diverse strengths

integrated



ACCESS ENGINEERING PLC

Annual Report 2012/13

Access Engineering

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"

diverse strengths

integrated

In twelve years of operations Access Engineering has transformed itself into a major force in the local civil engineering and construction industry. We have never been afraid to venture into uncharted territory, to break new ground and set the benchmark of competency, whatever we chose to do.

Our bold and enterprising approach combined with world class skills and expertise in the diverse sub categories of our core business, has seen us evolve into a smooth and cohesive conglomerate, possessing diverse strengths integrated towards our goals of excellence, sustainability and value.

Access Engineering

The Access Value

Group revenue was almost doubled year on year, reaching an all time high of Rs.13.9 Bn, while the Company revenue stood at Rs.11.4 Bn. Profit after tax stood at Rs.2,413 Mn and Rs.2,131 Mn at Group and Company level, growing 39% and 48% respectively.

Rs.13,900 Mn

Group Revenue

Rs.2,378 Mn

Profit Attributable to Owners of the Company

Rs.2.38

Earnings Per Share

SAFETY PERFORMANCE

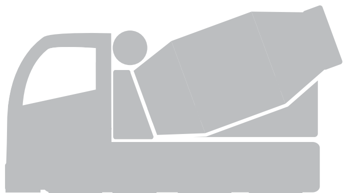
Lost Time Injury Frequency Rate (LTIFR) was 1.2%

CAPACITY BUILDING

Successfully enhanced capacity to meet increased turnover of 89.9%

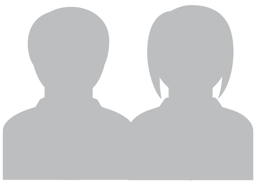
PROJECT COMPLETION

Project completion performance was 100%



RETAINED EARNINGS

Year on year increase of 109% in retained earnings improving shareholder wealth

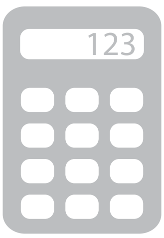


HIRING AND RETAINING TALENT

Our staff retention of 93.9% was a 11.7% increase compared to last year while net employment increased by 2.24%

LIQUIDITY

A strong year end cash balance of 2,073 Mn



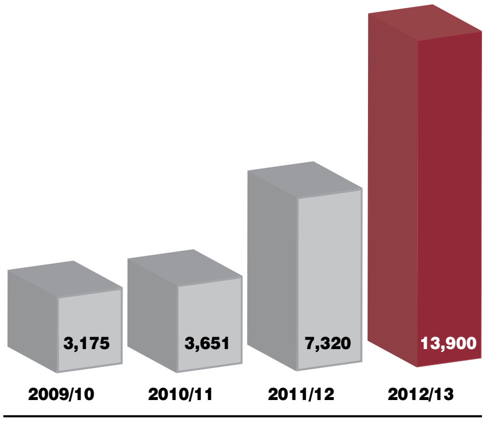
NET ASSETS

Net Assets increased by 17% and 15.4% at Group and Company level

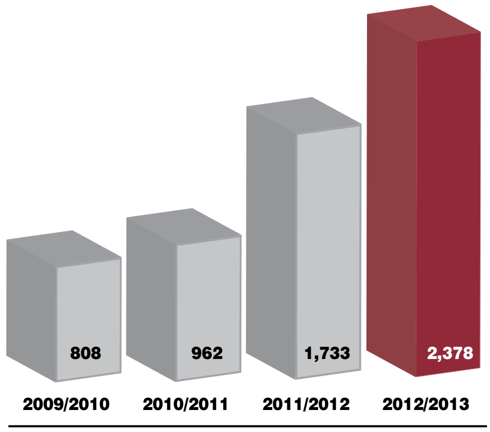
RETURN ON EQUITY

Return on Equity increased by 17.2% and 28.4% at Group and Company level

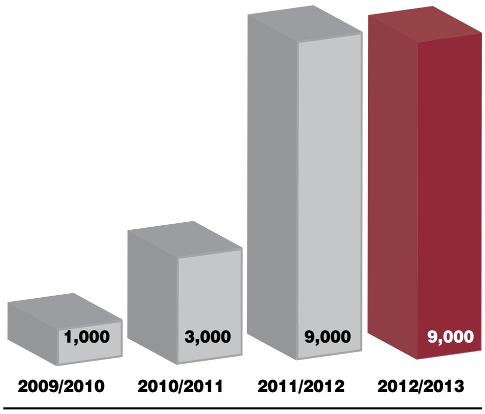
Financial Highlights



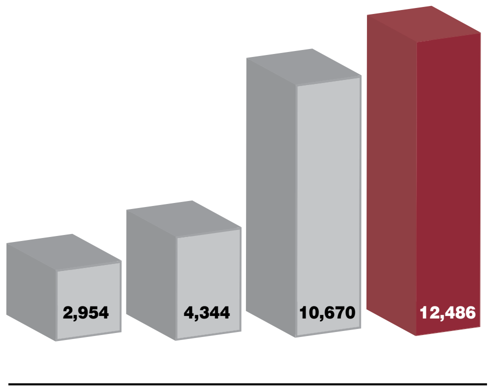
Consolidated Revenue
(Rs.Mn)



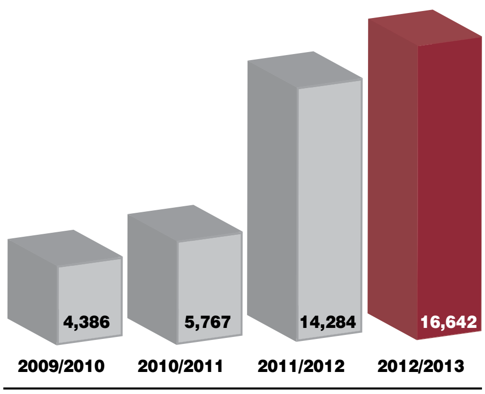
Profit Attributable to Owners of the Company
(Rs.Mn)



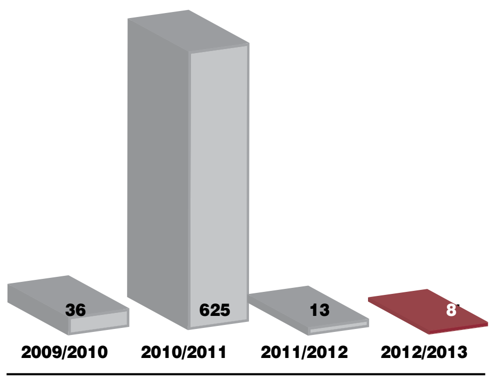
Stated Capital
(Rs.Mn)



Net Assets
(Rs.Mn)



Total Assets
(Rs.Mn)



Interest Bearing Borrowings
(Rs.Mn)

		2012/13		2011/12		Change	
		Group	Company	Group	Company	Group	Company
Earnings Highlights and Ratios							
Revenue	Rs. Mn	13,900	11,447	7,320	6,961	89.9%	64.4%
Gross profit	Rs. Mn	3,061	2,559	2,121	1,962	44.3%	30.4%
EBITDA	Rs. Mn	2,883	2,531	2,159	1,856	33.5%	36.4%
Earnings before tax	Rs. Mn	2,672	2,301	2,033	1,725	31.4%	33.4%
Profit attributable to owners	Rs. Mn	2,378	2,131	1,733	1,438	37.2%	48.2%
Dividends	Rs. Mn	500	500	162	162	208.6%	208.6%
Earnings per share	Rs.	2.38	2.13	1.83	1.52	30.1%	40.1%
Dividend per share	Rs.	0.50	0.50	0.27	0.27	85.2%	85.2%
Dividend payout	%	21%	24%	9%	11%	125.1%	108.4%
Statement of Financial Position Highlights and Ratios							
Total assets	Rs. Mn	16,642	15,429	14,284	13,122	16.5%	17.6%
Stated capital	Rs. Mn	9,000	9,000	9,000	9,000	0.0%	0.0%
Retained earnings	Rs. Mn	3,486	3,141	1,670	1,525	108.7%	106.0%
Total Equity/Shareholder's funds	Rs. Mn	12,486	12,141	10,670	10,525	17.0%	15.4%
Total liabilities	Rs. Mn	4,018	3,288	3,451	2,598	16.4%	26.6%
Current assets	Rs. Mn	9,063	7,576	7,643	6,282	18.6%	20.6%
Current liabilities	Rs. Mn	3,759	3,064	3,277	2,454	14.7%	24.9%
Net asset per share	Rs.	12.49	12.14	10.67	10.52	17.0%	15.4%
Investor Highlights and Ratios							
Gross profit margin	%	22.0%	22.4%	29.0%	28.2%	(24.0%)	(20.7%)
Net profit margin	%	17.3%	18.5%	23.6%	20.5%	(26.9%)	(10.0%)
Return on equity	%	18.9%	17.4%	16.2%	13.6%	16.67%	27.9%
Debt/Total assets	%	0.05%	0.04%	0.1%	0.1%	(44.5%)	(59.6%)
Debt/Equity	%	0.07%	0.05%	0.12%	0.12%	(41.7%)	(60.0%)
Current asset ratio	(x)	2.4	2.5	2.3	2.6	3.4%	(3.4%)
Quick asset ratio	(x)	1.9	2.2	1.8	2.1	7.8%	2.3%

management review

a pool of expertise

incorporated

"Our growth rates recorded were well above the industry rates, a performance driven by our core competency of value engineering, capacity building and the prudent management of our project portfolio."

