifying payment claimed under section 34(2) (s) of Inland Revenue Act no 10 of 2006 for same investment, to pay Income tax LKR.366,266,375/- plus penalty of LKR.101,533,700/-. The Company has filed valid appeal against these assessments. Determination for the assessment 2012/2013, 2013/14,2014/15 have been received and Inland Revenue Department allowed claim under the section 17 A. Company has made necessary provisions for these assessments during the financial year 2019/20 in line with IFRIC 23.

10. EARNINGS PER SHARE

Accounting policy

Basic earnings per share is calculated by dividing the profit for the year attributable to equity holders of the Access Engineering PLC 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	2022	2021	2022	2021
Profit attributable to ordinary equity holders of the parent (LKR)	5,110,445,938	2,385,552,442	2,579,901,884	2,328,594,502
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)	5.11	2.39	2.58	2.33

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 labour, 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 recognition 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 company 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.

De-recognition

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 de-recognition 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 de-recognized. Gains are not classified as revenue.

Revaluation

Revaluation is performed on freehold land and building by professionally qualified valuers using the open market value at least once in every three years or when there is a substantial difference between the fair value and the carrying amount, to ensure that the fair value does not differ materially from its carrying amount.

A revaluation surplus is recorded in Other Comprehensive Income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation

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

The estimated useful lives are as follows:

Asset Category	Useful Life
Freehold building	5 - 50 years
Leasehold building	8-20 years
Plant and machinery	3 - 15 years
Motor vehicles	4 - 10 years
Leasehold Motor vehicles	5 years
Office equipment	3 - 12 years
Furniture & fittings	3 - 13 years
Tools	3 - 8 years
Other construction equipment	5 years

The residual value, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Capital work in progress

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

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to extent that an amount is included in the revaluation surplus for that property, the loss is recognized in OCI and reduces the revaluation surplus within the equity.

NOTES TO THE FINANCIAL STATEMENTS

Reconciliation of beginning and ending balances by classes of assets

11.1 Group

	Freehold				
	Land	Building	Plant and machinery	Motor vehicles	Office equipment
	LKR	LKR	LKR	LKR	LKR
Cost or Valuation					
Balance at 01 April 2020	892,729,210	678,636,373	5,287,258,001	1,167,757,107	538,974,951
Additions	515,318,080	11,176,422	366,142,522	321,690,988	100,219,587
Acquisition through business combination	-	66,262,583	194,554,458	2,731,739	-
Transfers	-	-	51,425,475	-	1,291,036
Disposals/ de-recognition	-	(41,652,508)	(140,680,365)	(147,633,921)	(11,786,166)
Revaluation adjustment	30,000,000	41,652,508	-	-	-
Balance at 31 March 2021	1,438,047,290	756,075,378	5,758,700,091	1,344,545,913	628,699,408
Additions	-	30,784,904	1,254,976,390	363,001,465	126,144,568
Transfers	(837,404,080)	(42,426,049)	2,500,000	-	-
Disposals/ de-recognition and adjustments	(11,000,000)	-	(39,448,342)	(69,136,556)	(6,441,481)
Exchange difference on translation	-	-	-	1,429,275	300,253
Balance at 31 March 2022	589,643,210	744,434,233	6,976,728,139	1,639,840,097	748,702,748
Accumulated Depreciation and Impairment Losses					
Balance at 01 April 2020	-	115,975,959	3,516,558,311	662,242,274	435,970,353
Depreciation charge for the year	-	41,213,032	544,029,575	149,396,222	62,526,165
Acquisition through business combination	-	5,797,976	9,726,750	2,048,805	-
Transfers	-	-	615,712	-	-
Disposals/ de-recognition	-	(41,652,508)	(128,056,562)	(106,545,953)	(11,759,716)
Balance at 31 March 2021	-	121,334,459	3,942,873,786	707,141,348	486,736,802
Depreciation charge for the year	-	45,862,885	583,835,902	186,840,562	82,440,964
Transfers	-	(2,987,978)	166,500	-	-
Disposals/ de-recognition and adjustments	-	-	(33,189,040)	(22,098,527)	(6,015,075)
Exchange difference on translation	-	-	-	476,425	200,170
Balance at 31 March 2022	-	164,209,366	4,493,687,148	872,359,808	563,362,861
Carrying value					
At 31 March 2022	589,643,210	580,224,867	2,483,040,991	767,480,289	185,339,887
At 31 March 2021	1,438,047,290	634,740,919	1,815,826,305	637,404,565	141,962,606

Group property, plant and equipment with a cost of LKR. 4,231 Mn (2021 - LKR. 3,120 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 2021/22 (2020/21-Nil).

The exchange difference has arisen as a result of the translation of property, plant and equipment of foreign operations which are accounted for in foreign currencies and translated to the reporting currency at the balance sheet date.

Capital work-in-progress

Capital work-in-progress includes, construction cost incurred for the construction of UDA car park and commercial building of Access Engineering PLC and construction of factory building of Lanka AAC (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
396,493,528	907,624,698	482,549,737	812,649,590	4,000,000	51,425,475	11,220,098,670
97,050,032	57,282,444	28,080,585	24,992,578	-	5,792,286	1,527,745,524
-	32,500	3,734,990	-	-	-	267,316,270
3,233,498	-	-	-	-	(55,950,009)	-
(19,865,696)	(34,740,554)	(595,000)	-	-	-	(396,954,210)
-	-	-	-	-	-	71,652,508
476,911,362	930,199,088	513,770,312	837,642,168	4,000,000	1,267,752	12,689,858,762
42,412,127	268,906,001	463,159,506	1,830,339	-	453,783,196	3,004,998,496
-	1,234,990	(3,734,990)	-	-	-	(879,830,129)
(1,948,752)	(17,401,755)	(145,451,151)	(5,478,426)	-	-	(296,306,463)
309,221	-	-	-	-	-	2,038,749
517,683,958	1,182,938,324	827,743,677	833,994,081	4,000,000	455,050,948	14,520,759,416
250,457,306	765,815,727	343,730,653	192,296,095	133,333	-	6,283,180,011
47,465,145	63,487,607	61,883,899	45,752,572	800,003	-	1,016,554,220
-	-	230,028	-	-	-	17,803,559
(615,712)	-	-	-	-	-	-
(13,914,254)	(33,028,057)	(506,647)	-	-	-	(335,463,697)
283,392,485	796,275,277	405,337,933	238,048,667	933,336	-	6,982,074,094
56,271,623	91,079,583	68,787,682	46,722,515	800,000	-	1,162,641,716
-	119,492	(285,992)	-	-	-	(2,987,978)
(1,759,904)	(16,879,220)	(145,451,145)	-	-	-	(225,392,911)
180,380	-	-	-	-	-	856,975
338,084,584	870,595,132	328,388,478	284,771,182	1,733,336	-	7,917,191,896
179,599,374	312,343,192	499,355,199	549,222,899	2,266,664	455,050,948	6,603,567,520
193,518,877	133,923,811	108,432,379	599,593,501	3,066,664	1,267,752	5,707,784,668

Property Plant and Equipment transferred to the Investment Property

Land and Building located at # 86, Vauxhall Street, Colombo 02, has been transferred to the Investment Property during the year and the carrying value of the Land and Building is LKR. 837,404,080/- and LKR. 39,438,071/- respectively (Note 13.2).

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 2022. 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 2020	236,000,000	94,912,243	4,874,726,676	861,765,886	374,544,857
Additions	-	-	279,427,658	261,845,769	75,033,254
Disposals / de-recognition	-	-	(123,176,130)	(33,711,697)	(11,786,166)
Balance at 31 March 2021	236,000,000	94,912,243	5,030,978,204	1,089,899,958	437,791,945
Additions	-	-	1,154,084,280	349,236,759	100,589,539
Disposals / de-recognition	-	-	(17,948,766)	(5,450,000)	(5,849,068)
Balance at 31 March 2022	236,000,000	94,912,243	6,167,113,718	1,433,686,717	532,532,416
Accumulated Depreciation and Impairment Losses					
Balance at 01 April 2020	-	30,300	3,286,967,224	492,964,065	312,801,077
Depreciation charge for the year	-	11,089,765	478,722,652	112,933,961	40,175,981
Disposals / de-recognition	-	-	(115,321,404)	(30,828,378)	(11,759,716)
Balance at 31 March 2021	-	11,120,065	3,650,368,472	575,069,648	341,217,342
Depreciation charge for the year	-	11,089,765	496,679,659	155,958,687	63,631,515
Disposals / de-recognition	-	-	(12,762,422)	(5,449,998)	(5,807,763)
Balance at 31 March 2022	-	22,209,830	4,134,285,709	725,578,337	399,041,094
Carrying value					
At 31 March 2022	236,000,000	72,702,413	2,032,828,009	708,108,380	133,491,322
At 31 March 2021	236,000,000	83,792,178	1,380,609,732	514,830,310	96,574,603

Company property, plant and equipment with a cost of LKR. 3,715 Mn (2021- LKR. 2,670 Mn) have been fully-depreciated and continue to be in use by the Company.

Property, plant and equipment pledged as security

As at reporting date property, plant and equipment have not been pledged by the Company as securities against facilities obtained from banks.

Furniture and fittings LKR	Tools LKR	Other construction equipment LKR	Capital work-in-progress LKR	Total LKR
140,418,976	804,863,011	482,549,737	-	7,869,781,386
20,501,831	57,020,544	28,080,585	-	721,909,641
(4,069,056)	(32,988,157)	(595,000)	-	(206,326,206)
156,851,751	828,895,398	510,035,322	-	8,385,364,821
25,481,927	266,086,027	459,451,753	444,264,830	2,799,195,115
(725,124)	(17,105,360)	(145,451,151)	-	(192,529,469)
181,608,554	1,077,876,065	824,035,924	444,264,830	10,992,030,467
128,106,296	730,428,737	343,730,653	-	5,295,028,352
10,623,144	49,724,805	61,827,935	-	765,098,243
(4,068,912)	(32,509,385)	(506,647)	-	(194,994,442)
134,660,528	747,644,157	405,051,941	-	5,865,132,153
16,284,088	82,429,643	68,371,344	-	894,444,701
(725,098)	(16,775,482)	(145,451,145)	-	(186,971,908)
150,219,518	813,298,318	327,972,140	-	6,572,604,946
31,389,036	264,577,747	496,063,784	444,264,830	4,419,425,521
22,191,223	81,251,241	104,983,381	-	2,520,232,668

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 2020 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 2020 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.336/1, Low Level Road, Jalthara, Ranala	3 R and 38.4 P	9,070	1	Open market value basis	500,000	750 - 1,500	90	Positive
Land depicted at No 278, Alubogahalanda, Jalthara,Ranala	3 A 3 R and 4.86 P	35,100	1	Open market value basis	100,000 - 150,000	1,000 - 1,750	142	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, Jaltara, 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 - 3,000	211	Positive
Land depicted at No. 281, Kekulanvila Road, Jalthara, Ranala	20 P	1,551	1	Open market value basis	250,000	1,500 - 3,000	8.3	Positive

Summary description of valuation methodologies

Open market value method (OMV)

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as business.

Depreciated replacement cost method

Depreciated replacement cost method uses the current cost of reproduction or replacement of an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.

Land carried at cost (fair value)

Location	Extent	Number of buildings	Acquisition date
Access Projects (Private) Limited			
Land depicted at No. 301/1/D, Jalthara, Ranala	3 R 26 P	1	01 November 2020

Above land carried at cost have not been revalued, since the acquisition cost represents the fair value.

The carrying amount of revalued land and buildings if they were carried at cost less depreciation and impairment, would be as follows;

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Cost	289,402,923	289,402,923	110,461,118	110,461,118
Accumulated depreciation and impairment	(81,492,410)	(59,336,919)	(22,155,490)	(18,111,327)
Net carrying amount	207,910,513	230,066,004	88,305,628	92,349,791

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 re-measured 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 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

12.1 Right-of-use-assets

As at 31st March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year	286,270,639	370,704,232	-	112,165,577
Additions	2,555,100,853	7,487,881	126,857,338	-
Adjustments / Cancellation and Termination	-	(91,921,474)	-	(112,165,577)
Balance at the end of the year	2,841,371,492	286,270,639	126,857,338	-
Accumulated depreciation				
Balance at the beginning of the year	57,439,432	111,509,554	-	86,357,260
Amortisation charge for the year	47,185,993	35,294,881	2,114,289	25,808,317
Adjustments / Cancellation and Termination	-	(89,365,003)	-	(112,165,577)
Balance at the end of the year	104,625,425	57,439,432	2,114,289	-
Carrying value				
As at 31 March	2,736,746,067	228,831,207	124,743,049	-

12.2 Lease liabilities

As at 31st March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year	143,917,902	147,847,265	-	27,692,165
Acquisition through business combination	-	278,714	-	-
Additions during the year	2,419,981,603	7,487,880	1,857,338	-
Adjustments / Cancellation and Termination	-	(4,144,757)	-	-
Interest expense	27,536,743	18,518,738	185,734	1,465,126
Payments made during the year	(2,328,774,464)	(25,388,181)	(197,025)	(29,157,291)
Balance at the end of the year	262,661,779	144,599,659	1,846,047	-
Interest in suspense	(390,058)	(681,757)	-	-
Balance at the end of the year	262,271,721	143,917,902	1,846,047	-
Payable within one year	134,932,777	28,187,383	17,903	-
Payable after one year	127,338,944	115,730,519	1,828,144	-
Balance at the end of the year	262,271,721	143,917,902	1,846,047	-

12.3 Maturity analysis - contractual undiscounted cash flows

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Within the next 12 months	116,986,851	26,811,436	197,025	-
Between 1 and 2 years	124,213,896	25,697,376	197,025	-
Between 2 and 3 years	111,306,262	27,339,827	197,025	-
Between 3 and 4 years	70,434,297	27,273,654	197,025	-
Between 4 and 5 years	35,927,914	28,469,545	197,025	-
Beyond 5 years	96,843,476	132,017,116	4,925,625	-
	555,712,696	267,608,954	5,910,750	-

12.4 Amounts recognised in profit or loss on SLFRS 16 - Leases

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
2021/22 Lease under SLFRS 16				
Amortisation of right-of-use assets	47,185,993	35,294,881	2,114,289	25,808,317
Interest expense on lease liabilities	27,146,685	17,836,981	185,734	1,465,126

12.5 Amounts recognized in cash flows for on SLFRS 16 - Leases

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Payment of lease liabilities	(2,328,577,439)	(25,388,181)	-	(29,157,291)

There were no right-of-use assets pledge by the Group and Company as security for facilities obtained from the Banks.