Piling works at Outer Circular Highway, Kaduwela

Chairman's Message

"We have laid firm foundations for further expansion of our business by building capacities and capabilities to fortify our reputation as a reliable and trustworthy business partner."

Sumal Perera

Dear Shareholder,

It is with a great sense of pleasure and pride that I present to you the Annual Report and Audited Financial Statements for the year ended 31st March 2013 and also warmly welcome you to the second Annual General Meeting of Access Engineering PLC.

While we have completed our first full year of operations since we were listed on the Colombo Stock Exchange in March 2012, I am happy to report that your Company is well on course to deliver on all the objectives that it set itself at the time of inviting you all to become a part of Access Engineering PLC. The first full year of operations has recorded more than satisfactory results.

Group revenue was almost doubled year on year, reaching an all time high of Rs.13.9 Bn, while the Company revenue stood at Rs.11.4 Bn. Profit after tax stood at Rs.2,413 Mn and Rs.2,131 Mn at Group and Company level, growing 39% and 48% respectively. I am proud to report that our net profit margins of 17% at Group level and 19% at Company level, are well above global industry standards. During the year, your Company invested approximately Rs.1.2 Bn in property, plant and equipment, thereby strengthening our position as one of the most stable and technically advanced engineering service providers in Sri Lanka.

Based on the sound performance, The Company declared a final dividend of Rs.0.25 per share for the year ended 31st March 2013. This is in addition to the interim dividend of Rs.0.25 per share paid in February 2013. This totals to a total dividend of Rs.500 million paid to the shareholders for the year ended 31st March 2013.

The post-war transformation of the country continues apace, especially in our areas of specialization such as roads, highways, expressways, bridges and flyovers, ports and airports, hydropower, housing, and telecommunications. Value Engineering continues to be our platform of differentiation, and our extensive research and design activities focus on continuously achieving improved levels of efficiency and productivity through resource optimization while staying true to our unbending insistence on the highest quality.

At Access Engineering, we have ingrained a culture of sustainable and responsible business which has had tangible effects on our performance, our risk management and our readiness for the future. Our commitment to sustainable development influences how we do business and how we evaluate the impacts of our actions on the community around us. By embedding the principles of sustainability into our everyday work, we have been able to minimize the negative consequences of our actions to a great extent. However, we are aware that this is a constantly evolving process.

"The Management Discussion and Analysis" gives a detailed report on your Company, its performance and future plans.

Future Strategy

We have laid firm foundations for further expansion of our business by building capacities and capabilities to fortify our reputation as a reliable and trustworthy business partner. Our strategy for the future continues to be the maintenance of our position as a preferred engineering partner by innovating and adding value while strengthening our project management expertise and diversifying our portfolio to encompass products and services related to our core business. While Sri Lanka will remain our nucleus, we are also seeking the expansion of our footprint overseas by taking advantage of the solid partnerships we have built with our international partners.

Appreciations

I take this opportunity to thank my colleagues on the Board who have been a great source of strength in directing the activities and operations of the Company during the year under review.

While thanking the Management team that provided exemplary leadership and commitment to achieve our objectives, my sincere gratitude goes to the entire workforce whose tireless commitment and love for the organization enabled your Company to have a successful year of operations. The talent and capabilities of our management and staff remain our most valued asset and a source of great confidence to me as we commit ourselves to the continued success of the Company.

To our clients, I express my appreciation for the trust and confidence placed in us, which is the strongest endorsement of our skills and expertise. I take this opportunity to thank our business partners both in Sri Lanka and overseas, who have chosen us as their preferred business associate. I trust that our partnerships have been, and will continue to be mutually rewarding.

I salute you, our shareholders, for the faith you have placed in the Board and Management of Access Engineering PLC, and assure you that we will always operate with your best interests at heart.

I am indeed proud of what Access Engineering has achieved in its short history and I remain confident of the Company's continued progress.

Sumal Perera
Chairman

Management Discussion and Analysis

"Access Engineering remains bullish about the future and we remain confident on the medium term prospects of our Company. We will continue to focus on our core business and the Company is keen on expanding its operations beyond the shores of Sri Lanka."

Christopher Joshua
Managing Director

and

Rohana Fernando
Executive Director/ COO

Overview of the Economy

The Sri Lankan economy has been driven by a mission to make the country the 'Emerging Wonder of Asia' and 2012 was a firm step forward in this development drive. The country's GDP grew in nominal and real terms by approximately 16% and 6.4% respectively. This is especially significant when taken in the context of a lagging global economy, which continues to be under pressure, only achieving a 3% growth in 2012. The average per capita income of a Sri Lankan now stands at US$ 2,900; policymakers have set sights on reaching the US$ 4,000 per capita target by 2016, in a bid to catapult the country to upper middle income status.

International reserves improved compared to the previous year even though the rupee witnessed a drop in value against the dollar. The country was able to maintain its inflation at single digit levels throughout the year. In light of this rapid economic and social development, the World Bank and IFC have categorized Sri Lanka as a lower middle income country. The outlook for Sri Lanka on the international landscape is for the growth phase to continue during the forthcoming years. Social and economic development through major infrastructure development projects continue to be the focus areas of the Government and there have also been significant investments by the private sector in tourism, leisure, real estate and port development activities.

Overview of the Operating Environment

The operating environment during the year under review was very conducive to business amidst stable political, economic and social conditions. The government was steadfast in its vision of positioning the country as a regional hub in aviation, maritime, energy, knowledge and commerce. Further infrastructure improvements were undertaken, targeted towards this goal. The National Road Master Plan focused on the modernization and construction of roads, highways, expressways, bridges and flyovers. National efforts were directed towards the improvement of access to safe drinking water and to develop maritime, aviation and telecommunication infrastructure. The private sector too, is making significant investments in the tourism, leisure, real estate and port sectors.

During the year, several mega infrastructure projects were commissioned upon completion; these included the Upper Kotmale Hydro Power Project, Mattala Rajapaksa International Airport Project and the Colombo South Harbour Project. Among the major projects initiated and implemented during this period were the Colombo Outer Circular Highway Project Phase I and II, Phase II of the Magam Ruhunupura Mahinda Rajapaksa Port and the Colombo Katunayaka Expressway. Major investments by the private sector included the Colombo South Port Harbor Terminal, the Shangri-la Hotel development and many other developments in the hotel, real estate and leisure sectors.

In a country witnessing rapid infrastructure development, construction becomes the sector that benefits the most. In 2012, the construction sector contributed to 8.11% of the country's GDP which was a growth of over 14.27% compared to 2011. Similarly, the year on year growth in the construction sector was 21.6% in 2012 while the sector employed approximately 8% of the total workforce in the country. Since the end of the war, the construction sector has always outperformed GDP growth - the latest figure of 3.4 times stands testimony to the scale of development underway.

By virtue of being a leading civil engineering and construction company, Access Engineering benefited from the rapid development taking place in the industry. We were beneficiaries of the Government's policy of augmenting accelerated economic development through infrastructure development, which was complemented by the local, bilateral and multilateral funding arrangements that were in place. Furthermore, we were also able to take advantage of tax incentives proposed in the Budget to make further investments in production plants and facilities during the year.

Access Engineering continued to build on its reputation as a reliable and efficient contractor whilst remaining a preferred partner for many clients. We continued our engagement in many disciplines of construction with the honour of having obtained the highest ICTAD accreditation in all major disciplines of construction including building, highways, bridges, water supply, drainage, irrigation, land drainage, dredging, reclamation, storm water drainage, groynes, revetments, piling and telecommunication. We are backed by a stellar track record of successfully completing over 100 infrastructure development projects island-wide for the public and private sector.

Our growth rates recorded were well above the industry rates, a performance driven by our core competency of value engineering, capacity building and the prudent management of our project portfolio. We also continued to improve our product offering through strategic expansion into backwardly integrated business lines such as quarry operations, asphalt production and aggregate production, thereby offering comprehensive solutions to our customers.