NOTES TO THE FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES

Accounting policy

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

Recognition and measurement

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties under construction is measured at cost until either its fair value becomes reliably measurable or construction is completed (which ever is earlier).

De-recognition

Investment properties are de-recognized 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 de-recognition.

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.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

13.1 Quantitative and qualitative disclosures of the investment properties

As at 31st March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year		10,573,071,663	10,330,805,144	614,207,200	560,007,200
Additions/ Acquisitions		439,867,128	142,170,831	412,201,450	-
Transfer from property, plant and equipment		876,842,151	-	-	-
Transfer from investment properties work-in-progress	13.3	5,938,548,673	-	-	-
Gain on fair value changes		3,157,849	100,095,688	-	54,200,000
Balance at the end of the year		17,831,487,464	10,573,071,663	1,026,408,650	614,207,200
Rental income derived from investment properties		841,312,249	777,275,253	15,253,140	13,866,491
Direct operating expenses (including repair and maintenance) generating rental income		150,835,697	162,652,850	-	-

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 2022.

Description of valuation techniques used and key inputs to valuation of investment properties;

Location	Extent	Freehold building square feet	Significant unobservable input					
			Estimated price per perch LKR	Estimated price per square feet LKR	Number 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	12,784	2,250,000	6,000	1	330	-	Positive
Land depicted at No.267, Dehiwala Road, Maharagama	3 R and 1 P	-	2,200,000	-	-	266	-	Positive
Land depicted at Dickowita, Hendala	2 A 3 R and 10.18 P	-	40,000	-	-	18	-	Positive
Land depicted at Heeralugedara, Kotadeniyawa	50A 1 R and 8.7 P	-	51,213	-	-	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	216,718	9,000,000 - 10,000,000	4,000 - 10,000	1	4,056	-	Positive
Access Realties 2 (Private) Limited								
30 Stories Buildings at No 116, 118, 264/5 and 278/4 Dawson street, Colombo 2	-	404,554	-	16,500	1	6,993	-	Positive
Sathosa Motors PLC								
Land depicted at No. 86, Vauxhall Street, Colombo 02	2 R 3.07 P	4,063	10,500,000	3,000	1	880	3	Positive
Access Logistics (Private) Limited								
Kimbulapitiya South, Kimbulapitiya, Negombo	1 A 3 R 31.3 P	-	-	-	-	90	-	-
WUS Logistics (Private) Limited								
No.540, Maligagodella Watta, Kimbulapitiya	41 A 2 R 27.45 P	442,968	1,200,000	11,000	1	5,829	-	-
Land depicted at Bogahawatta, Welamullawattha	3 R 16.25 P	-	95,500	-	-	13	-	-

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 method

Open market value method uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities or a group of assets and liabilities such as a business.

NOTES TO THE FINANCIAL STATEMENTS

13.3 Investment properties - Work-in-progress

As at 31 March	Group	
	2022 LKR	2021 LKR
Balance at the beginning of the year	6,605,111,595	1,896,474,092
Additions	1,102,265,286	4,708,637,503
Transfer to investment properties	(5,938,548,673)	-
Balance at the end of the year	1,768,828,208	6,605,111,595

Investment properties work-in-progress consists the development at No.250, Srimath Ramanathan Mawatha, Kotahena, Colombo 15 by Harbour Village (Private) Limited.

Since the above mentioned investment properties are under construction, the Group is unable to determine fair value reliably. Therefore as recommended in LKAS 40 paragraph 53, it has been measured at cost.

14. INTANGIBLE ASSETS AND GOODWILL

Accounting policy

Basis of recognition

An Intangible asset is recognised if it is probable that future economic benefits associated with the assets will flow to the Group and cost of the asset can be measured reliably.

Goodwill	Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.
Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the Statement of Profit or Loss in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit or Loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation of intangible assets with a finite life is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful lives are as follows:

Asset category	Amortisation period (Years)
Enterprise resource planning system	5 - 10 years
Other software	3 - 10 years

Impairment of goodwill

Based on the impairment assessment carried out by the management at the reporting date, management assumed that no impairment is required as there is no significant change in the fair value of such acquired assets and liabilities, subsequent to the acquisition.

The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management. The key assumptions used are given below;

- Business growth – Based on the long-term average growth rate for each business unit where applicable. The weighted average growth rate used is consistent with the industry growth rates.
- Inflation – Based on current inflation rate.
- Discount rate – Risk free rate adjusted for the specific risk relating to the industry.
- Margin – Based on past performance and budgeted expectations.

De-recognition 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 de-recognition 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 2020		153,536,771	1,179,598,942	1,333,135,713	96,485,775	96,485,775
Additions		2,764,686	-	2,764,686	1,538,721	1,538,721
Acquisitions through business combinations	33.2	-	2,413,066	2,413,066	-	-
At 31 March 2021		156,301,457	1,182,012,008	1,338,313,465	98,024,496	98,024,496
Additions		45,872,811	-	45,872,811	43,993,336	43,993,336
At 31 March 2022		202,174,268	1,182,012,008	1,384,186,276	142,017,832	142,017,832
Accumulated amortisation and impairment losses						
At 1 April 2020		85,032,043	-	85,032,043	59,101,243	59,101,243
Amortisation		18,176,086	-	18,176,086	10,015,702	10,015,702
At 31 March 2021		103,208,129	-	103,208,129	69,116,945	69,116,945
Amortisation		23,203,354	-	23,203,354	14,874,073	14,874,073
At 31 March 2022		126,411,483	-	126,411,483	83,991,018	83,991,018
Carrying value						
At 31 March 2022		75,762,785	1,182,012,008	1,257,774,793	58,026,814	58,026,814
At 31 March 2021		53,093,328	1,182,012,008	1,235,105,336	28,907,551	28,907,551

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

Intangible assets with a cost of LKR 19 Mn (2021 - LKR. 15 Mn) and LKR 9 Mn (2021 - LKR. 6 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 (2021 - Nil).

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENTS IN SUBSIDIARIES

Accounting policy

Investment in subsidiaries are initially recognised at cost in the financial statements of the Company. Any transaction cost relating to acquisition of investment in subsidiaries are immediately recognised in Profit or Loss. Following initial recognition, Investment in subsidiaries are carried at cost less any accumulated impairment losses. The net assets of each subsidiary are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the investment is estimated and the impairment loss is recognised to the extent of its net assets loss.

15.1 Total carrying amount

	Note	2022 LKR	2021 LKR
Investment in subsidiaries - quoted	15.2	1,196,572,767	1,196,572,767
Investment in subsidiaries - unquoted	15.3	20,229,518,848	16,486,098,450
		21,426,091,615	17,682,671,217

15.2 Quoted investments

	Company						
		2022			2021		
	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				942,342,825			1,146,092,625

15.3 Unquoted investments

	Company						
		2022			2021		
	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	174,970,574	60.83	2,747,383,660
WUS Logistics (Private) Limited	Sri Lanka	557,443,261	100	5,574,432,610	461,080,518	100	4,610,805,180
Access Logistics (Private) Limited	Sri Lanka	3,955,581	100	39,555,810	1	100	10
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	238,820,676	100	2,388,206,760	-	-	-
AEL East Africa Limited	Republic of Kenya	1,000	100	255,558	-	-	-
				20,229,518,848			16,486,098,450

Accounting estimate - provision for impairment

An impairment assessment was carried out as at 31 March 2022 and it was concluded that net realisable value of all the investments included under unquoted investments 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 non-controlling interests in the subsidiaries of the associate or joint venture.

The Financial Statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'Share of results of equity accounted investees' in the statement of profit or loss.

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

Investments in equity accounted investees are carried at cost less any accumulated impairment losses.

16.1 Carrying amount of interest in equity-accounted investees

	Number of shares	Effective holding %	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Investment in joint venture						
Blue Star Realties (Private) Limited *	120,300,000	60	2,071,285,760	1,127,133,612	1,200,000,000	1,200,000,000
Investment in an associate						
ZPMC Lanka Company (Private) Limited	5,546,544	30	173,869,223	162,954,447	55,465,410	55,465,410
			2,245,154,983	1,290,088,059	1,255,465,410	1,255,465,410

* The Group investment in Blue Star Realties (Private) Limited consists of voting shares of 80,300,000 and non voting shares 40,000,000. The Group has an economic interest of 60% in Blue Star Realties (Private) Limited as at 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

16.1.1 Reconciliation of carrying amount of interest in equity-accounted investees

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
At the beginning of the year	1,290,088,059	889,376,338	1,255,465,410	855,465,410
Add/ (Less) - Group's share of results of equity-accounted investees, net of tax	1,435,066,924	711,721	-	-
Investment in non-voting shares	-	400,000,000	-	400,000,000
Dividends received from joint venture	(480,000,000)	-	-	-
Carrying amount of interest in equity accounted investees	2,245,154,983	1,290,088,059	1,255,465,410	1,255,465,410

16.2 Group's share of total comprehensive income

For the year ended 31st March	2022 LKR	2021 LKR
Group's share of profit		
Joint venture	1,424,152,148	(22,778,932)
Associate	10,914,776	23,490,653
	1,435,066,924	711,721

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 2022. Cumulative value of the investment is LKR. 1,200,000,000. The joint venture involves in the business of residential property development.

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 SLFRS Financial Statements, and reconciliation with the carrying amount of the investment in the Consolidated Financial Statements are set out below:

	2022 LKR	2021 LKR
Non-current assets	8,811,189	12,168,814
Current assets	3,926,255,617	7,094,087,478
Non-current liabilities	(219,092,869)	(204,587,445)
Current liabilities	(340,156,989)	(5,099,438,813)
Net assets (100%)	3,375,816,948	1,802,230,034
Group's share of net assets -60%	2,025,490,168	1,081,338,020
Goodwill	45,795,592	45,795,592
Carrying amount of interest in joint venture	2,071,285,760	1,127,133,612
Revenue	9,718,464,179	-
Total comprehensive income (100%)	2,373,586,914	(37,964,887)
Group's share of total comprehensive income - 60%	1,424,152,148	(22,778,932)
Dividends received by the Group	480,000,000	-

The joint venture had no material contingent liabilities or capital commitments as at 31 March 2021 or as at 31 March 2022.

16.4 Investment in an associate

The Group has a 30% interest in ZPMC Lanka Company (Private) Limited, which has entered in to a contract with Colombo International Container Terminal to service and maintain the Container Handling Equipment supplied by Shanghai Zhenhua Heavy Industries Company Limited of China (known as ZPMC).

The Group's interest in ZPMC Lanka Company (Private) Limited is accounted for using the equity method in the Consolidated Financial Statements.

Summarised financial information of the associate, based on its SLFRS financial statements, and reconciliation with the carrying amount of the investment in the Consolidated Financial Statements are set out below:

	2022 LKR	2021 LKR
Non-current assets	12,812,524	15,384,737
Current assets	938,388,287	812,913,248
Non-current liabilities	(9,362,540)	(10,484,718)
Current liabilities	(363,183,953)	(275,484,427)
Net assets (100%)	578,654,318	542,328,840
Group's share of net assets (30%)	173,869,223	162,954,447
Carrying amount of interest in associate	173,869,223	162,954,447
Revenue	883,912,346	867,460,190
Total Comprehensive Income	36,325,475	78,179,263
Group's share of total comprehensive income (30%)	10,914,776	23,490,653

There were no dividends received from the associate during 2021/22 (2020/21 - Nil).

The associate had no material contingent liabilities or capital commitments as at 31 March 2021 or as at 31 March 2022.

17. NON-CURRENT FINANCIAL ASSETS

Accounting policy

The Group designated the investments shown below as equity securities at FVOCI because these equity securities represent investments that the Group intends to hold for the long-term for strategic purposes.

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Non-listed equity investment				
Access CHEC JV (Private) Limited	510,000	-	510,000	-
	510,000	-	510,000	-

No Strategic investments were disposed of during 2021/22, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

NOTES TO THE FINANCIAL STATEMENTS

18. INVENTORIES

Accounting policy

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

The cost of inventories are based on a weighted average costs.

The cost of inventories is comprised of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, excluding borrowing cost. Borrowing cost for inventories that are qualifying assets are capitalised as part of cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

Work in progress

Remaining work in progress are stated at cost.

The work in progress balance include the work of Marina Square project apartments at actual cost.

Goods in transit

Goods-in-transit are recognised at actual cost as at reporting date.

18.1 Inventories

As at 31st March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Inventories		4,605,262,215	2,609,655,778	3,650,295,824	1,670,588,891
Work in Progress		9,947,729,690	6,099,958,976	234,955,726	401,239,819
Goods In Transit		118,344,819	51,412,732	-	-
Less : Provision for inventories	18.1.1	(51,485,051)	(46,556,794)	(3,930,103)	(12,001,846)
		14,619,851,673	8,714,470,692	3,881,321,447	2,059,826,864

18.1.1 Movement in provision for inventories

As at 31st March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year	46,556,794	47,753,893	12,001,846	13,255,494
Provision for/ (Reversal of) inventory provision	4,928,257	(1,197,099)	(8,071,743)	(1,253,648)
Balance at the end of the year	51,485,051	46,556,794	3,930,103	12,001,846

There were no inventories pledge by the Group and Company as security for facilities obtained from the banks (2021 - Nil).

19. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other financial nature receivables are recognised as other receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the Effective Interest Rate method (EIR) less any provision for impairment.

Provision for impairment of trade receivables

The Group applies the simplified approach in measuring expected credit losses (ECL) allowance which is recommended by SLFRS 9 on making impairment of trade receivables.

ECL are probability- weighted estimate of credit losses. It is not resulted in a material change in loss allowance compared with previous policy. The allowance is provided by considering evidence of impairment for receivables of both individual and collective level. Receivables are individually assessed for impairment by considering objective evidence such as experiencing a significant financial difficulty or default in payment by customer. Debtors that are not specifically impaired are then collectively assessed for any impairment. In assessing collective impairment, the Group uses historical information on the probability of default, the timing of recoveries, the amount of loss incurred and makes an adjustment if current and forward looking economic and credit conditions are likely to be greater or lesser than suggested historical trends.

19.1 Trade and other receivables

As at 31st March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Trade receivables	19.2	21,866,473,460	11,933,013,478	19,438,660,181	10,170,484,200
Other receivables	19.3	389,737,167	373,333,593	117,054,346	45,217,043
Advance and prepayments	19.4	2,863,546,746	1,808,815,454	2,257,738,143	1,529,211,253
Contract assets	19.5	40,870,713	70,191,361	40,870,713	70,191,361
		25,160,628,086	14,185,353,886	21,854,323,383	11,815,103,857

19.2 Trade receivables

As at 31st March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Trade Receivables		22,257,054,064	12,226,250,721	19,747,857,100	10,312,343,825
Less: Provision for impairment of trade receivables	19.2.1	(390,580,604)	(293,237,243)	(309,196,919)	(141,859,625)
		21,866,473,460	11,933,013,478	19,438,660,181	10,170,484,200

NOTES TO THE FINANCIAL STATEMENTS

19.2.1 Movement in Provision for impairment of trade receivables

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year	293,237,243	234,542,286	141,859,625	108,759,237
Net provision for impairment of trade receivables	97,343,361	58,694,957	167,337,294	33,100,388
Balance at the end of the year	390,580,604	293,237,243	309,196,919	141,859,625

19.3 Other receivables

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Margin on bond	-	27,236	-	27,236
Other tax receivables	176,852,990	240,065,723	21,041,281	-
Others	212,884,177	133,240,634	96,013,065	45,189,807
	389,737,167	373,333,593	117,054,346	45,217,043

19.4 Advances and prepayments

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Deposits and prepayments	152,075,625	123,028,947	93,265,283	65,560,294
Advances	2,589,493,439	1,581,266,479	2,067,109,168	1,392,816,604
Refundable deposit	121,977,682	104,520,028	97,363,692	70,834,355
	2,863,546,746	1,808,815,454	2,257,738,143	1,529,211,253

19.5 Contract assets

As at 31st March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year	70,191,361	72,918,894	70,191,361	72,244,882
Adjustments for the year	29,307,887	53,271,784	29,307,887	53,271,784
Amount recognised at cost	(58,628,535)	(55,999,317)	(58,628,535)	(55,325,305)
Balance at the end of the year	40,870,713	70,191,361	40,870,713	70,191,361

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 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Retention receivable	20.1	2,734,385,189	2,617,926,574	2,591,792,853	2,464,024,930
Staff loans		128,960,571	72,450,224	110,162,452	60,109,396
Prepaid retention receivable expenses		679,234,703	313,766,561	592,207,564	238,895,178
Prepaid staff loan expenses		14,843,146	6,082,611	14,843,146	6,082,611
Investment in debentures	20.2	-	110,222,276	-	110,222,276
Total other current financial assets		3,557,423,609	3,120,448,246	3,309,006,015	2,879,334,391

20.1 Retention receivable

As at 31 March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Retention receivable		2,793,143,494	2,686,953,244	2,639,658,617	2,470,524,189
Less: Provision for impairment of retention receivables	20.1.1	(58,758,305)	(69,026,670)	(47,865,764)	(6,499,259)
		2,734,385,189	2,617,926,574	2,591,792,853	2,464,024,930

20.1.1 Movement in Provision for impairment of retention receivable

As at 31 March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year	69,026,670	68,742,115	6,499,259	6,703,532
Net provision for / (reversal of) impairment of retention receivables	(10,268,365)	284,555	41,366,505	(204,273)
Balance at the end of the year	58,758,305	69,026,670	47,865,764	6,499,259

20.2 Investment in Debentures

As at 31st March	Interest Rate	Maturity Date	Face Value	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Investment Institute							
Sampath Bank PLC	12.75%	6/10/2021	100,000,000	-	110,222,276	-	110,222,276
				-	110,222,276	-	110,222,276

Above investment in debenture were matured during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

21. SHORT TERM INVESTMENTS

Accounting policy

Investment in equity securities have been designated as financial assets at fair value through profit or loss. Loss on fair value changes of the investments have been charged to the profit or loss.

As at 31st March	2022		2021	
	Number of shares	Market Value LKR	Number of shares	Market Value LKR
Group / Company				
Quoted investments				
Sampath Bank PLC	-	-	1,213,233	65,271,935
Nations Trust Bank PLC	-	-	260,049	14,380,710
Seylan Bank PLC	-	-	152,733	7,483,917
ACL Cables PLC	-	-	2,540	91,186
Hayleys PLC	-	-	354,200	21,535,360
Hemas Holdings PLC	-	-	186,036	15,515,402
John Keells Holdings PLC	-	-	110,000	16,335,000
Renuka Holdings PLC	-	-	19,000	273,600
Renuka Holdings PLC	-	-	472,560	5,387,184
Lanka Century Investments/ Ambeon Holdings PLC	-	-	187,304	3,184,168
Ceylon Investment PLC	-	-	205,946	13,118,760
Renuka Capital PLC	-	-	3,540,207	19,117,118
Laugfs Gas PLC	-	-	150,000	3,255,000
Bairaha Farms PLC	-	-	163,340	22,500,069
Ceylon Grain Elevators PLC	-	-	33,911	4,001,498
Raigam Wayamba Salterns PLC	-	-	558,289	2,903,103
The Lanka Hospitals Corporation PLC	-	-	311,382	13,545,117
Dipped Products PLC	-	-	333,326	15,466,326
R I L Property Limited PLC	-	-	2,275,914	14,793,441
Browns Investments PLC	25,500,000	191,250,000	-	-
Chemanex PLC	72,023	5,387,320	-	-
Expolanka Holdings PLC	388,000	80,607,000	-	-
Lanka Orix Leasing Company PLC	393,698	235,234,555	-	-
Lanka Tiles PLC	52,708	3,146,668	-	-
Bairaha Farms PLC	138,185	20,900,464	-	-
Peoples Leasing & Finance PLC	45,234	366,395	-	-
People's Merchant Finance PLC	100	540	-	-
Total	26,589,948	536,892,942	10,529,970	258,158,894

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Fixed deposits	2,136,020,085	1,779,874,707	1,691,482,324	1,463,635,356
	2,136,020,085	1,779,874,707	1,691,482,324	1,463,635,356

The Group and Company have invested in Fixed deposits in Bank of Ceylon and People's Bank.

23. CASH AND CASH EQUIVALENTS

Accounting policy

Cash and cash equivalents are defined as cash at bank, cash in hand, demand deposits and short-term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of Statement of Cash Flow, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

As at 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Cash at bank	1,763,439,998	2,188,013,531	869,879,240	674,238,695
Cash in hand	38,720,465	34,051,766	28,513,460	25,199,242
Investment in short-term call deposit	405,846,575	893,092	-	-
Cash and cash equivalents in the Statement of Financial Position	2,208,007,038	2,222,958,389	898,392,700	699,437,937
Bank overdraft	(130,864,408)	(327,144,422)	-	-
Cash and cash equivalents for the purpose of Statement of Cash Flows	2,077,142,630	1,895,813,967	898,392,700	699,437,937

The credit risk relating to the Group and Company bank balances are analysed according to the credit ratings of each bank. (Note 37.3.3)

Group

Access Projects (Private) Limited

The bank overdraft from Commercial Bank and Seylan Bank are secured by the corporate guarantee issued by Access Engineering PLC (parent Company) for LKR 250 Mn and Company debt and inventory for LKR 100 Mn respectively.

NOTES TO THE FINANCIAL STATEMENTS

24. CAPITAL AND RESERVES

24.1 Stated capital

	2022		2021	
	Number of shares	Value of shares LKR	Number of shares	Value of shares LKR
Issued and fully paid				
At the beginning of the year	1,000,000,000	9,000,000,000	1,000,000,000	9,000,000,000
At the end of the year	1,000,000,000	9,000,000,000	1,000,000,000	9,000,000,000

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.

24.2 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.

24.3 Dividends

The following dividends were declared and paid by the Company for the year.

As at 31 March	Company	
	2022 LKR	2021 LKR
Dividends on ordinary shares:		
Second Interim dividend*	500,000,000	-
First Interim dividend	250,000,000	500,000,000
Total dividends	750,000,000	500,000,000
Dividend per share	0.75	0.50

* Dividend paid out of previous year's profit (2020/21).

Final dividend of LKR 750Mn for the financial year 2021/22 has been declared on 17 May 2022 and paid on 13 June 2022. (Note 31.1 - Events after the reporting period on page 296)

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	
	2022 LKR	2021 LKR
Balance at the beginning of the Year	5,265,318	5,484,707
Amortisation	(219,387)	(219,389)
Balance at the end of the Year	5,045,931	5,265,318

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	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Current portion of loans and borrowings					
Debentures	26.1	41,857	1,069,871	41,857	1,069,871
Term loan	26.2	4,199,875,411	2,795,339,776	3,121,998,248	1,973,004,976
		4,199,917,268	2,796,409,647	3,122,040,105	1,974,074,847
Non current portion of loans and borrowings					
Debentures	26.1	540,000	581,677	540,000	581,677
Term loan	26.2	18,846,416,594	6,166,199,844	18,639,880,000	6,085,000,000
		18,846,956,594	6,166,781,521	18,640,420,000	6,085,581,677

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year	1,590,000	4,825,670,000	1,590,000	5,000,000,000
Repayments during the year	(1,030,000)	(4,824,080,000)	(1,030,000)	(4,998,410,000)
Balance at the end of the year	560,000	1,590,000	560,000	1,590,000
Interest payable	21,857	61,548	21,857	61,548
Carrying value as at the end of the year	581,857	1,651,548	581,857	1,651,548
Debenture payable within one year	41,857	1,069,871	41,857	1,069,871
Debenture payable after one year	540,000	581,677	540,000	581,677
	581,857	1,651,548	581,857	1,651,548

Details regarding the listed debentures are as follows.

Instrument type	Type 01	Type 02	Type 03	Type 04
Issue Date	18 November 2015	18 November 2015	18 November 2015	18 November 2015
Maturity Date	18 November 2020	18 November 2021	18 November 2022	18 November 2023
Interest Frequency	Semi-annually	Semi-annually	Semi-annually	Semi-annually
Coupon rate (%)	10.25	10.45	10.72	10.95
Effective Annual Yield (%)	10.51	10.72	11.01	11.25
IROCGS* as at reporting date (%)	14.83	15.06	15.28	15.50
Market Values				
Highest Rs.	Matured and fully paid		Not traded	Not traded
Lowest Rs.			Not traded	Not traded
Last traded Rs.			Not traded	Not traded
Last traded date			Not traded	Not traded
Other ratios as at date of last trade				
Interest yield (%)	Matured and fully paid		N/A	N/A
Yield to maturity (%)			N/A	N/A

* Interest rate of comparable Government Securities

The total amount raised through the Debenture issued in November 2015 was LKR 5 Bn. Type 01 of the debenture issue, amounting to LKR 4.998 Bn and Type 02 of the debenture issue, amounting to LKR 1 Mn matured and fully paid in November 2020 and November 2021 respectively. The outstanding capital as of date is LKR. 560,000.