Project Portfolio

Our project portfolio continued to be a strong and healthy mix of prestigious large scale infrastructure development projects covering almost the entire gamut of civil engineering from roads and highway, bridges and flyovers, to airports and ports, water supply and sanitation, telecommunication infrastructure, piling and buildings.

The construction of roads in the areas of Jaffna, Kantale, Muttur, Ibbagamuwa, Rambukkana, Bangadeniya, Padeniya, Biyagama, Katunayake, Kataragama, Negombo, Meerigama, Pooneryn and Mannar contributed approximately Rs.6 Bn to the Company's top line in the highways sector. Among major projects in the bridges and flyover sector included the Valaiyaru Bridge, Ayithiamunai Bridge, 6 Vavichchanai Access Road Box Bridges, Vavunathivu - Ayithiamunai Box Bridges and Kiran Ferry Road Bridge in the North Eastern Province and the Veyangoda Flyover which was commenced together with our partner M/s. Centunion Espanola de Coordinacion Tecnica y Financiera S.A. of Spain.

In the aviation sector, we became the preferred local contractor for the construction work carried out at the country's second international airport in Mattala. We were engaged to construct vital infrastructure such as access roads, the Fire Rescue and Cargo Building and the Fuel Hydrant System.

In the telecommunication sector, we continued our long term partnership with the country's largest telecom service provider Dialog Axiata PLC. The relationship has enabled us to become stakeholders in the country's march towards new vistas of connectivity by installing over 1,000 kilometers of fiber optic cables and 1,800 kilometers of duct provisions as part of Dialog's roll out. During the year under review fiber optic cables were installed from Dambulla to Trincomalee, Habarana to Polonnaruwa, Negombo to Chilaw and in Colombo and its suburbs.

The highly mechanized and skilled piling sector experienced unprecedented growth during the year. We commenced piling work on the Northern Section of the Outer Circular Highway as a sub contractor of the Taisei Corporation of Japan. Our portion of the work included the installation of over 1,800 bored cast-in-situ piles with a value of over Rs.3 Bn. The project is the single largest piling project to be undertaken by a local contractor to date and is scheduled for completion in October 2013. Our piling fleet includes six Bauer BG piling machines - one of the most modern and largest fleets in the country. The fleet is also strengthened by the percussion drilling rigs owned by the Company.

"Our project portfolio continued to be a strong and healthy mix of prestigious large scale infrastructure development projects covering almost the entire gamut of civil engineering from roads and highway, bridges and flyovers, to airports and ports, water supply and sanitation, telecommunication infrastructure, piling and buildings."

In the water sector, we further consolidated our position through projects such as the construction of water facilities at the Mattala Airport, water facility to the Hambantota Sea Port and the salinity barrier in Ambalantota.

Our involvement in the maritime sector during the year included the rehabilitation work at the Unity Container Terminal at the Port of Colombo.

The building and construction sector made remarkable progress during the year to become the second highest contributor to the Company's top line. Construction work is ongoing on the design and build project to construct five 12-storey apartment blocks comprising 1,137 housing units for the Urban Development Authority.

Value Engineering

Value engineering continues to remain the backbone of our operations with continuous efforts to adopt technology and methods to bring value to all our stakeholders, thus maintaining a competitive advantage. The year under review witnessed value additions through our in-house design office, improvements in core areas of HR and through the introduction of new and modern plant and equipment.

The value engineering culture has enabled the Company to provide turnkey engineering solutions to some of the significant projects undertaken during the year under review including the Veyangoda flyover, the OCH piling project and the UDA housing project.

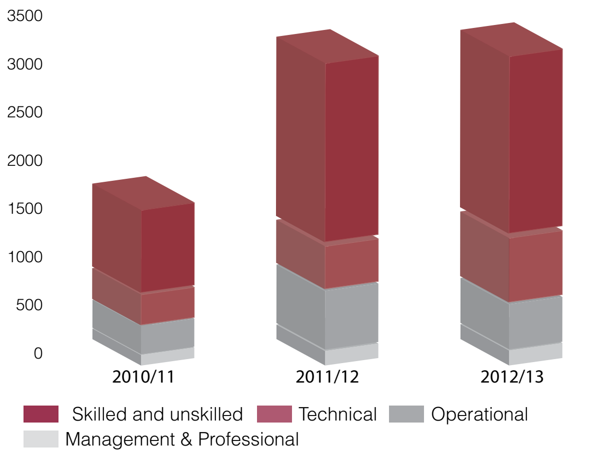
This value engineering philosophy provides a positive impact for the customer and in the larger sense, the community and the nation helping Access Engineering to build on the fundamentals of sustainable development through maximizing the use of resources.

Capacity Building

We are mindful of the greater purpose of our involvement in infrastructure development of our nation. We consider it a privilege to be given such opportunities of becoming a meaningful player in the development of the nation and as such, have built strong systems and processes to govern our business.

Our capacity building measures adopted in the previous year contributed to the prudent management of our growth and expansion during the current year. The Company's staff strength stands at 3,245 as at 31st March 2013 with 115 engineering professionals. The Company continued to attract some of the most skilled and competent persons in the industry while maintaining its status as a preferred employer. It has been our practice, high priority was given to training and development with the total investment in training initiatives amounting to approximately Rs.16.5 Mn.

During the year the Company also implemented a Human Resource Information System (HRIS).



Composition of Staff

The capacity building initiatives in plant and machinery during previous years contributed to providing material and services to all our projects including sale of materials to outside customers. The return on these investments has already exceeded expectations making a significant contribution to the net revenue of the Company. This is explained in detail under Financial Performance.

The Company continued to acquire shares of Sathosa Motors PLC where a further 440,217 shares were acquired at a cost of Rs.103 Mn increasing the Company's holdings to 84.4% as at 31st March 2013. Sathosa Motors has yet again recorded a good performance for the year under review, which is highlighted under Subsidiary Performance.

The growing magnitude and spread of our projects has given rise to the need for an efficient platform to manage and coordinate activities and resources and to create an effective flow of information to support timely management decisions. The Company's plans for overseas expansion strengthened the business case for an integrated system. The Board and Management have thus made a decision to implement a fully integrated enterprise resource planning system during the period under review. The implementation of the system is currently underway and is expected to be fully operational during the next financial year.

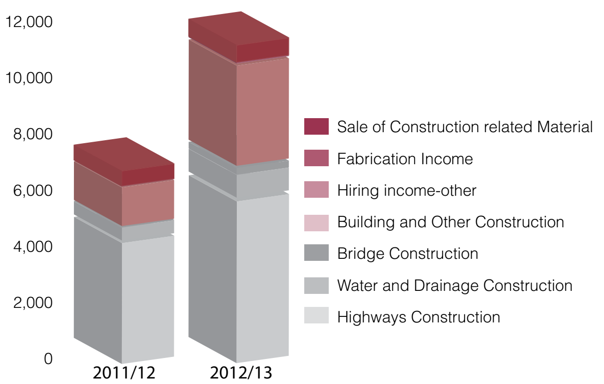
Management Discussion and Analysis

Financial Performance

Access Engineering, together with its subsidiaries, returned another year of solid financial performance in 2012/13, delivering on the promises made to stakeholders. The Company improved its performance across all counters on profitability, efficiency, liquidity and gearing while generating substantial returns to its investors.

For the second consecutive year, the Company was able to almost double its turnover which reached an all time high of Rs.13.9 Bn at the Group level. Turnover at the Company level stood at Rs.11.4 Bn, towards which the highways construction sector contributed 52% followed by 32% from building construction and piling and 7% from water and drainage construction.

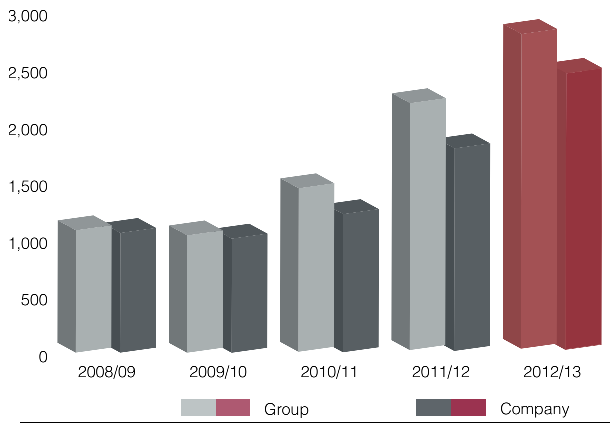
During the period under review, earnings before tax increased by approximately 31% and 33% at the Group and Company level showcasing superior performance. Furthermore, as the Company and its fully owned subsidiary Access Realties (Pvt.) Limited are on concessionary tax rates of 12% on construction income and 2% on revenue, the Group's effective tax rate is low. This resulted in after tax profits growing even more at 39% and 48% respectively at the Group and Company level compared to the previous year to register at Rs.2,413 Mn and Rs.2,131 Mn. After tax profit attributable to shareholders of Rs.2,378 Mn and Rs.2,131 Mn respectively at the Group and Company level was a growth of 37% and 48% over the corresponding period. Based on the reported results, the net profit margins were approximately 17% and 19% at the Group and Company levels, which are well beyond the standard margins of the construction industry the world over. Earnings per share were Rs.2.38 and Rs.2.13 at the Group and Company level.



Composition of Company Revenue
(Rs.Mn)

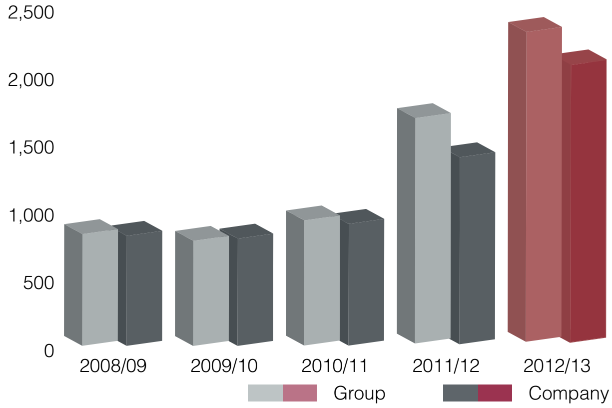
Healthy gross profit margins of approximately 22% were achieved both at Group and Company levels, well above industry average. This can be attributed to the Company's ability to offer fully integrated value engineering services and turnkey engineering solutions to clients, thereby maintaining our cost base at low levels. The low cost base is also attributable to the level of control we have over the supply chain as a result of backward integration strategies pursued during the year under review via the acquisition and commissioning of quarries, asphalt plants, crusher plants and concrete batching plants. Most of the raw material inputs required for major projects carried out by the Company are now sourced from our own plants, which helps keep the cost low while ensuring a continuous supply that enables timely delivery of projects.

The Group's administrative expenses increased by approximately 67% mainly due to the consolidation of Sathosa Motors with Access Engineering. Year 2012/13 was the first full year of consolidation since its acquisition in February 2012. At Company level the increase in administrative expenses was 30% mainly due to capacity building initiatives undertaken during the year. The net finance income has more than doubled both at Group and Company level mainly on account of interest income due to the strong short term liquidity position and marginal amounts of interest expense due to negligible levels of debt.



EBITDA
(Rs.Mn)

In addition to the exceptional performance in project management, the success of the Company is also attributable to its human capital which, over the years, has proven to be a key strength and a valuable asset. The Company continues to attract and retain the best human resources in the industry which has enabled it to continuously stay ahead of its competition.

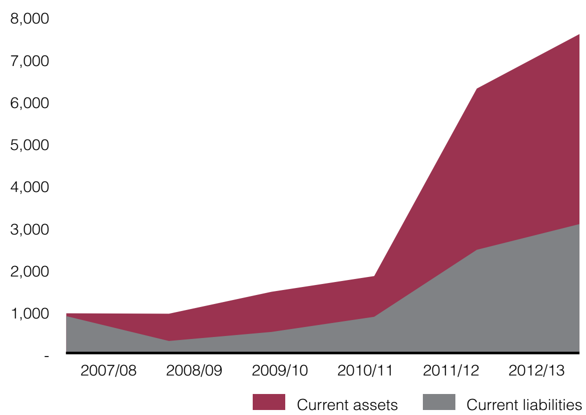


Earnings to Equity Holders
(Rs.Mn)

Substantial investments in property, plant and equipment, amounting to approximately Rs.1.2 Bn during the year under review, have given Access Engineering one of the most technically advanced and up-to-date fleets of heavy construction equipment and machinery in Sri Lanka. These investments also include the acquisition and setting up of quarries, crusher plants, concrete batching plants, asphalt plants and state-of-the-art piling equipment. In addition to successfully consolidating the Company's multidisciplinary activities and supply chain, they have also contributed to the turnover and the overall profitability of the Company. The total production income during the year accounted for approximately 6% of the total turnover. This is expected to increase in future, with the optimum utilization of installed capacities.

Investments made in piling equipment further strengthened our position as a leading service provider in the piling sector and complemented the piling work carried out for the Outer Circular Highway project. Taken in combination with the previous year's investments, the Company's total investments in capacity building initiatives amounted to a mammoth Rs.2.8 Bn over 24 months. We are confident that we have built sufficient capacity to cater to the substantial number of confirmed orders over the medium term.

The liquidity position remains strong with approximately Rs.2.1 Bn and Rs.1.9 Bn held in short term deposits and cash at the Group and Company level. However this is a year on year reduction of 18% and 4% respectively, mainly due to the capacity building activities carried out during the year. The strong liquidity position is also reflected in the above average current ratio and quick ratio of 2.5 and 2.2 at the Company level, demonstrating sound working capital management practices. Access Engineering is debt free at both the Group and Company level with interest bearing borrowings amounting to almost 0% of total assets.



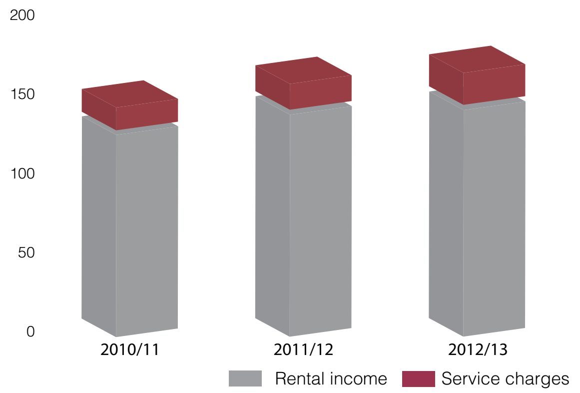
Working Capital Management
(Rs.Mn)

Subsidiary Performance

Access Realties (Pvt.) Ltd. (ARL)

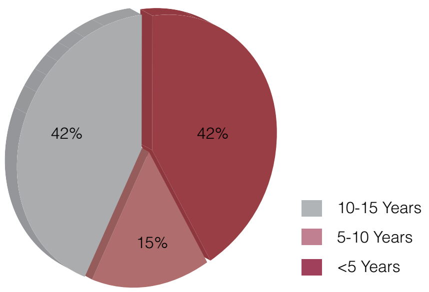
Incorporated with the objective of developing and managing high rise buildings, ARL is the owner and managing agent of Access Towers, a 12 storey modern office complex located in the heart of Colombo. The Company, which is a fully owned subsidiary of Access Engineering is also a BOI-approved establishment. At present the Company is on a concessionary tax rate of 2% on turnover for a period of 15 years commencing 2010/2011.

During the year under review the Company generated revenue through renting of office space to a wide clientele and through service charges, which together amounted to Rs.170 Mn, a 4% increase over the corresponding period last year. The after tax profit of the Company was Rs.121 Mn, which translated to a net profit margin of 71% on revenue.



Composition of ARL Revenue
(Rs.Mn)

Over the years, the Company has been effective in building and maintaining strong relationships with their tenants which has resulted in long and well established relationships with clients (42% of the tenants have been with Access Realties for more than 10 years) and 100% occupancy throughout its operations.



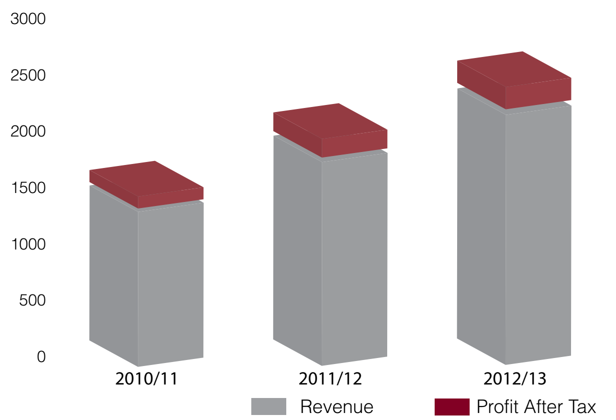
Age Analysis of ARL Tenants

Having noted the rising demand for office space in the vicinity, the Company incorporated a fully owned subsidiary as a BOI venture to develop a 25 storey office complex as an extension to the existing Access Tower. The development which will be carried out on freehold land owned by the Company will create approximately 175,000 sq.ft of additional commercial space for rental. The construction period envisaged for the project is 24-30 months; work is expected to commence during the latter part of this year. Upon completion, the Tower will include all the facilities of a modern office complex including parking space for over 240 vehicles. The Company is confident that in addition to providing a continuous stream of revenue, the Tower will also appreciate in value over time owing to the developments taking place on the Colombo skyline.