Debt security related ratios

For the year ended / as at 31 March	Company	
	2022	2021
Debt to equity ratio (%)	89	36
Quick assets ratio (times)	1.64	1.36
Interest cover (times)	3.96	4.75

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
Percentage Utilization against allocation (B/A)	100%	100%

26.2 Term loan

As at 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the Year	8,961,539,620	5,958,536,208	8,058,004,976	2,911,960,014
Acquisition through business combination	-	126,297,127	-	-
Obtained during the year	42,173,992,817	26,806,503,172	32,863,360,000	14,805,998,689
Repayment during the year	(28,089,240,432)	(23,929,796,887)	(19,159,486,728)	(9,659,953,727)
Balance at the end of the Year	23,046,292,005	8,961,539,620	21,761,878,248	8,058,004,976
Loan payable within one year	4,199,875,411	2,795,339,776	3,121,998,248	1,973,004,976
Loan payable after one year	18,846,416,594	6,166,199,844	18,639,880,000	6,085,000,000
	23,046,292,005	8,961,539,620	21,761,878,248	8,058,004,976

NOTES TO THE FINANCIAL STATEMENTS

26.3 Analysis of loans and borrowings

Company Name	Lending institution	Nature of the facility	Interest rate and security	Maturity	Currency	Loan value LKR Mn.	2022 LKR Mn.	2021 LKR Mn.
Company								
Access Engineering PLC	Seylan Bank Limited	Short-term loans	Weekly re-price - Unsecured	12 Months	LKR	875	878.85	427.05
		Long-term loans	Monthly Re- Price - Unsecured	48 Months	LKR	2,625	2,634.66	535
	National Development Bank	Short-term loans	Monthly Re- Price - Unsecured	12 Months	LKR	350	-	350
		Long-term loans	Fixed rate - Unsecured	48 Months	LKR	1,000	1,000.07	500
			Monthly Re- Price - Unsecured	60 Months	LKR	500	-	500
	Commercial Bank of Ceylon PLC	Short-term loans	Monthly Re- Price- Unsecured	12 Months	LKR	1,600	1,604.85	1,191.02
		Long-term loans	Fixed rate - Unsecured	48 Months	LKR	7,900	7,166.38	2,050
	Bank of Ceylon	Short-term loans	Monthly Re- Price - Unsecured	12 Months	LKR	450	450.07	-
		Long-term loans	Fixed rate - Unsecured	36 Months	LKR	4,880	3,998.91	3,004.93
			Fixed rate - Unsecured	18 Months	USD	1,469	1,471.14	-
	Hatton National Bank PLC	Short-term loans	Weekly AWPLR	12 Months	LKR	275	276.38	-
		Long-term loans		48 Months	LKR	1,700	1,704.34	-
	Nations Trust Bank	Short-term loans	AWPLR +.25%	12 Months	LKR	500	500.80	-
	Sampath Bank	Short-term loans	Monthly AWPLR	12 Months	LKR	75	75.44	-
Group								
Access Projects (Private) Limited	Commercial Bank of Ceylon PLC	Bank loan	AWPLR plus margin	48 Months		42	-	1.18
			Guarantee of fasi form system					
		Bank loan	AWPLR plus margin Guarantee of aluminum profile machine	48 Months		14	-	1.15
		Bank loan	AWPLR plus margin - Unsecured	60 Months		200	183.35	-
		Bank loan	AWPLR plus margin - Unsecured	03 Months		401.7	154.76	-
		Bank loan	Fixed rate - Unsecured	36 Months		12	5.99	9.99
Sathosa Motors PLC	National Development Bank	Revolving short-term loans	Market rate over AWPLR - Unsecured	03 Months		155	-	155
	Seylan Bank Limited	Revolving short-term loans	Market rate over AWPLR - Unsecured	03 Months		661	-	661
	Commercial Bank of Ceylon PLC	Revolving short-term loans	Market rate over AWPLR	03 Month		737	737	-
		Import loan	Market rate over AWPLR	01 Month		33.95	24.95	-
		Import loan	Market rate over AWPLR	03 Month		97.22	97.22	-
		Term Loan	Fixed Rate	60 Month		100.00	60	-
Lanka AAC (Private) Limited	Sampath Bank PLC	Long-term loans	Fixed Rate - Unsecured	60 Months		72	18.75	70.75
		Short-term loans	Fixed Rate - Unsecured	12 Months		5.28	0.28	4.45
		Long-term loans	Fixed Rate - Unsecured	24 Months		13.71	2.12	-

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Balance at the beginning of the year	426,161,112	360,269,657	333,700,516	278,609,201
Current service cost	57,406,239	53,833,560	46,431,546	37,057,557
Interest cost	38,176,192	34,330,078	29,031,945	27,860,920
Past service cost	(38,405,968)	-	(34,567,057)	-
Actuarial losses / (gain)	(125,237,627)	5,857,822	(112,046,294)	6,410,593
	358,099,948	454,291,117	262,550,656	349,938,271
Less: Payments made during the year	(34,588,246)	(28,130,005)	(19,886,830)	(16,237,755)
Balance at the end of the year	323,511,702	426,161,112	242,663,826	333,700,516

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 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Current service cost		57,406,239	53,833,560	46,431,546	37,057,557
Interest cost		38,176,192	34,330,078	29,031,945	27,860,920
Past service cost		(38,405,968)	-	(34,567,057)	-
Expense Recognised in Statement of Profit or Loss	27.1.1	57,176,463	88,163,638	40,896,434	64,918,477
Actuarial (gains) / losses recognised in other comprehensive income		(125,237,627)	5,857,822	(112,046,294)	6,410,593
Total provision for the year		(68,061,164)	94,021,460	(71,149,860)	71,329,070

During the year 2021/22, Employee Benefits were adjusted to reflect new legal requirements in the country regarding the retirement age based on the Minimum Retirement Age of Workers Act No.28 of 2021. As a result of the plan amendment, the Group's and Company's Employee Benefit Obligation decreased by Rs.38,405,968 /- and Rs. 34,567,057/- (2020/21-Nil) respectively . A corresponding past service credit was recognised in the Statement of Profit or Loss.

27.1.1 Expense recognised in Statement of Profit or Loss

As at 31 March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Cost of sales	28,646,834	53,127,364	27,806,192	43,745,552
Administrative expenses	24,884,629	35,036,274	13,090,242	21,172,925
	53,531,463	88,163,638	40,896,434	64,918,477

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 2022 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:

	2022	2021
Discount rate (%)	15.5	8.7
Expected annual average salary increment rate (%)	9.00	8.50
Attrition rate (%)	3	3
Retirement age (years)	60	55

Discount rate

Due to the sudden fall in capital markets, the decline in high quality long-term corporate bond rates and as a result of COVID 19, the Company have used a long-term interest rate of 15.5% 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 3% 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 2022 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:

	2022	2021
Discount rate (%)	13% - 16%	6.5% - 8.7%
Expected annual average salary increment rate (%)	5% - 10%	4% - 12%
Attrition rate (%)	3%-00%	5%-20%
Retirement age (years)	60	55

27.5 Sensitivity of assumptions used

A quantitative sensitivity analysis for significant assumptions as at 31 March is, as shown below:

	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Effect on the defined benefit obligation liability;				
Increase by one percentage point in discount rate	(21,723,957)	(32,972,365)	(17,783,169)	(28,484,730)
Decrease by one percentage point in discount rate	24,543,978	37,246,350	20,388,435	33,093,174
Increase by one percentage point in salary increment rate	25,670,617	37,173,778	21,484,936	32,832,468
Decrease by one percentage point in salary increment rate	(22,955,089)	(33,454,115)	(18,932,231)	(28,779,791)

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.

	Company	
	2022 LKR	2021 LKR
Within the next 12 months (next annual reporting period)	26,076,596	27,312,489
Between 1 and 2 years	14,324,798	15,294,444
Between 3 and 5 years	59,736,128	66,608,666
Between 6 and 10 years	196,289,177	152,834,790
Total expected payments	296,426,699	262,050,389
Weighted average duration of the projected benefit obligation (years)	10	11

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 non interest bearing liabilities.

As at 31 March	Note	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Trade creditors		9,044,960,393	6,949,187,718	8,415,686,787	6,354,783,373
Other tax payable		15,608,979	36,541,325	-	23,743,258
Accrued expenses		2,631,622,294	1,869,552,821	1,084,432,788	706,661,648
Mobilization advance		4,283,522,513	3,214,416,246	3,035,183,716	2,735,170,280
Advances received		7,462,395,047	3,648,993,503	624,012,222	320,759,031
Retention payable		985,497,302	918,228,064	634,913,253	582,324,873
Security deposit		466,392,125	475,979,009	-	-
Contract liability	28.1	271,710,514	194,443,803	271,710,514	194,443,803
		25,161,709,167	17,307,342,489	14,065,939,280	10,917,886,266

28.1 Contract liability

As at 31 March	Group 2022 LKR	Group 2021 LKR	Company 2022 LKR	Company 2021 LKR
Balance at the beginning of the year	194,443,803	143,558,255	194,443,803	142,567,654
During the year addition	139,071,496	131,606,620	139,071,496	131,606,620
Recognised in profit or loss during the year	(61,804,785)	(80,721,072)	(61,804,785)	(79,730,471)
Balance at the end of the year	271,710,514	194,443,803	271,710,514	194,443,803

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 - Related Party Disclosures.

29.1 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2022, the Group has not recorded an impairment of receivables relating to amounts owed by related parties (2021 - NIL).

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 188 - Related Party Transaction Review Committee Report.

The following tables provide the amount receivable from/to and summary of the transactions entered with related parties for the relevant financial years.

29.2. Amounts due from related parties

As at 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Access International (Private) Limited	3,778,364	8,152,778	2,984,220	7,005,061
Access Civimech (Private) Limited	1,432	1,452	-	-
Access International Projects (Private) Limited	4,474,123	9,803,398	486,000	5,995,250
Access Industrial Systems (Private) Limited	-	295,362	-	-
Sathosa Motors PLC	-	-	63,244,060	98,615,093
Harbour Village (Private) Limited	-	-	1,034,104	2,048,077
Access Projects (Private) Limited	-	-	4,173,348	9,069,974
Blue Star Realties (Private) Limited	-	275,656	-	275,656
Access Real Estate (Private) Limited	24,873	27,045	-	-
ZPMC Lanka (Private) Limited	60,309	100,876	17,052	-
Access Realties II (Private) Limited	-	-	265	1,056,750
Access Realties (Private) Limited	-	-	187,572	-
Access Natural Water (Private) Limited	-	24,940	-	-
WUS Logistics (Private) Limited	-	-	168,227,916	951,789,238
Lanka A A C (Private) Limited	-		13,769,712	
Access Logistics (Private) Limited	-		1,693,420	
Access Logistics Park Ekala (Private) Limited	-		90,048,696	
AEL East Africa Limited	-		5,081,375	
	8,339,101	18,681,507	350,947,740	1,075,855,099

NOTES TO THE FINANCIAL STATEMENTS

29.3 Amounts due to related parties

As at 31 March	Group		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Access International (Private) Limited	12,972,059	13,386,432	9,376,869	12,374,536
Access Natural Water (Private) Limited	773,399	381,849	581,447	212,619
Access International Projects (Private) Limited	10,003,966	9,369,564	6,568,503	3,087,629
Reprographics (Private) Limited	396,274	1,142,982	334,029	1,057,707
Access Motors (Private) Limited	-	-	2,169,578	111,618
Access Projects (Private) Limited	-	-	168,984	316,344
Sathosa Motors PLC	-	-	23,287,203	819,529
Access Realties (Private) Limited	-	-	-	8,241,263
ARL Elevate (Private) Limited	-	-	-	522,151
Access Industrial Systems (Private) Limited	910,815	1,913,864	570	571
Access Civimech (Private) Limited	-	-	-	-
Access Energy solutions (Private) Limited	-	2,523,101	-	-
Access Solar (Private) Limited	-	-	-	-
Access Lifestyle (Private) Limited	38,783	-	-	-
W U S Logistics (Pvt) Ltd	-	-	97,233,381	97,233,380
Lanka A A C (Private) Limited	-	-	4,952,001	-
Access Logistics (Private) Limited	-	-	-	10
AEL East Africa Limited	-	-	255,558	-
Access-CHEC JV (Private) Limited	46,370,383		46,370,383	-
	71,465,679	28,717,792	191,298,506	123,977,357

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Subsidiaries				
Sales of goods / rendering of services	-	-	59,420,269	107,437,950
Purchases of goods / receiving of services	-	-	(199,990,621)	(203,907,918)
Dividend received	-	-	503,804,781	547,787,738
Interest paid	-	-	-	(10,004,783)
Investment in shares	-	-	(3,743,420,408)	(3,816,813,500)
Construction of Investment Properties	-	-	234,513,044	4,239,254,818
Equity accounted investees				
Sales of goods / rendering of services	8,178,514	12,939,644	-	7,190,231
Investment in shares	-	(400,000,000)	-	(400,000,000)
Dividend received	479,760,718	-	479,760,718	-
Other related party companies				
Sales of goods / rendering of services	33,491,637	137,021,363	7,447,321	24,821,666
Purchases of goods / receiving of services	(236,794,629)	(314,985,748)	(191,607,222)	(252,099,805)
Investment in shares	(510,000)	-	(510,000)	-

NOTES TO THE FINANCIAL STATEMENTS

29.5 Key management personnel of Access Engineering PLC hold positions in other Companies. Such companies the Group had transactions with are identified below.

Company Name	Company (AEL)							
	S. J. S. Perera	J.C. Joshua	R.J.S. Gomez	S.D. Perera	D.A.R. Fernando	S.H.S. Mendis	S.D. Munasinghe	Shamal J.S. Perera
Subsidiaries								
Access Realties (Private) Limited	✓	✓	✓	✓	✓	✓	✓	
Access Realties 2 (Private) Limited	✓	✓	✓		✓	✓	✓	
A R L Elevate (Private) Limited	✓	✓		✓	✓	✓	✓	
Sathosa Motors PLC	✓	✓			✓		✓	
Access Motors (Private) limited	✓						✓	
Access Projects (Private) Limited	✓				✓			
Harbour Village (Private) Limited	✓	✓			✓		✓	
WUS Logistics (Private) Limited	✓	✓			✓			
Lanka A A C (Private) Limited	✓	✓			✓			
Access Logistics (Private) Limited	✓	✓			✓			
Access Logistics Park Ekala (Private) Limited	✓	✓			✓			
AEL East Africa Limited	✓	✓			✓	✓		
Associate								
ZPMC Lanka Company (Private) limited		✓					✓	
Joint Venture								
Blue Star Realties (Private) Limited	✓					✓		
Other Related Party Companies								
Access International (Private) Limited	✓	✓	✓	✓	✓	✓	✓	✓
Access Natural Water (Private) Limited	✓	✓	✓	✓				
Access Civimech (Private) Limited	✓			✓				✓
Access Industrial Systems (Private) Limited	✓			✓				✓
Access International Projects (Private) Limited	✓			✓				✓
C.R.D.S. Development (Private) Limited		✓						
Reprographics (Private) Limited	✓			✓				✓
ATSL International (Private)Limited	✓			✓				✓
Access-CHEC JV (Private) Limited		✓			✓			

29.6 Transactions, arrangements and agreements involving key management personal (KMP) and their close family members (CFM)

According to LKAS 24 "Related Party Disclosures", Key Management Personnel are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly Board of Directors (including Executive and Non -Executive Directors) have been classified as key Management Personnel of the Group.