Sathosa Motors PLC (SML)

A Public Quoted Company, SML holds the franchise in Sri Lanka for Isuzu motor vehicles and spare parts manufactured by Isuzu Motors Limited of Japan. The Company became a subsidiary of AEL in February 2012 and as of date; AEL holds approximately 84.4% of SML. 2012/2013 is the first full year of consolidation of SML results with AEL since the acquisition.

The investment in SML has paid off as demonstrated by the improved performance of SML during the year under review. Turnover for the year was recorded at approximately Rs.2,311 Mn driven mainly by new vehicle sales, sale of spare parts, workshop revenue and agency commission. This was a growth of 22.7% over the corresponding period. The bottom line of the Company recorded at Rs.206 Mn is a 17% growth compared to the previous year. This growth can be attributed to the expansion and diversification of the product portfolio, acquisition of new business lines and the prudent management of business operations.



Revenue & Profit After Tax
(Rs.Mn)

Since acquisition AEL has taken a series of measures to revitalize the operations of SML with a view to enhance productivity and efficiency. In line with this revitalizing strategy, SML obtained the dealership for the SANY brand of heavy construction equipment and machinery of China during the year under review.

The Company also made an entry into the luxury automobile segment of the market via its 50% owned entity SML Frontier Automotive (Pvt.) Limited. With effect from 1st April 2013, SML Frontier Automotive (Pvt.) Limited is the authorized distributor for Land Rover/ Range Rover automobiles in Sri Lanka. The full benefit of this investment is expected to be reflected in the results for 2013/2014.

Accolades and Awards

Our commitment to superior performance paid dividends during the year when we were recognized by various forums with many awards and accolades. The most notable award during the year was the 'Gold Award for Excellence in Business and Financial Performance' bestowed on us at the 'National Business Excellence Awards 2012' organized by the National Chamber of Commerce of Sri Lanka. This award is unique as the field of candidates covers all industries. We are truly honoured to have emerged the leader out of all competing companies in winning this prestigious award. The National Chamber of Commerce of Sri Lanka also recognized Access Engineering with two more awards at the NBE Awards ceremony namely, the Joint Award for the Construction Sector (Winner) and the Second Runner Up in the Extra Large Category.

Our 2011/2012 Annual Report was awarded the 'Gold Award for Construction Companies' by the Institute of Chartered Accountants of Sri Lanka at the 'Annual Report Awards 2012' making Access Engineering the first Company to receive this coveted award in the construction sector. The Engineering Excellence Awards 2012 organized by the Institute of Engineers of Sri Lanka (IESL) recognized our Company with the "Engineering Excellence Award for Organizations". Access Engineering also bagged the Gold Award for "Best Display of Local Products" at the National Engineering and Technology Exhibition 2012, organized by the IESL.

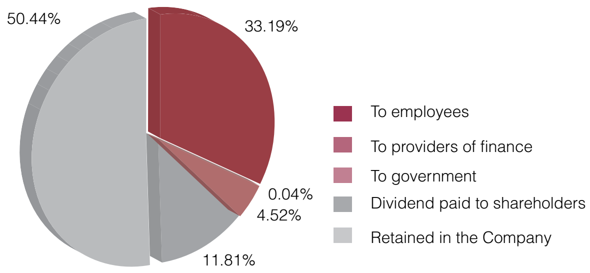
During the year under review we were also able to obtain the accreditation from the Sri Lanka Accreditation Board for ISO 17025 for testing at our geotechnical laboratories. Our Health and Safety Management system is currently subjected to review by OHSAS 18001:2007 and the Company has successfully completed the desk audit conducted for the accreditation. The site audit is currently in progress.

Corporate Social Responsibility

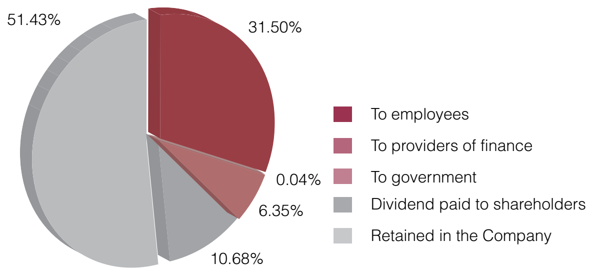
A deep sense of corporate social responsibility has always been ingrained in our Company and 2012/13 saw activities carried out on the five platforms of local community development, human capacity building, health and wellness, industry advancement and environmental stewardship. Notable CSR projects completed during the year included the provision of internships to 50 students from various disciplines, the renovation of school buildings and donation of school kits, the Healthy Heart Campaign and Holistic Wellness Programs and the provision of drinking water among many others. These are explained in greater detail in the Sustainability Report.

Value Addition

The following charts illustrate the value addition of the Group and the Company as at 31st March 2013.



Company Value Addition
(%)



Group Value Addition
(%)

Accordingly, out of the value generated both at the Group and Company level more than 50% was retained to facilitate future expansion. The second highest distribution was made to the employees followed by dividends paid to shareholders. The sum paid to the providers of finance was insignificant due to the negligible levels of debt both at Group and Company level.

Business Development

Business development remains an integral part of our business success and is the foundation that seeks opportunities via new projects to sustain the growth and expansion of our business. Our Business Development Division includes two dedicated business development Directors. Over the years, the judgment and foresight we have displayed in not only identifying potential projects, but also in choosing the most appropriate partner has proved to be extremely successful in light of our financial performance and successful delivery. The year under review has once again seen our business development efforts elevating us to become a major player in the local construction industry whilst laying the foundation to take our businesses overseas. We have successfully formulated and secured partnerships with several reputed international companies and elevated our status as the preferred construction partner to most international companies mobilized in Sri Lanka. These relationships have helped us to take our business overseas where we are presently executing work for one of our partners at Port Lae in Papua New Guinea. We are also focusing on opportunities to increase our presence in the mechanical engineering field. We foresee a prosperous business environment in the short to medium term where national development will position the construction industry as a key driver in meeting its agenda. This will naturally see our business development purview expand, adding further value to the sustainable growth of the Company.

Future Outlook

Access Engineering remains bullish about the future, given the current trends related to construction and our capacity to take advantage of opportunities in the current environment. We remain confident of the medium term prospects of our Company, considering the government's emphasis on infrastructure development and healthy industry growth rates combined with our secured order book, competent workforce and successful track record.

We will also continue to seek and aggressively pursue new opportunities while keeping track of the trends, challenges and threats emerging from the macro environment in order to strengthen our leadership status and pioneering stance. We understand that while the future is promising, our ability to successfully harness such promise will hinge on our ability to maintain consistency and improve continuously on the platform of excellence.

In the short to medium term, we will continue to focus on our core business. Our proven prowess in roads, highway and bridge construction, ports and related competencies, water management, building and telecom infrastructure will be the platform for our future growth. Our secured and confirmed order book has already laid the platform for sustainable development in the short to medium term and we will continue to align ourselves with the country's accelerated development agenda.

Historically, our differentiation has been our commitment to value engineering and we will continue to improve this philosophy in future in alignment with emerging opportunities. We will also continue to build capacity to strengthen our position in the value and supply chain with a view to giving more substance to value engineering. As part of our capacity building efforts, we will continuously develop our workforce to hone their professionalism and expertise in order to grow our business.

The Company is keen on expanding its operations beyond the shores of Sri Lanka. The stepping stone in this expansion strategy was laid when we secured our first overseas project in Papua New Guinea for Environment Monitoring in the Port Lae Development Project. At present, the Company is also seeking business opportunities in the African Continent and we are confident that the strong relationships we have with our international business partners will help us achieve our ambitions. We are also pursuing opportunities to enhance our presence in the mechanical engineering sector. The Company will also pursue lucrative strategic investment opportunities in areas that facilitate related diversification. Some key focus areas include property development, township establishments, mixed development, residential projects in earmarked metropolises, public-private partnerships in water, wastewater, power and renewable energy generation. If proven to be viable, we are ready to explore expansion even via inorganic means.

The Access offering is complemented by our best-in-class team of skilled and competent personnel, whose professionalism and expertise help set us apart as a preferred service partner. As always, this year too every individual of our team contributed towards the growth and expansion of the Company. Our human asset thus continues to be a vital contributor towards our solid reputation as a quality conscious, reliable, world-class engineering solutions provider with a strong sense of responsibility and accountability.

The history of Access Engineering goes back a relatively short twelve years. During this span, the Company has been able to propel itself to a leadership position in the engineering and construction industry through the relentless pursuit of business excellence. Today, we have diversified into a multiplicity of engineering and construction disciplines and function as a well integrated entity that is capable of offering home-grown world-class solutions to our many institutional and corporate customers. It has been our privilege to be a consequential element in the growth of our nation which, at this moment, stands on the brink of a new era of economic resurgence. We will continue to map our strategies towards our goals of building excellence, sustainability and value. As we end another rewarding year we await future developments with anticipation, strengthened by our confidence in our competence and capabilities.