Close Family Members (CFM) of the KMP are those family members who may be expected to influence, or be influenced by, that KMPs in their dealing with the entity. They may include;

(a) the KMP's domestic partner and children;

(b) children of the KMP's domestic partner; and

(c) dependents of the KMP or the KMP's domestic partner

CFM are related parties to the entity. There were no material transactions with CFM during the year.

A. Directors' Loan

No loans have been given to the Directors of the Company.

B. Compensation of Key Management Personnel of the Group

For the year ended 31 March	Note	Group		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Short-term employee benefits	8	120,209,192	82,032,850	68,125,000	42,892,750
Total compensation paid to key management personnel		120,209,192	82,032,850	68,125,000	42,892,750

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to Key Management Personnel.

NOTES TO THE FINANCIAL STATEMENTS

30. PROVISIONS, COMMITMENTS AND CONTINGENCIES

Accounting policy

Provisions are recognized when the Group/ Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed the reimbursement is recognised as a separate asset when the reimbursement is virtually certain. The expense relating to provision is presented in income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is not probable or cannot be readily measured. Contingent liabilities are not recognised in the statement of financial position but disclosed as a note to the financial statements unless the outflow of resources is remote. Contingent assets are disclosed, where inflow of economic benefit is probable.

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

The commitments and contingent liability of the Group and the Company as at 31 March 2022, relates to the following;

30.1 Disclosure - Company

30.1.1 Legal claim contingency

30.1.1.1 Legal Cases filed against the Company

Case No : CHC 706/ 10/ MR

The case of money recovery filed against three defendants (2nd defendant: Access Engineering PLC) claiming LKR. 17.69 Mn together with interest against the three defendants jointly and/or severally for non payment of material supplied and invoiced by the Plaintiff. This matter fixed for further trail on 1 September 2022.

Case No :DLM 136/ 2018

A case was filed against the Access Engineering PLC claiming inter alia damages amounting LKR. 17.5 Mn and interim relief preventing the construction on the property. This matter was re-fixed for Pre-Trial on 14 October 2022.

Case No : DSP 297/ 2019

A case was filed against the two defendants (2nd defendant: Access Engineering PLC) claiming LKR. 50 Mn in respect of and interim relief preventing the construction on the property. This matter was fixed for Pre-Trial on 2 September 2022.

Case No : DPS 298/ 2019

Special matter was filed against the two defendants (2nd defendant: Access Engineering PLC) claiming of LKR 50 Mn in respect of and interim relief preventing the construction on the property. This matter was fixed for Pre-Trial on 2 September 2022.

Case No : LT 13/ 75/ 2019

A compensation case filed against the Company while he is guilty for misconduct, claiming more than LKR. 55,300*60. Partly heard trail more witnesses to be called on behalf of the company. The case is to be called on 16 September 2022.

Case No : CHC/ 43/ 2021/ MR

A case has been filled against two defendants [1st defendant: Access Engineering PLC, 2nd defendant: WUS Logistics (Pvt) Ltd.] seeking declaratory relief to the effect that, the offer made by the plaintiff for the buyback of the shares in the 2nd Defendant is valid and reasonable; and the 1st Defendant is liable to transfer the shares to the Plaintiffs at the price offered; The Court fixed the Pre-Trial hearing of the above matter for 22 September, 2022.

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. This matter was rescheduled to be taken up for support on 11 November 2022.

Case No : DMR 2774/20

The case of money recovery against four defendants (3rd defendant Access Engineering PLC) filed to claim LKR.7.5Mn against the Defendants jointly and/or severally in the District Court of Kandy claiming damages for the death of the husband of the Plaintiff by an Accident which took place in Kandy. The case is to be called on 6 September 2022.

Case No : LT 2/1080/21

A Labour Tribunal case filed against the Company for the termination of employment while he is guilty for misconduct, claiming for employment / Compensation. The case is to be called on 17 October 2022.

Case No : LT 03/07/2021

A Labour Tribunal case filed against the Company for the termination of employment while he is guilty for misconduct, to appoint an Arbitrator. The case is to be called on 12 September 2022.

Based on the information currently available, the directors believe that the ultimate resolution of above all lawsuits are not likely to have a material effect on the results of operations, financial position or liquidity of the Company.

30.1.1.2 Legal Cases filed by the Company

Case No : 12362/ 19, 12363/ 19 and 12364/19

The Accused has been charged for fraudulently drawing cheques with the knowledge of that there are no money in account sum of LKR. 3.6 Mn. The accused was pleaded guilty and agreed to settle the payment in 39 installments. The court fixed this matter to be taken up on 9 September 2022.

Case No : DMR/03341/20

The Money recovery case filed by the Company against defendant to claim sum for ready mix concrete supply and renting out the equipment to the Defendant. The claim made was LKR.4.8Mn together with interest. The case is to be called on 9 September 2022.

Case No : DMR/00317/21

The Money recovery case filed by the Company against defendant to claim the sum for ready mix concrete supply and renting out the equipment to the above said Defendant. The claim made amounting to LKR. 7 Mn together with interest. The case is to be called on 28 March 2023.

Case No : DMR/00494/21

The Money recovery case filed by the Company against two defendants to claim the sum for ready mix concrete supply and renting out the equipment to the defendants. The claim made amounting to LKR. 10.9 Mn together with interest. The case is to be called on 10 March 2023.

Case No : DMR/01845/21

The Money recovery case filed by the Company against two defendants to claim the sum for ready mix concrete supply and renting out the equipment to the defendants. The claim made amounting to LKR. 1.95 Mn together with interest. The case is to be called on 8 September 2022.

Case No : CHC/ 216/ 2020/ MR

Access Engineering PLC claims judgement and decree against the Defendant in a total sum of LKR 28.33 Mn together with legal interest thereon on returned cheques. The claim is made under chapter LIII of the civil procedure code. The summons returnable on 28 October 2022.

Case No : DMR/ 2502/ 2021

The Company has filed a case against defendant to claim in a sum of Rs. 16.1 Mn together with an additional sum equivalent to the market value of Bitumen 60/70 drums with legal interest, in a sum of LKR. 3.87 Mn together with further damages at the rate of Rs 6,059 per day, until such date the said 1313 Bitumen 60/70 drums are returned to the Plaintiff in good order and condition, as an alternative to prayer (a), for return of 1313 bitumen 60/70 drums in good order and condition. Summons returnable on 12 May 2023.

Case No : CHC 94/2021/ARB

Petitioner made an application under Section 7 read with Section 40 of the Arbitration Act No. 11 of 1995 seeking an order for the appointment of a Sole Arbitrator. The notice returnable on 6 September 2022.

Case No : CHC95/ 2021/ ARB

Petitioner made an application under Section 7 read with Section 40 of the Arbitration Act No. 11 of 1995 seeking an order for the appointment of a Sole Arbitrator. The order is to be made on 6 September 2022.

Case No : CHC/ 44/ 2019/ MR

The case of money recovery by Access Engineering PLC against two defendants for a claim of LKR 68.7 Mn on account of work completed and LKR 9.1 Mn on account of finance charge upto 30.09.2018 legal interest charge on aggregate of the above cases from 01.10.2018 is made against defendants. The case is to be called on 25 October 2022.

Case No: DSP 174/2022

This case filed by Access Engineering PLC against 3 Defendants for a claim of LKR. 6 Mn. This case was filed inter- alia for declaratory relief to the effect that the 01st defendant has no right to claim under the bid guarantee for the construction of Pethiyagoda pump house and seeking an injunction ,enjoining order against the 02nd Defendants to prevent the said 2nd Defendants from paying the Guarantee value. The case is to be called on 12 September 2022.

Case No: 6362/ M

This case filed by Access Engineering PLC against two defendant for a money recovery actions claiming LKR. 3.9 Mn against the defendants for the equipment rented out, The replication due on 5 September 2022.

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 answer is due on 20 September 2022.

NOTES TO THE FINANCIAL STATEMENTS

30.1.2 Guarantees

Bank guarantees issued by the banks on behalf of the Company are as follows;

Bank	Amount LKR
Nations Trust Bank PLC	282,275,526
Hatton National Bank PLC	894,452,871
Bank of Ceylon	787,205,000
People's Bank	3,349,238,510
National Development Bank PLC	598,389,417
Commercial Bank of Ceylon PLC	600,454,426
Cargills Bank Limited	1,427,929,992
Sampath Bank PLC	468,734,156
Seylan Bank PLC	3,330,577,439
DFCC Bank PLC	439,640,000
	12,178,897,337

Corporate guarantees issued by the company on behalf of Access Projects (Private) Limited, Sathosa Motors PLC and Harbour Village (Private) Limited, for banking facilities are LKR 250Mn, LKR 500Mn and LKR 300Mn respectively.

30.1.3 Tax Assessments

PAYE Tax Assessment received for year of assessment 2011/2012

The Department of Inland Revenue has raised PAYE Tax Assessment to the company for the year of assessment 2011/12, assessing shares gifted by three share holders of the company at that time to the employees of the company and to external parties, to pay PAYE tax of LKR. 634,686,195/- plus penalty of LKR. 317,343,097/. The company has filed valid appeal in Court of Appeal against this.

Income Tax Default Notice 2015/2016, 2016/2017

The department of inland revenue has raised a default notice for the year of assessment 2015/16 assessing credit for withholding tax on interest not given. The company has filed a valid appeal against the default notice and the matter was allocated to officer handling tax files.

Value added Tax Assessment Received for the taxable period 1 December 2016 to 31 December 2016

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.12.2016 to 31.12.2016, assessing tax credit notes when calculating the output tax to pay value added tax LKR. 2,504,622/-. The Company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 March 2016 to 31 March 2016

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.03.2016 to 31.03.2016, assessing import purchase claimed amount is in the return not agreed with the assessment and to pay value added tax LKR. 4,933,327/- plus penalty of LKR. 3,995,995/-. The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 August 2016 to 31 August 2016

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.08.2016 to 31.08.2016, assessing a SVAT supply difference in original return and amended return to pay value added tax LKR. 171,886/- plus penalty of LKR. 142,682/- . The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 October 2016 to 31 October 2016

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.10.2016 to 31.10.2016,assessing department has disallowed some input invoices in the return to pay value added tax LKR. 73,146/- plus penalty of LKR. 70,952/-. The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 June 2017 to 30 June 2017

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.06.2017 to 30.06.2017, assessing SVAT supply difference in original return and amended return. The difference is treated as taxable supply and to pay value added tax LKR. 251,157/- plus penalty of LKR. 148,398/-. The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 September 2017 to 30 September 2017

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.09.2017 to 30.09.2017, assessing two invoices have been issued which are disallowed to pay value added tax LKR. 33,008/- plus penalty of LKR. 16,504/-. The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 February 2017 to 28 February2017

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.02.2017 to 28.02.2017, assessing disallowed invoices included in the return to pay value added tax LKR. 343,960/- plus penalty of LKR. 220,134/-. The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 October 2017 to 31 October 2017

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.10.2017 to 31.10.2017, assessing a SVAT supply difference in original return and amended return to pay value added tax LKR 246,840/-.Deputy commissioner will not issue a assessment for this SVAT issue as some of the input invoices are not matching. Because of the difference, the department has issued a letter of intimation.

Value added Tax Assessment Received for the taxable period 01 July 2017 to 31 July 2017

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.07.2017 to 31.07.2017, assessing department has disallowed some input invoices in the return to pay value added tax LKR. 188,360/- plus penalty of LKR. 135,619/-. The company has filed valid appeal against this assessment.

Value added Tax Assessment Received for the taxable period 01 January 2018 to 31 January 2018

The Department of Inland Revenue has raised an assessment of value added tax for the taxable period 01.01.2018 to 31.01.2018, assessing disallowed invoices included in input to pay value added tax LKR. 365,713/- plus penalty of LKR. 157,257/-. The company has filed valid appeal against this assessment.

Nation Building Tax Assessment Received for the taxable period 01 April 2017 to 30 July 2017

The Department of Inland Revenue has raised an assessment of nation building tax for the taxable period of 01.04.2017 to 30.07.2017, assessing a delay in payment of tax, LKR. 357,485/- charged as penalty. The Company has filed valid appeal against this assessment.

The directors are confident that ultimate resolution would be in favour of the Company and there will not have material adverse impact on the Financial statement of the Company on above tax assessments.

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 244 Mn and USD 250,000.

Access Projects (Private) Limited

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	421,997,596	1,479,762,122	1,901,759,718

NOTES TO THE FINANCIAL STATEMENTS

31. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting date except for the following that would require adjustments to, or disclose in the Financial Statements.

Company

31.1 Final dividend

Pursuant to the resolution adopted on 12 May 2022, the board of the directors of the Company approved the payment of a final dividend of seventy five cents (0.75 cents) per share amounting to Rs. 750,000,000/- for the year ended 31 March 2022.

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 final dividend has not been recognized as a liability in the financial statements as at 31 March 2022.

Group

31.2 Surcharge tax

The Surcharge Tax Act No. 14 of 2022 was enacted on 8 April 2022 and is applicable to the Access Group as the cumulative taxable income of group entities calculated in accordance with the provisions of the Inland Revenue Act No. 24 of 2017, exceeded LKR. 2,000 Mn, for the year of assessment 2020/2021. The liability is computed at the rate of 25 per cent on the taxable income of the individual Group companies, net of dividends from subsidiaries.

As the Act was certified by the Speaker of Parliament after the financial reporting date, no liability has been recognised in FY 2021/2022 on account of the one-off Surcharge Tax as the law had not been enacted as at 31 March 2022.

The total Surcharge Tax liability of LKR. 598 Mn and LKR 597 Mn will be recognised in the financial statements of FY 2022/2023 for the Group and the Company respectively, as an adjustment to the 1 April 2021 retained earnings in the Statement of Changes in Equity as per the Statement of Alternative Treatment (SoAT) issued by The Institute of Chartered Accountants of Sri Lanka.

On 20 April 2022, the Group and the Company paid total of LKR. 299 Mn on account of the first installment of the Surcharge Tax Liability.

31.3 Changes to tax laws

According to the Gazette No 2282/26 enacted on 31 May 2022, Value Added Tax (VAT) charged based on the Value Added Tax Act No 14 of 2002 as amended by Act No 6 of 2005, has been increased from 8% to 12% effective from 1 June 2022.

31.4 Economic uncertainty

Sri Lankan economy showed signs of recovery from the impact of COVID-19 pandemic during the year ended 31 March 2022. However, from late March 2022, the Sri Lankan economy presented a negative outlook mainly due to insufficient foreign reserves/liquidity and the global price increases of fuel. The situation was aggravated when the credit rating of the country was downgraded to "Restricted Default (RD)" by Fitch Ratings in May 2022, following the expiry of the 30-day grace period on coupon payments that were due on 18 April 2022 on two international sovereign bonds.

The macro level issues on reserves and the free floating of the USD caused a sharp depreciation of the rupee along with an adjustment to the Standing Lending Facility Rate by 700 basis points in April, resulted in a steep increase in costs of imports and other products. The inflationary pressures could further intensify in the period ahead, driven by the build-up of aggregate demand, fuel shortages, domestic supply disruptions, and the elevated prices of commodities globally, which could also have an impact on the Group's businesses.

The Management has considered the consequences of the current economic & political uncertainty in the country and based on its strategic plans has determined that it is not expected to have a significant impact on the Group's operations in the foreseeable future.

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 2022	2021
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	60.83
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	-
AEL East Africa Limited	Construction activities	Republic of Kenya	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	50

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 page no 80.

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

NOTES TO THE FINANCIAL STATEMENTS

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 Investments in subsidiaries 2021/22

WUS Logistics (Private) Limited

The company has further invested LKR. 963,627,430/- in the share capital of its fully owned subsidiary, WUS Logistics (Private) Limited. Cumulative value of the investment is LKR. 5,574,432,610/- as at 31 March 2022.

Access Logistics (Private) Limited

The company has further invested LKR. 39,555,800/- in the share capital of its fully owned subsidiary, Access Logistics (Private) Limited. Cumulative value of the investment is LKR. 39,555,810/- as at 31 March 2022.

Access Logistics Park Ekala (Private) Limited

Access Engineering PLC has invested in 100% share capital of Access Logistics Park Ekala (Private) Limited at a total consideration of LKR. 2,388,206,760/- during the year, involve in Commercial property development for Lease and rental.

AEL East Africa Limited

Access Engineering PLC has invested in 100% share capital of AEL East Africa Limited at a total consideration of LKR. 255,558/- during the year, involve in Construction activities which was incorporated in Republic of Kenya.

33.2 Acquisition of subsidiary 2020/21

Lanka AAC (Private) Limited

The company has acquired 50% of share capital of Lanka AAC (Private) Limited, for a cash consideration of LKR. 131,008,320/- during the financial year of 2020/21.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of Lanka AAC (Private) Limited as at the date of acquisition were:

	Fair value recognized on acquisition LKR
Assets	
Property, Plant and Equipment	249,512,711
Trade and other receivables	7,905,784
Inventories	2,603,032
Amount due from related party	131,008,320
Cash and cash equivalents	1,145,294
Non current liabilities	(167,228)
Current liabilities	(134,817,405)
Total identifiable net assets at fair value	257,190,508
NCI, based on proportionate interest in the recognised amounts of the net assets	128,595,254
Goodwill	2,413,066
Purchase consideration transferred	131,008,320

There is no contingent consideration of the acquisition of Lanka AAC (Private) Limited.

33.3 Investments in subsidiaries 2020/21

WUS Logistics (Private) Limited

The company has further invested LKR. 3,685,805,180/- in the share capital of its fully owned subsidiary, WUS Logistics (Private) Limited. Cumulative value of the investment is LKR. 4,610,805,180/- as at 31 March 2021.

Access Logistics (Private) Limited

Access Engineering PLC has invested in 100% share capital of Access Logistics (Private) Limited at a total consideration of LKR. 10/- during the year 2020/21, involve in commercial property development for lease and rental.

34. NON-CONTROLLING INTERESTS

Non- controlling interest is initially measured at their proportionate share of the acquirees identifiable net assets at the date of acquisition.

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

Ownership interest held by Non-Controlling Interest (NCI)

	Principal place of business	Operating segment	2022	2021
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%	39.17%
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 2022	Access Projects (Private) Limited LKR	Sathosa Motors PLC LKR	Harbour Village (Private) Limited LKR	Lanka AAC (Private) Limited LKR	Total LKR
Non-current assets	282,639,485	2,129,960,758	1,679,125,342	283,215,585	4,374,941,170
Current assets	2,938,837,919	1,935,104,673	10,325,660,757	32,725,676	15,232,329,025
Non-current liability	(179,294,567)	(407,036,551)	(80,525,745)	(21,148,593)	(688,005,456)
Current liability	(2,317,759,859)	(1,499,343,509)	(7,638,090,128)	(48,019,846)	(11,503,213,342)
Net assets	724,422,978	2,158,685,371	4,286,170,226	246,772,822	7,416,051,397
Net assets attributable to non controlling interest	144,884,596	763,707,608	1,428,580,536	123,386,412	2,460,559,152
Revenue	2,568,634,016	3,193,930,622	-	136,019,345	5,898,583,983
Profit / (loss) for the Year	176,745,892	(2,497,814)	14,282,162	(2,463,623)	186,066,617
Other Comprehensive Income	1,859,493	1,102,085	-	-	2,961,578
Total Comprehensive Income	178,605,385	(1,395,729)	14,282,162	(2,463,623)	189,028,195
Profit / (loss) attributable to Non Controlling Interest	35,349,179	(19,110,358)	4,760,245	(1,231,813)	19,767,253
OCI attributable to Non Controlling Interest	371,899	171,676	-	-	543,575
Total comprehensive income attributable to non controlling interest	35,721,078	(18,938,682)	4,760,245	(1,231,813)	20,310,828
Cash flows from / (used in) operating activities	(126,414,470)	43,462,970	83,210,391	40,267,204	40,526,095
Cash flows from / (used in) investment activities	(17,128,146)	(24,671,670)	(1,026,034,243)	(54,285,937)	(1,122,119,996)
Cash flows from / (used in) financing activities	331,765,641	34,339,430	(19,800,000)	(58,218,193)	288,086,878
Net increase/ (decrease) in cash and cash equivalents	188,223,025	53,130,730	(962,623,852)	(72,236,926)	(793,507,023)

For the year ended 31 March 2021	Access Projects (Private) Limited LKR	Sathosa Motors PLC LKR	Harbour Village (Private) Limited LKR	Lanka AAC (Private) Limited LKR	Total LKR
Non-current assets	315,748,652	2,134,422,721	1,085,762,715	250,247,620	3,786,181,708
Current assets	1,738,736,842	1,737,090,267	7,146,086,602	86,719,994	10,708,633,705
Non-current liability	(38,164,613)	(284,878,012)	(103,678,098)	(75,368,271)	(502,088,994)
Current liability	(1,470,503,287)	(1,426,553,878)	(3,856,283,154)	(12,362,898)	(6,765,703,217)
Net assets	545,817,594	2,160,081,098	4,271,888,065	249,236,445	7,227,023,202
Net assets attributable to non controlling interest	109,163,519	782,241,760	1,673,298,555	124,618,223	2,689,322,057
Revenue	1,879,864,033	3,881,584,608	-	6,251,031	5,767,699,672
Profit / (loss) for the Year	120,418,265	(12,980,096)	(6,944,642)	(7,954,065)	92,539,462
Other Comprehensive Income	(415,742)	2,044,664	(27,456)	-	1,601,466
Total Comprehensive Income	120,002,523	(10,935,432)	(6,972,098)	(7,954,065)	94,140,928
Profit / (loss) attributable to Non Controlling Interest	24,083,653	(9,668,530)	(2,720,216)	(3,977,033)	7,717,874
OCI attributable to Non Controlling Interest	(83,148)	318,504	(10,755)	-	224,601
Total comprehensive income attributable to non controlling interest	24,000,505	(9,350,026)	(2,730,971)	(3,977,033)	7,942,475
Cash flows from / (used in) operating activities	20,461,638	2,374,381,291	(465,746,028)	986,466	1,930,083,367
Cash flows from / (used in) investment activities	(51,105,021)	41,846,564	187,465,009	(209,787,113)	(31,580,561)
Cash flows from / (used in) financing activities	(1,286,470)	(2,262,118,953)	(11,451,743)	285,761,540	(1,989,095,626)
Net increase/ (decrease) in cash and cash equivalents	(31,929,853)	154,108,902	(289,732,762)	76,960,893	(90,592,820)

34.1 Acquisition of NCI

On 15 February 2022, the company acquired additional 5.84% interest in the shares of Harbour Village (Private) Limited and increased its shareholding to 66.67% (before the acquisition the ownership is 60.83%). Cash consideration of Rs. 351,774,850/- was paid to the non controlling share holders. The carrying value of the net assets of the Harbour Village (Private) Limited was Rs. 3,099,158,510/-. Following is a schedule of additional interest acquired in Harbour Village (Private) Limited.

	LKR
Cash consideration paid to Non - Controlling shareholders	351,774,850
Carrying value of the additional interest in Harbour Village (Private) Limited	(249,073,733)
A decrease in equity attributable to owners of the company	102,701,117

35. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under SLFRS 15.

Classification and measurement

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in to four categories based on the entity's business model and the cash flow characteristics:

(a) financial assets at amortised cost;

(b) financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);

(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon de-recognition (equity instruments);

(d) financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instrument)

The Group measures financial assets at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, short-term deposits and other current financial assets.

Financial Assets at fair value through OCI (debt instruments)

The Group measures financial assets at fair value through OCI if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective of both holding to collect contractual cash flows and selling and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon de-recognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under LKAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial Assets at fair value through profit or loss

Financial Assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in the fair value recognised in the statement of profit or loss. This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

De-recognition

A financial asset (or, where applicable, apart of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in Note 19.

Financial liabilities

Initial recognition and measurement

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

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

The Group financial liabilities include trade and other payables, loans and borrowings including bank overdraft.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss incurred financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SLFRS 9. Separated embedded derivatives are also classified as held for trading 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 de-recognized 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 de-recognized 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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit or Loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

35.1 Classification of financial assets and financial liabilities - Group

As at 31 March	Financial instruments recognised through profit or loss		Financial instruments at amortised cost	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Financial assets				
Equity securities	536,892,942	258,158,894	-	-
Trade and other receivables	-	-	24,831,699,471	13,822,259,216
Amounts due from related parties	-	-	8,339,101	18,681,507
Other current financial assets	-	-	3,557,423,609	3,010,225,970
Short-term deposits	-	-	2,136,020,085	1,779,874,707
Cash and cash equivalent	-	-	2,208,007,038	2,222,958,389
Corporate debt securities	-	-	-	110,222,276
Financial liabilities				
Unsecured bond issue	-	-	-	-
Bank over draft	-	-	-	-
Interest bearing borrowings	-	-	-	-
Trade payable	-	-	-	-
Amount due to related parties	-	-	-	-
Lease liabilities	-	-	-	-
Total	536,892,942	258,158,894	32,741,489,304	20,964,222,065

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	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Financial assets				
Equity securities	536,892,942	258,158,894	-	-
Trade and other receivables	-	-	21,699,146,106	11,679,352,202
Amounts due from related parties	-	-	350,947,740	1,075,855,099
Other current financial assets	-	-	3,309,006,015	2,769,112,115
Short-term deposits	-	-	1,691,482,324	1,463,635,356
Cash and cash equivalent	-	-	898,392,700	699,437,937
Corporate debt securities	-	-	-	110,222,276
Financial liabilities				
Unsecured bond issue	-	-	-	-
Bank over draft	-	-	-	-
Interest bearing borrowings	-	-	-	-
Trade payable	-	-	-	-
Amount due to related parties	-	-	-	-
Lease liabilities	-	-	-	-
Total	536,892,942	258,158,894	27,948,974,885	17,797,614,985

FVOCI – equity instruments		Total		Financial liabilities measured at amortised cost	
2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
510,000	-	537,402,942	258,158,894	-	-
-	-	24,831,699,471	13,822,259,216	-	-
-	-	8,339,101	18,681,507	-	-
-	-	3,557,423,609	3,010,225,970	-	-
-	-	2,136,020,085	1,779,874,707	-	-
-	-	2,208,007,038	2,222,958,389	-	-
-	-	-	110,222,276	-	-
-	-	-	-	581,857	1,651,548
-	-	-	-	130,864,408	327,144,422
-	-	-	-	23,046,292,005	8,961,539,620
-	-	-	-	20,862,577,675	14,056,384,918
-	-	-	-	71,465,679	28,717,792
-	-	-	-	262,271,721	143,917,902
510,000	-	33,278,892,246	21,222,380,959	44,374,053,345	23,519,356,202

FVOCI – equity instruments		Total		Financial liabilities measured at amortised cost	
2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
510,000	-	537,402,942	258,158,894	-	-
-	-	21,699,146,106	11,679,352,202	-	-
-	-	350,947,740	1,075,855,099	-	-
-	-	3,309,006,015	2,769,112,115	-	-
-	-	1,691,482,324	1,463,635,356	-	-
-	-	898,392,700	699,437,937	-	-
-	-	-	110,222,276	-	-
-	-	-	-	581,857	1,651,548
-	-	-	-	-	-
-	-	-	-	21,761,878,248	8,058,004,976
-	-	-	-	11,030,755,564	8,158,972,728
-	-	-	-	191,298,506	123,977,357
-	-	-	-	1,846,047	-
510,000	-	28,486,377,827	18,055,773,879	32,986,360,222	16,342,606,609

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	Carrying value of assets and liabilities adjusted for market participant assumptions.	Variability of inputs are insignificant to have an impact on fair values
Non financial assets			
Land and building	Open market value basis for lands and depreciated replacement cost basis for buildings	Estimated price per perch, estimated price per square feet	Estimated fair value would increase (decrease) if ; • Price per perch increases (decreases) • Price per square feet increases (decreases)
Investment property	Investment method Open market method	Estimated price per perch, estimated price per square feet	Estimated fair value would increase (decrease) if ; • Price per perch increases (decreases) • Price per square feet increases (decreases)

36.3 Fair value hierarchy

The following table shows fair value measurement hierarchy of the Group's assets, liabilities. It does not includes fair value information for financial assets and financial liabilities not measured at fair value if carrying amount is a reasonable approximation of fair value.