Christopher Joshua
Managing Director

Rohana Fernando
Executive Director/ COO

2nd August 2013
Colombo

governance

a benchmark of good governance

achieved

“Every individual of our team contributed towards the growth and expansion of the Company. Our human asset thus continues to be a vital contributor towards our solid reputation as a quality conscious, reliable, world-class engineering solutions provider with a strong sense of responsibility and accountability.”

Salinity Barrier across Walawe River at Ambalantota

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

The Board of Directors of Access Engineering PLC has the pleasure in presenting their Annual Report together with the Audited Financial Statements of the Company for the year ended 31st March 2013.

General

The Company was incorporated in terms of the Companies Act No.17 of 1982 on 31st July 2001 and was re-registered as per the Companies Act No.7 of 2007 on 6th February 2008 with PB 200 as the new number assigned to the Company. Thereafter, the Company obtained a listing on the Diri Savi Board of the Colombo Stock Exchange on 27th March 2012 and changed its name to Access Engineering PLC on 12th June 2012. The registration number of the Company changed to PB 200 PQ.

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

Principal activities and review of performance during the year

Refer note 1.2 of Notes to the Financial Statements for principle activities of the Company and its subsidiaries. This report together with the Financial Statements, reflect the state of affairs of the Company and its subsidiaries.

Financial Statements

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

Accounting Policies

The Accounting Policies adopted in the preparation of Financial Statements of the Company and the Group are given on pages 98 to 109 of the Annual Report.

These are the Group's first Consolidated Financial Statements prepared in accordance with SLFRSs and SLFRS 1 First Time adoption of Sri Lanka Accounting Standards (SLFRS) has been applied. Accordingly, the impact and the other disclosures on SLFRSs first time adoption to the Financial Statements are given on Note 40 - Finance Instruments on page 128 and Note 42 - Explanation of Transition to SLFRSs on page 134.

Directors

The names of the Directors who held office as at the end of the accounting period are:

Executive Directors

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

Non Executive Director

Mr. R J S Gomez

Non Executive Independent Directors

Prof. K A M K Ranasinghe
Mr. N D Gunaratne
Mr. A I Lovell

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.

Mr. J C Joshua was appointed the Managing Director of the Company with effect from 14th May 2013.

Interests 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 this Annual Report and available for inspection upon request.

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

Directors' Remuneration

The aggregate remuneration paid to the Directors' of the Company during the year under review has been disclosed in the Note 36.4 to the Financial Statements.

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. A further statement in this regard is included on page 93.

Auditors

Messrs KPMG, Chartered Accountants served as the Auditors of the Company. The Auditors do not have any interest in the Company other than that of Auditor and provider of tax related services.

The Auditors remuneration payable by the Group has been disclosed in the Note 12 to the Financial Statements.

The payments for the Non-Audit services have been disclosed in Note 12 to the Financial Statements.

Stated Capital

The Stated Capital of the Company is Rs.9,000,000,000/- representing 1,000,000,000 Ordinary Shares.

Directors' Shareholding

The relevant interests of Directors in the shares of the Company as at 31st March 2013 as recorded in the Interests Register are as follows;

Directors	Shareholding as at 31/03/2013	Shareholding as at 31/03/2012
Mr. S J S Perera	250,000,000	250,000,000
Mr. J C Joshua	100,000,000	100,000,000
Mr. R J S Gomez	120,000,000	120,000,000
Mr. D A R Fernando	24,000,000	24,000,000
Mr. S H S Mendis	24,000,000	24,000,000
Mr. T A G Fernando	6,400,000	6,400,000
Mr. S D Munasinghe	24,000,000	24,000,000
Prof. K A M K Ranasinghe	Nil	Nil
Mr. N D Gunaratne	Nil	Nil
Mr. A I Lovell	16,000,000	16,000,000

Shareholders

There were 2,153 shareholders registered as at 31st March 2013

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, Directors' shareholding, percentage of shares held by the public as per the Listing Rules of the Colombo Stock Exchange are given on pages 5, 143, 144 and 145 respectively.

Auditors' Report

The Report of the Auditors on the Financial Statements of the Group is attached with the Financial Statements in page 93.

Reserves

The reserves of the Group, with the movements during the year, are given in the Statement of Changes in Equity on page 96.

Property, Plant and Equipment

Details of property, plant and equipment and changes during the year are given in Note 16 of the 'Notes to the Financial Statements' on page 113 and 114.

Donations

The Company made donations amounting to Rs.4,028,340 (2012 - Rs.14,315,336/-) during the period under review.

Dividends

An Interim Dividend of twenty five cents (Rs.0.25) per Share was declared on 7th February 2013 and paid to the shareholders on 28th February 2013.

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 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 the reporting date have been paid or, where relevant provided for, except as specified in Note 37 to the financial statements covering commitments and contingencies.

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

Land Holdings

Location	Extent			Carrying Value of Revalued/ Amortised Assets (Rs.)
	A	R	P	
Access Engineering PLC				
No.336/1, Low Level Road, Jalthara, Ranala	-	3.0	38.40	35,500,000
No.267, Dehiwala Road, Maharagama	-	3.0	1.00	120,000,000
No. 278, Alubogahalanda, Jalthara, Ranala	3.0	3.0	4.56	40,000,000
No.117, Dehiwala Road, Boralesgamuwa	-	2.0	37.00	100,000,000
Dickowita- Hendala	3.0	3.0	10.18	15,800,000
Diddeniya - Hanwella	2.0	-	16.50	2,000,000
Weliwita - Kaduwela	2.0	-	-	28,185,640
Access Realties (Pvt) Ltd				
Investment property - Colombo 2	1.0	-	12.37	3,006,913,785
Sathosa Motors PLC				
Peliyagoda - Leasehold land	2.0	-	23.99	5,591,342
Investment property*				21,683,401

** Built on the leasehold land*

Material Foreseeable Risk Factors

The details of the Material Foreseeable Risk Factors are given under the 'Enterprise Risk Management' report on page 32 of this report.

Events occurring after the reporting period

Except for matters disclosed in Note 38 to the Financial Statements on page 128 there are no material events as at 31st March 2013 which require adjustment to, or disclosure in the Financial Statements.

Corporate Governance

Corporate Governance practices with respect to the management and operations of the Company are set out on pages 26 to 31 of this report. The Directors confirm that the Company is in compliance with the Rules on Corporate Governance contained in the listing rules of the Colombo Stock Exchange.

An Audit Committee, Remuneration Committee and Strategic Planning Committee function as the Board's sub-committees with Directors who possess the requisite qualifications and experience. The composition of the said Committees is as follows:

Audit Committee

Mr. N D Gunaratne - Chairman
Mr. A I Lovell
Prof. K A M K Ranasinghe
Mr. R J S Gomez

Remuneration Committee

Mr. R J S Gomez - Chairman
Prof. K A M K Ranasinghe
Mr. N D Gunaratne

Strategic Planning Committee

Mr. S J S Perera - Chairman
Mr. J C Joshua
Mr. D A R Fernando
Mr. A I Lovell
Prof. K A M K Ranasinghe

Annual General Meeting

The Second Annual General Meeting will be held at 3.00 p.m. on 12th September 2013 at The Auditorium, Institute of Chartered Accountants of Sri Lanka, No. 30A, Malalasekera Mawatha, Colombo 7.

The notice of the Annual General Meeting appears on page 146.

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

S J S Perera
Chairman

J C Joshua
Managing Director

P W Corporate Secretarial (Pvt) Ltd
Secretaries

2nd August 2013
Colombo

Audit Committee Report

Role of the audit committee

The Audit Committee's authority, responsibilities and specific duties have been formalized through an audit committee charter. The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities for the integrity of the financial statements of the Company and the Group, the internal control and risk management systems of the Group and its compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence.

Composition of the committee

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

Members of the Audit Committee are as follows.

Mr. Niroshan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Mr. Alexis Indrajit Lovell	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Mr. Ranjan John Suriyakumar Gomez	Non-Executive Director

Meetings and Attendance

The committee met four times to discuss matters relating to the financial year of which the Members' attendance was as follows.

Name	24th July 2012	31st Oct. 2012	7th Feb. 2013	14th May 2013
Mr. Niroshan Dakshina Gunaratne (Chairman)	✓	✓	✓	✓
Mr. Alexis Indrajit Lovell	✓	–	–	✓
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	✓	✓	✓	✓
Mr. Ranjan John Suriyakumar Gomez	–	✓	–	–

In addition to the committee members, the meetings were attended by the COO, DGM-Finance, DGM- Commercial and the Chief Internal Auditor on invitation. The Company secretaries were also present at every meeting.

Activities

The committee performed the following tasks in relation to the financial year under review.