36.3.1 Fair value hierarchy – Group

As at 31 March	Note	Fair value hierarchy						Total	
		Level 1		Level 2		Level 3			
		2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Financial assets									
Unquoted equity securities	17/ 35.1)	536,892,942	258,158,894	-	-	510,000	-	537,402,942	258,158,894
Non financial assets									
Land and building	11.1	-	-	-	-	1,334,077,443	2,194,122,668	1,334,077,443	2,194,122,668
Investment property	13.1	-	-	-	-	17,831,487,464	10,573,071,663	17,831,487,464	10,573,071,663

36.3.2 Fair value hierarchy – Company

As at 31 March	Note	Fair value hierarchy						Total	
		Level 1		Level 2		Level 3			
		2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Financial assets									
Unquoted equity securities	17/ 35.2)	536,892,942	258,158,894	-	-	510,000	-	537,402,942	258,158,894
Non financial assets									
Land and building	11.2	-	-	-	-	330,912,243	330,912,243	330,912,243	330,912,243
Investment property	13.1	-	-	-	-	1,026,408,650	614,207,200	1,026,408,650	614,207,200

NOTES TO THE FINANCIAL STATEMENTS

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 Company's 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	2022			2021		
	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)	3,976,170,230	-	-	4,106,598,044	-	-
Past due						
< 30 days	3,335,611,207	(4,799,129)	0.14%	1,844,881,428	(4,940,371)	0.27%
30–60 days	3,854,579,042	(3,181,658)	0.08%	1,599,217,972	(3,134,934)	0.20%
61–90 days	1,983,325,776	(2,511,108)	0.13%	846,734,221	(3,184,402)	0.38%
91–120 days	1,953,145,798	(2,253,121)	0.12%	423,426,563	(2,175,283)	0.51%
> 120 days	7,154,222,011	(377,835,588)	5.28%	3,405,392,493	(279,802,253)	8.22%
Total	22,257,054,064	(390,580,604)		12,226,250,721	(293,237,243)	

As at 31st March, the aging analysis of trade receivables and provision for impairment were as follows for the Company.

As at 31 March	2022			2021		
	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)	3,828,319,725	-	-	3,920,294,822	-	-
Past due						
< 30 days	2,873,762,984	(1,471,404)	0.05%	1,587,871,295	(1,644,406)	0.10%
30–60 days	3,672,633,816	(1,682,888)	0.05%	1,389,523,595	(823,585)	0.06%
61–90 days	1,531,221,991	(1,069,260)	0.07%	661,200,092	(1,600,815)	0.24%
91–120 days	1,000,898,189	(69,190)	0.01%	264,524,567	(967,731)	0.37%
> 120 days	6,841,020,395	(304,904,177)	4.46%	2,488,929,454	(136,823,088)	5.50%
Total	19,747,857,100	(309,196,919)		10,312,343,825	(141,859,625)	

Collateral acquired for mitigating credit risk

The Group whenever possible, obtain collaterals in the form of unconditional and irrevocable bank guarantee that can be encashed an demand or advances are provided to cover the receivable. The Group focuses on the realisability of such collateral to mitigate potential credit loss.

NOTES TO THE FINANCIAL STATEMENTS

37.3.2 Financial instruments and cash deposits

Credit risk from balances with banks and financial institution is managed by the Group's treasury management in accordance with the Group's policy.

Treasury management established "investment policies" in place, funds invest with high liquidity and high level of safety. The funds may invest in investments grade assets with a rating award by rating agencies or awarded internally by the fund management company. The Group held short-term deposits and cash and cash equivalent as at 31 March 2022 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 counter-parties. 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 2022 99%, (2021 - 99%) and 2022 99%, (2021 - 99%) of the favourable balances of bank and financial institution were rated "A" or better for the Group and Company respectively.

	Group				Company			
	2022		2021		2022		2021	
Fitch rating	LKR	%	LKR	%	LKR	%	LKR	%
AA+	-	0%	-	0%	-	0%	-	0%
AA	-	0%	-	0%	-	0%	-	0%
AA-	3,894,606,044	91%	2,539,116,343	64%	2,506,218,973	98%	1,649,428,149	78%
A+	346,708,468	8%	1,039,383,539	26%	2,633,153	1%	105,831,508	5%
A	20,005,874	0%	373,169,239	9%	18,388,655	1%	370,015,391	17%
A-	-	0%	-	0%	-	0%	-	0%
BBB-	-	0%	56,302	1%	-	0%	56,302	0%
B+	7,963,109	1%	-	0%	-	0%	-	0%
Not Rating	-	0%	-	0%	-	0%	-	0%
Total	4,269,283,495	100%	3,951,725,423	100%	2,527,240,781	100%	2,125,331,350	100%

The Group's maximum exposure to credit risk for the components of the statement of financial position at 31 March 2022 and 2021 is the carrying amounts as illustrated in Note 35.

37.3.3 Corporate debt securities

As at 31 March 2022 – 100% (2021 – 100%) and 2022 – 100% (2021 – 100%) were guaranteed by a banking institution with a rating of "A" or better for the Group Company respectively.

	Group				Company			
	2022		2021		2022		2021	
Fitch rating	LKR	%	LKR	%	LKR	%	LKR	%
AA-	-	-	110,222,276	100%	-	-	110,222,276	100%
Total	-	-	110,222,276	100%	-	-	110,222,276	100%

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 economic uncertainty, for the next 12 months from the reporting date.

Excessive risk concentration

Concentrations arise when a number of counter-parties 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 2022 based on contractual payments.

		Contractual cash flow				
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities - Group						
Bank overdrafts	130,864,408	130,864,408	-	130,864,408	-	-
Trade and other payables	25,161,709,167	25,161,709,167	-	16,927,809,993	4,283,522,513	3,950,376,661
Amounts due to related parties	71,465,679	71,465,679	-	71,465,679	-	-
Interest bearing borrowings	23,046,873,862	23,046,873,862	-	18,554,861	3,512,850,136	19,515,468,865
Unclaimed dividend	36,270,007	36,270,007	36,270,007	-	-	-
Lease liabilities	262,271,721	555,712,697	-	58,493,426	58,493,426	438,725,845

		Contractual cash flow				
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities - Company						
Trade and other payables	14,065,939,280	14,065,939,280	-	11,030,755,564	3,035,183,716	-
Amounts due to related parties	191,298,506	191,298,506	-	191,298,506	-	-
Interest bearing borrowings	21,762,460,105	21,762,460,105	-	-	3,122,040,105	18,640,420,000
Unclaimed dividend	18,336,127	18,336,127	18,336,127	-	-	-
Lease liabilities	1,846,047	5,910,751	-	98,513	98,513	5,713,725

NOTES TO THE FINANCIAL STATEMENTS

The table below summaries, the maturity profile of Group's/ Company's financial liabilities at 31 March 2021 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	327,144,422	327,144,422	-	327,144,422	-	-
Trade and other payables	17,307,342,489	17,307,342,489	-	10,142,549,582	3,214,416,246	3,950,376,661
Amounts due to related parties	28,717,792	28,717,792	-	28,717,792	-	-
Interest bearing borrowings	8,963,191,168	9,728,624,412	-	18,554,861	2,874,775,759	6,835,293,792
Unclaimed dividend	33,352,549	33,352,549	33,352,549	-	-	-
Lease liabilities	143,917,902	267,608,954	-	13,405,718	13,405,718	240,797,518

	Contractual Cash flow					
	Carrying amount LKR	Total LKR	On demand LKR	6 months or less LKR	6-12 months LKR	More than 1 year LKR
Non-derivative financial liabilities-Company						
Trade and other payables	10,917,886,266	10,917,886,266	-	8,182,715,986	2,735,170,280	-
Amounts due to related parties	123,977,357	123,977,357	-	123,977,357	-	-
Interest bearing borrowings	8,059,656,524	8,783,824,441	-	2,550,000	2,051,455,264	6,729,819,177
Unclaimed dividend	15,418,669	15,418,669	15,418,669	-	-	-

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		Company	
		2022 LKR	2021 LKR	2022 LKR	2021 LKR
Loans and borrowings	26	23,046,873,862	8,963,191,168	21,762,460,105	8,059,656,524
Bank overdraft	23	130,864,408	327,144,422	-	-
Total borrowings		23,177,738,270	9,290,335,590	21,762,460,105	8,059,656,524
Equity		30,647,334,606	26,514,812,959	24,322,654,192	22,396,392,495
Debt / Equity (%)		75.63	35.04	89.47	35.99

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		Company	
	2022 LKR	2021 LKR	2022 LKR	2021 LKR
Fixed rate instruments				
Financial assets	2,542,376,660	1,890,990,075	1,691,992,324	1,573,857,632
Financial liabilities	13,724,213,331	5,126,852,591	13,637,073,331	5,051,651,548
Variable rate instruments				
Financial liabilities	9,453,524,939	4,163,482,999	8,125,386,774	3,008,004,976

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 800 basis points is considered for the sensitivity analysis for financial liabilities of variable rate instruments as at reporting date, compared to a fluctuation of 100 basis points considered in the last financial year. This analysis assumes that all other variables, in particular foreign currency interest rates, remain constant.

	Increase/Decrease			Effect on profit before tax	
				Group LKR	Company LKR
Variable rate instruments	2022	+	800bp	(7,458,128)	(6,500,309)
		-	800bp	7,458,128	6,500,309
	2021	+	100bp	(416,348)	(300,800)
		-	100bp	416,348	300,800

NOTES TO THE FINANCIAL STATEMENTS

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign currency deposits. These currencies primarily are the Euro, US Dollars (USD), Pound (GBP), Chinese Renminbi and Japanese Yen.

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

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk as reported to the management of the Group is as follows:

	2022				2021				
	EUR	USD	GBP	JPY	EUR	USD	GBP	SGD	JPY
Trade and other receivables	1,491,888	1,599,197	-	-	-	637,193	-	-	-
Cash at bank	840	337,392	18,522	-	20,055	3,842,945	18,384	-	-
Trade and other payables	-	(557,476)	(162,282)	(69,437,492)	(509)	(2,970,228)	(43,856)	(373,588)	(70,199,215)
Net Statement of financial position exposure	1,492,729	1,379,113	(143,760)	(69,437,492)	19,546	1,509,910	(25,472)	(373,588)	(70,199,215)

The summary quantitative data about the Company's exposure to currency risk as reported to the management of the Company is as follows:

	2022			2021		
	EUR	USD	GBP	EUR	USD	GBP
Trade and other receivables	1,491,888	1,599,197	-	-	637,094	-
Cash at bank	840	244,899	18,522	20,055	684,357	18,384
Trade and other payables	-	(557,476)	-	(509)	(1,355,966)	-
Net Statement of financial position exposure	1,492,729	1,286,620	18,522	19,546	(34,515)	18,384

The following significant exchange rates were applicable during the year 2021/22 and 2020/21:

	Company/Group year end spot rate	
	2022 LKR	2021 LKR
EUR	334.03	233.09
USD	299.00	199.04
GBP	392.53	273.23
SGD	221.05	147.77
JPY	2.45	1.80

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 15% is considered for the sensitivity analysis as at reporting date, compared to a fluctuation of 10% considered in the last financial year. This analysis assumes that all other receivables in particular exchange rates remains constant and ignores.

Group	2022			2021	
	Strengthening LKR	Weakening LKR		Strengthening LKR	Weakening LKR
EUR (15% movement)	74,791,960	(74,791,960)	EUR (10% movement)	455,607	(455,607)
USD (15% movement)	61,853,216	(61,853,216)	USD (10% movement)	30,052,909	(30,052,909)
GBP (15% movement)	(8,464,435)	8,464,435	GBP (10% movement)	(695,970)	695,970
SGD (15% movement)	-	-	SGD (10% movement)	(5,520,682)	5,520,682
JPY (15% movement)	(25,515,154)	25,515,154	JPY (10% movement)	(12,626,733)	12,626,733

Company	2022			2021	
	Strengthening LKR	Weakening LKR		Strengthening LKR	Weakening LKR
EUR (15% movement)	74,791,960	(74,791,960)	EUR (10% movement)	455,607	(455,607)
USD (15% movement)	57,704,898	(57,704,898)	USD (10% movement)	(686,978)	686,978
GBP (15% movement)	1,090,585	(1,090,585)	GBP (10% movement)	502,309	(502,309)

NOTES TO THE FINANCIAL STATEMENTS

Equity Price Risk

The Group's listed and unlisted equity securities are susceptible to market price arising from uncertainties about future values of the investment securities. The Treasury management monitors the mix of debt and equity securities in investment portfolio based on market indicators and manage risk through diversification of portfolio. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to the equity investments at fair value listed on the Colombo Stock Exchange was LKR 456 Mn - 2022 (LKR 258 Mn -2021). 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 2022.