- Review and recommendation of the Interim Financial Statements of the Group/Company to the Board of Directors prior to releasing the same to the CSE
- Review and Finalization of the Depreciation Policy of the Group and the Company
- Review the formulated Risk Management Framework of the Company
- Initiation of the implementation of IFRS
- Review the detailed annual Internal Audit plan
- Review the quarterly Internal Audit Report and monitor implementation of internal control changes
- Formulation of a legal and regulatory Compliance Report to ensure adaptation of best practice and compliance
- Review the Procedure Manual of the Accounts Department
- Evaluation of the vender selection procedure for the Company's ERP implementation

Support to the committee

The committee received information and support from the management as required in enabling them to fulfill their responsibilities.

External auditors

The Audit Committee met up with the external Auditors to review the year end financial statements. The committee concurs with the declaration of Messrs KPMG of their independence in relation to the affairs of the Group. The audit committee has recommended the reappointment of KPMG as the external auditors for the financial year 2013/14.

Conclusion

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

N.D.Gunaratne
Chairman
Audit Committee

2nd August 2013

Corporate Governance

"Constructed on a sound philosophy, ethics, policies, values, accountability and sincerity of action, AEL's corporate governance policy works within a culture of performance that emphasises conformance and compliance. To us, corporate governance goes beyond the principles of conformance and compliance to create an environment where our business is grown and nurtured to be sustainable and equitable, presenting all our stakeholders the opportunity to grow with us."

Maximising shareholder wealth on a sustainable basis while safeguarding the rights of multiple stakeholders are fundamentals which are permeated through all levels of our management and staff, who in turn work on the trusses of truth, trust, principles and honesty to ensure that the end justifies the means and remain strategically aligned to the core principles of our corporate governance practice.

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

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

The Board of Directors of AEL endeavors to provide entrepreneurial leadership through effective formulation and execution of policies and procedures to attain the objectives of the Company. The Board comprises of ten Directors out of which six are Executive Directors and four are Non-Executive Directors. Three of the Non-Executive Directors are independent in compliance with criteria laid down by the regulatory authorities. They have no interests or relationships in relation to the affairs of the Company. This composition has encouraged the Company to demonstrate more transparency and independent judgment in the decision making process. The Company also adopts the main corporate governance committees; Audit Committee and Remuneration Committee to strengthen its commitment to corporate governance. Beyond the mandatory requirements, the Company also has in place a Compliance Committee to ensure adherence to best practices. Internal controls remained an integral part of business with the setting up of a separate Internal Control Department with a dedicated plan which was endorsed by the Board.

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

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

Driving a team branded by excellence, people remain centric to our entire operational capabilities and engineering competencies. The experience and professionalism within our team has been the catalyst in integrating our core competencies into strategic partnerships. Maintaining a healthy work life balance with an environment of superior human resource development via a comprehensive Quality Management System inculcates the culture of meritocracy and performance oriented individuals who make up an excellent team, driven to achieve ambitious goals.

1. Business Ethics

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

AEL's Code of Ethics

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

Self Regulation
- Solving conflicts in a fair and expeditious manner
- Meeting all regulatory requirements

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

Cooperativeness
- Upholding a healthy business environment
- Cooperating with other businesses and professionals

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

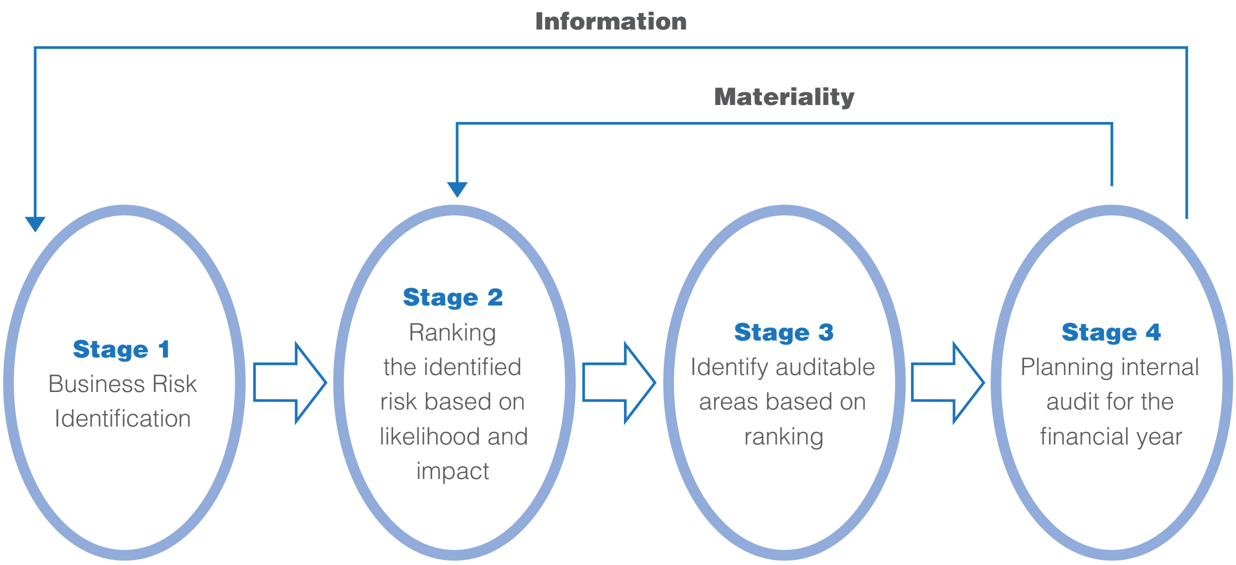
2. Internal Control

During the period under review the Company's internal audit operations were streamlined with the formation of a separate Internal Audit Department. The Company adopts a Risk Assessment based approach with regard to its Internal Audit functions with the objective of maintaining the safety, reliability, profitability and integrity of the organisation and to overlook key operational and regulatory processes. The risk based approach considers both high risk areas as well as core organisational processes.

Key functions of the internal audit department include the following

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

Based on a thorough evaluation and previous audit findings the department's key focus areas for the financial year 2013/2014 were identified as Fixed Asset Management and the Asset Utilisation processes. The evaluation process of identifying key focus areas consists of a four stages approach.



3. **Company Policies**

3.1. **Quality Policy**

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

3.2. **Environment Policy**

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

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

3.3. **Health and Safety Policy**

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

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

4. **Board Committees**

4.1. **Audit Committee**

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

Members of the Audit Committee:

Niroshan Dakshina Gunaratne (Chairman)	Independent Non-Executive Director
Alexis Indrajit Lovell	Independent Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Ranjan John Suriyakumar Gomez	Non-Executive Director

The Audit Committee Charter formalises the authority, responsibilities and specific duties pertaining to the Committee as follows;

1. Overseeing preparation, presentation and adequacy of disclosures in the financial statements of the Company, in accordance with Sri Lanka Accounting Standards;
2. Ensuring compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial related regulations and requirements;
3. Ascertaining that the Company's internal controls and risk management processes are adequate and meet the Sri Lanka Auditing Standards requirements;

4. Assessing the independence and performance of the Company's external auditors;
5. Making recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors and to approve remuneration and terms of engagement of the external auditors.

4.2. Remuneration Committee

Comprising two Independent Non-Executive Directors and one Non-Executive Director of the Board, this Committee is appointed by the Board.

Members of the Remuneration Committee:

Ranjan John Suriyakumar Gomez (Chairman)	Non-Executive Director
Prof. Kulatilleke Arthanayake Malik Kumar Ranasinghe	Independent Non-Executive Director
Niroshan Dakshina Gunaratne	Independent Non-Executive Director

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

4.3. Strategic Planning Committee

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

Members of the Strategic Planning Committee:

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

The Committee's mandate includes:

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

4.4. Compliance Committee

The Compliance Committee is appointed by the Chief Operating Officer and is set up to further strengthen good governance at Corporate Management level. This mechanism will bridge the gap between the senior management and the Board of Directors when important decisions are to be made on operational issues.