As at 31 March	2022		2021	
Industry / Sector	Market value LKR	%	Market value LKR	%
Banks	-	-	87,136,562	33.75%
Capital Goods	3,146,668	0.57%	59,137,732	22.91%
Consumer Durable & Apparel	-	-	3,184,168	1.23%
Diversified Financials	235,601,490	43.88%	32,235,878	12.49%
Energy	-	-	3,255,000	1.26%
Food Beverage & Tobacco	212,150,464	39.54%	29,404,670	11.39%
Health Care Equipment & Services	-	-	13,545,117	5.25%
Materials	5,387,320	1.00%	15,466,326	5.99%
Retailing	-	-	14,793,441	5.73%
Transportation	80,607,000	15.01%	-	-
	536,892,942	100%	258,158,894	100.00%

37.6 Capital management

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

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

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2022 and 2021.

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.

SEAMLESS STABILITY

We commit to utilising energy and materials which minimises environmental impact. We passionately believe in what we do, and we do it with the utmost care, speed and accuracy to the best of our ability.

ANNEXES

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
- Concrete Production Unit
- Piling Unit
- Scaffolding Unit
- Construction Equipment Division

Project Management Division (PMD) III
- Business Development
- Construction Projects

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
- HRD
- CSR

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
- Revenue Management
- Payments

COMMERCIAL
- Procurement
- Treasury and Working
- Capital Management
- Tax Planning and Compliance
- Fixed Assets

Internal Audit Department
- Financial Audits
- Technical Audits
- Risk Management

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

		2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Statement of Profit or Loss and Other Comprehensive Income Highlights											
Revenue	LKR Mn.	39,630	23,837	24,027	32,277	26,056	20,448	17,625	16,514	16,373	13,900
Gross profit	LKR Mn.	5,312	4,138	3,808	5,184	4,061	4,732	3,977	3,815	4,186	3,061
EBITDA	LKR Mn.	8,315	4,050	3,419	4,891	5,044	4,300	3,748	3,322	3,771	2,883
EBIT	LKR Mn.	5,784	3,225	2,688	4,173	5,044	3,381	2,900	2,653	3,180	2,433
Net finance income/(cost)	LKR Mn.	(1,034)	(573)	(577)	(651)	(383)	150	95	110	136	239
Profit for the year	LKR Mn.	5,130	2,393	928	2,245	2,463	2,746	2,551	2,424	2,902	2,412
Profit attributable to owners	LKR Mn.	5,110	2,386	979	2,150	2,507	2,708	2,465	2,346	2,833	2,376
Statement of Financial Position Highlights											
Property, plant and equipment	LKR Mn.	6,604	5,708	4,937	5,198	5,980	5,428	4,791	4,222	3,787	3,741
Total non-current assets	LKR Mn.	33,566	25,688	19,705	20,144	21,171	16,074	12,357	9,155	7,349	7,579
Cash and cash equivalent	LKR Mn.	2,208	2,223	2,164	2,486	1,394	950	504	1,918	1,521	703
Short term deposits	LKR Mn.	2,136	1,780	1,269	2,210	2,041	2,922	6,792	1,048	1,140	1,371
Total assets	LKR Mn.	81,847	56,060	50,078	48,062	44,439	36,046	30,343	22,328	20,204	16,642
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.	18,610	14,245	12,365	11,936	10,388	9,590	8,362	7,169	5,815	3,486
Equity attributable to equity holders	LKR Mn.	28,187	23,825	21,834	21,195	19,793	18,840	17,462	16,269	14,916	12,486
Loans and borrowings	LKR Mn.	23,047	8,963	10,967	8,735	9,086	5,737	5,846	350	65	8
Total non-current liabilities	LKR Mn.	21,419	8,695	2,953	7,533	7,528	5,680	5,603	514	359	259
Statement of Cash Flow Highlights											
Cash flows from /(used in) operating activities	LKR Mn.	(6,008)	8,529	(2,191)	1,876	630	1,994	3,168	3,218	1,608	1,301
Cash flows from /(used in) investing activities	LKR Mn.	(4,465)	(5,808)	(224)	302	(2,226)	(2,226)	(9,251)	(2,337)	(341)	(1,721)
Cash flows from/(used in) financing activities	LKR Mn.	10,653	(2,473)	1,907	(851)	1,753	(87)	4,532	(737)	(459)	(513)
Key Financial Ratios											
EPS	LKR	5.11	2.39	0.98	2.15	2.51	2.71	2.47	2.35	2.83	2.38
DPS	LKR	0.75	0.50	0.50	0.50	1.20	1.50	0.75	1.00	0.50	0.50
Net assets per share	LKR	28.19	23.83	21.83	21.19	19.79	18.84	17.46	16.27	14.92	12.49
Dividend payout	%	14.68	21.00	51.00	23.00	47.86	55.39	30.36	43.00	18.00	21.00
ROE	%	16.74	9.00	3.80	9.52	11.15	12.70	14.10	14.40	19.00	19.00
ROCE	%	7.84	8.40	6.60	11.69	14.83	12.30	12.30	15.40	20.50	18.90
Gearing	%	81.76	37.62	50.23	41.21	43.70	30.50	34.80	2.10	0.40	0.10
Current ratio	Times	1.62	1.46	1.30	1.70	1.57	2.30	2.70	2.60	2.80	2.40
Quick ratio	Times	1.13	1.04	1.00	1.30	1.16	1.70	2.30	2.10	2.30	1.90
Price per share	LKR	15.00	22.10	13.20	13.00	20.50	23.80	20.80	19.20	22.50	19.70
Investor Highlights											
Total number of shareholders	No.	9,795	9,712	8,832	7,226	5,816	6,119	5,757	4,610	2,196	2,153
Percentage of public holding	%	39.94	39.81	42.84	41.93	42.31	39.59	37.92	37.92	35.53	36.52
Value of shares traded	LKR Mn.	9,588	10,789	6,757	1,637	2,729	3,625	4,570	14,900	2,148	1,265
Number of trades	No.	75,415	86,541	71,138	24,276	10,750	25,709	36,018	49,154	10,229	13,535

DIRECTORS OF GROUP COMPANIES

Company Name	Our response	
Sathosa Motors PLC	S J S Perera	R S Dahanayake
	J C Joshua	M M N De Silva
	D A R Fernando	M Jayahsuriya
	S D Munasinghe	K A P Perera
	W A C O Wijesinghe	
Access Realties (Private) Limited	S J S Perera	S H S Mendis
	J C Joshua	S D Munasinghe
	R J S Gomez	S D Perera
	D A R Fernando	
Access Projects (Private) Limited	S J S Perera	I N Pushpa Kumar
	D D S Ferdinando	K A C P Bandara
	D A R Fernando	S Nishkala
Harbour Village (Private) Limited	M Ahmad	Zhong Yuan
	S J S Perera	Zeng Nanhai
	J C Joshua	Zhang Xiaoqiang
	D A R Fernando	S D Munasinghe
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	H Qingfeng	J C Joshua
	C Jiaqing	S D Munasinghe
	L Chenhao	
Blue Star Realties (Private) Limited	A M Alamoti	S J S Perera
	M Dehghan	D D S Ferdinando
	A Shafiei	S H S Mendis
Access Motors (Private) Limited	S D Munasinghe	T A A Fernando
	S J S Perera	M Jayahsuriya
	S M P K Dissanayake	K A P Perera
	T T B C Fernando	
Access Logistics Park Ekala (Private) Limited	S J S Perera	I S N Fernando
	J C Joshua	L N A Silva
	D A R Fernando	
AEL East Africa Limited	S J S Perera	R M R K Wickramasinghe
	J C Joshua	P M D T Kumara
	D A R Fernando	T A L Niroshan
	S H S Mendis	S M Njoroge

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Access Engineering PLC will be held at the Ceylon Chamber of Commerce on 23 September 2022 at 3.00pm and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31 March 2022 and the Report of the Auditors thereon.
2. To re-elect as a Director Prof K A M K Ranasinghe who retires by rotation in terms of Article 88 (i) of the Articles of Association of the Company.
3. To authorize the Directors to determine donations for the ensuing year.
4. To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company and to authorize the Directors to determine their remuneration.

By Order of the Board

Access Engineering PLC

Sgd.
P W CORPORATE SECRETARIAL (PVT) LTD
Director/Secretaries

30 August 2022
Colombo

Notes
1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
2. A Proxy need not be a member of the Company.
3. A Form of Proxy is enclosed for this purpose.
4. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 278, Union Place, Colombo 2, not less than thirty six (36) hours before the time fixed for the commencement of the Meeting.

NOTES

FORM OF PROXY

I/We the undersigned ....

NIC No. .... of ....

being a member/s* of Access Engineering PLC hereby appoint: ....

of .... or failing him/her,

Mr. Sumal Joseph Sanjiva Perera	of Colombo or failing him*
Mr. Joseph Christopher Joshua	of Colombo or failing him*
Mr. Dalpadoruge Anton Rohana Fernando	of Colombo or failing him*
Mr. Ranjan John Suriyakumar Gomez	of Colombo or failing him*
Mr. Shevantha Harindra Sudhakara Mendis	of Colombo or failing him*
Mr. Saumaya Darshana Munasinghe	of Colombo or failing him*
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	of Colombo or failing him*
Mr. Niroshan Dakshina Gunaratne	of Colombo or failing him*
Mr. Suresh Dilhan Perera	of Colombo or failing him*
Mr. Dinesh Stephan Weerakkody	of Colombo or failing him*
Mr. Shamal Joseph Shavindra Perera	of Colombo or failing him*

my/our* Proxy to vote as indicated hereunder for me/us* and on my/our* behalf at the 11th Annual General Meeting of the Company to be held on 23 September 2022 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 Prof. K A M K Ranasinghe who retires by rotation in terms of Article No.88 (i) of the Articles of Association of the Company, as a Director		
Resolution 2		
To authorize the Directors to determine donations for the ensuing year		
Resolution 3		
To re-appoint Messrs. KPMG, Chartered Accountants as Auditors of the Company and authorize the Directors to determine their remuneration.		

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

....

Signature of Shareholder/s

* Please delete the inappropriate words.
Instructions as to completion appear on the reverse.

FORM OF PROXY

INSTRUCTIONS AS TO COMPLETION

1. This Form of Proxy must be deposited at No. 278, Union Place, Colombo 2 not less than thirty six (36) hours before the time fixed for the Meeting.
2. In perfecting the Form of Proxy please ensure that all details are legible.
3. If you wish to appoint a person other than a Director of the Company as your proxy, please insert the relevant details in the space provided.
4. Please indicate with an 'X' in the space provided, how your proxy is to vote on the resolution. If no indication is given, the proxy in his discretion will vote as he thinks fit.
5. In the case of a Company/Corporation, the proxy must be under its Common Seal, which should be affixed and attested in the manner prescribed by its Articles of Association.
6. In the case of a Proxy signed by an Attorney, the Power of Attorney must be deposited at The Secretaries' Office (i.e. P W Corporate Secretarial (Pvt) Ltd., 3/17, Kynsey Road, Colombo 8) for registration.
7. In the case of joint holders the Form of Proxy must be signed by the first holder.

CORPORATE INFORMATION

GRI 102-1, 102-3, 102-5

NAME OF COMPANY

Access Engineering PLC

REGISTERED OFFICE

Access Engineering PLC
Access Towers,
278, Union Place, Colombo 02,
Sri Lanka.
Tel: +94 11 7606606
Fax: +94 11 7606605
Web : www.accessengsl.com
E-mail : investor.relations@accessengsl.com

LEGAL FORM

A public limited liability company incorporated in Sri Lanka on 31 July 2001 under the Companies Act No. 17 of 1982 and Re-registered under the Companies Act No. 07 of 2007 on 06 February 2008.

Ordinary Voting Shares are listed on the Main Board of the Colombo Stock Exchange.

Rated Senior Unsecured Redeemable Debentures are listed on the Colombo Stock Exchange.

COMPANY REGISTRATION NUMBER

PB 200 PQ

BOARD OF DIRECTORS

S J S Perera
J C Joshua
D A R Fernando
S H S Mendis
S D Munasinghe
R J S Gomez
S D Perera
Shamal J S Perera
Prof. K A M K Ranasinghe
N D Gunaratne
D S Weerakkody

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

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

SUBCOMMITTEE ON INVESTMENT AND SUBSIDIARY PERFORMANCE MONITORING

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

STRATEGIC PLANNING COMMITTEE

S J S Perera – Chairman
J C Joshua
D A R Fernando
Prof. K A M K Ranasinghe

BANKERS

Bank of Ceylon
Sampath Bank PLC
Hatton National Bank PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
DFCC Bank PLC
People's Bank
National Development Bank PLC
Union Bank of Colombo PLC
Seylan Bank PLC
Cargills Bank Limited
CAC International Bank
International Commercial Bank

SECRETARIES

P W Corporate Secretarial (Pvt) Ltd.
3/17, Kynsey Road,
Colombo 08,
Sri Lanka.
Tel: +94 11 4640360
Fax: +94 11 4740588

AUDITORS

Messrs KPMG,
Chartered Accountants,
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03,
Sri Lanka.
Tel: +94 11 2426426
Fax: +94 11 2445872

ACCESS ENGINEERING PLC
Access Towers,
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