Members of the Compliance Committee:

Rohana Fernando (Chairman)	Chief Operating Officer /Executive Director
V.K. Manatunge (Convener)	Senior General Manager
Palitha Wanigasundara	General Manager (PMD III)
Manoaj Jayahsuriya	General Manager (PMD I)
Kosala Wickramasinghe	Deputy General Manager (PMD II)
A.A. Fernando	Deputy General Manager (Project Coordinating)
Niroshan Thilakaratne	Deputy General Manager (Commercial)
Prabath Karunanayake	Head of HR

The Committee's mandate includes:

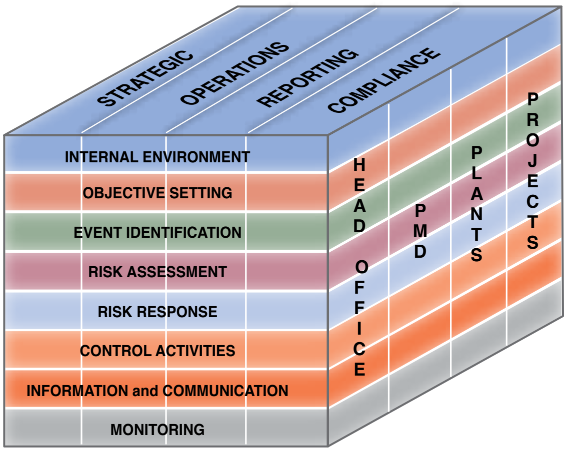
1. Establish and monitor if the organisation's objectives are met
2. Evaluate company policies, formulate new policies, advise and take the initiative to revise existing policies
3. Ensure that policies are in compliance with laws and regulations
4. Ensure that project management, accounting, procurement,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

Enterprise Risk Management

"Access Engineering is committed to managing risk across the organisation in an appropriate, proportionate and consistent way and to ensuring that key risk related issues are addressed in a timely fashion."

Access Engineering recognises its responsibility to maintain a sound system of internal control and to review the effectiveness of internal control on a regular basis. In this respect, Access Engineering gains assurance that key risks are being effectively managed through the implementation of a robust risk management framework that operates in a positive, open and honest culture.

Risk management framework and process



1. Internal Environment

- Strategic decisions on risk management structure and policy from Board of Directors, Audit committee, Corporate Management and Special committees.

- Operational decisions on risk management processes
- Determine reporting and compliance level.

2. Objective Setting

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

✦ **Risk appetite**

Risk appetite is the correlation between risk and return of the organisation. (Attitude towards risk)

3. Identify risks (Event Identification)

We identify the risks faced by the organisation with possible categorisation. The following categories are considered.

✓ Business and Operational risks
✓ Financial risks
✓ Legal and regulatory risks
✓ Strategic risks

The following techniques can be used to identify risks

- Interviews
- Trend Analysis
- Research
- Predictions
- Past performances

4. Risk Assessment

4.1. Analyse risks

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

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

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

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

4.2. Evaluate risks

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

In this process the feasibility of a course of action for prioritised risks is also evaluated in order to ensure effectively allocated resources for risk treatment.

4.3. Risk matrix for risk assessment

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

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

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, controlled or critically controlled. These three areas are identified based on the risk tolerance (appetite) limits agreed.

Impact				
	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)
		Low	Medium	High
		Likelihood		

Assessing Likelihood of a risk

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

Assessing Severity of Risk based on consequence

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

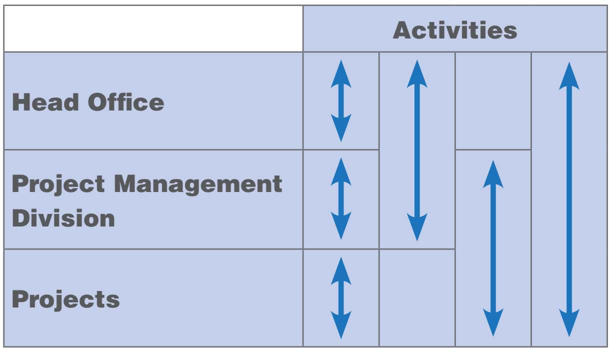
Enterprise Risk Management

Plan of Action

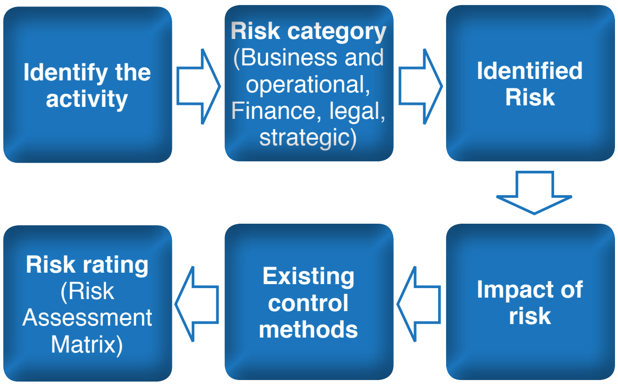
Value	Estimation	Descriptor	Indicator
1-2	Accept the risk with no action or Accept with monitoring risk while maintaining existing controls (Accept or Avoid)	No action	
3-4	Take action to amend the existing control processes as they are insufficient before incurring severe damage. (Mitigate or Transfer)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

Summary of the risk analysis process

Activities (Processes) of Access Engineering PLC



Risk Rating Process



5. **Risk Response**

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

Risk avoidance – Avoid the risk due to unacceptability of identified risk. Not highly recommended due to co-relation of risk and opportunity.

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

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

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

6. **Control Activities**

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

7. **Communicate and Consult**

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

Risk register
Residual Risk report
Identify new types of Risk
Sequent position audit
Periodic reviews
Feedback reports

8. **Monitor and Review**

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

Risk Identification Table

The list of risks faced by the organisation on a regular basis, the consequences of the risk and current mitigation actions are mentioned in the following table as a guideline. This list needs to be extended and reviewed based on management feedback and sometimes new response action has to be decided based on the quantum of certain risks.

Business and Operational risks	Consequences	Response
Project delays and cost over-runs	Could lead to penalties and negative image. This could also affect securing of future projects negatively	Detailed project planning Project progress review meetings Customer relationship management
Quality	Faulty constructions or below standard output could lead to negative image, penalties and hazards to third parties. Also earnings could be negatively affected from possible reworks.	Detailed project planning Adherence to quality and safety standards (ISO 9001-2008 QMS) Regular internal audits
Product portfolio (Less diversity in income streams)	This can lead to high income volatility	Venturing to areas identified as related and unrelated diversification
Dependence on clients	Dependence on a few clients could lead to them dictating terms and high income volatility.	Customer relationship managers to communicate regularly with the client Approaching both private and public sector clients
Dependence on partners/sub - contractors	Quality issues could arise and dependence could lead to unfavorable terms in contracting	Screening and review of subcontractors periodically Working with a reliable and diverse range of subcontractors Looking for new markets
Staffing issues	Project execution issues	Manpower planning
Health and Safety of employees	Could lead to workplace accidents, penalties, negative image and hiring difficulties in future projects	OHSAS certification Providing necessary safety equipment to all sites Focused training on H&S to all employees Insurance coverage to mitigate unforeseeable risks
Environmental damages	Construction inherently results in changes to the natural environment. Damage of this nature will be viewed negatively by stakeholders	Green engineering philosophy Adherence to ISO 14001 R&D into new techniques in construction which cause less impact to the environment
Changes in technology	Obsolescence of machinery/systems etc	R&D
Competition	Increased competition has the possibility of reducing market share and margins	Efforts to maintain industry positioning Practice of value engineering philosophy ensuring value addition to clientele Increasing efficiency through R&D Dedicated Business Development Teams continuously seeking new opportunities

Enterprise Risk Management

Business and Operational risks	Consequences	Response
IT systems	Information security and access to accurate information when required could be threatened	IT policy Scheduled backup system Regular maintenance of hardware
Procurement Risk	Low quality material Loss of competitive advantage Frauds	Conduct regular supplier evaluation Confirm the quality of material Appropriate segmentation and proper responsibility allocation
Human Resource Risk	Higher labour turn-over Increase in wastage	Conduct regular evaluation and reward best performance Conduct time based training and development
Plant Breakdowns	Delay in sales Possible penalty Idling cost	Conduct regular quality checks Preventive maintenance
Wastage	Excess cash outflow	Ensure appropriate storage methods Deliver proper instructions on material storage
Asset Utilisation	Negative net present value Loss of assets Compensations due to unsuitable disposal methods Cost increases	Conduct a feasibility study prior to investment Maintain proper documentation on asset purchase, usage, depreciation, transfers and disposals Evaluate appropriate disposal methods prior to disposal
Vehicle machinery and equipment breakdown	Issues in project completion Loss of productivity	Conduct regular quality checks Evaluate supplier selection criteria

Financial risks	Consequences	Response
Forex risk	Impact on imports and potential for asset/ liability translation risk	Hedging (Forward contracts) Matching sales and purchases to same currency
Interest rate risk	Potential high interest cost lowering net earnings and difficulty of financing new projects	Maintaining low gearing Capital structure guideline designed for each project at the planning stage Negotiations Use of various financial instruments to manage exposure
Investment risk	New investments could have lower yields than expected. Also certain synergies planned will be difficult to execute due to issues of value alignment	Board Committee for investment decisions- Strategic Planning committee Investment screening and adherence to predetermined criteria

Financial risks	Consequences	Response
Liquidity risk	Inability to honor short term liabilities and incurring of unnecessary finance cost Lenders/creditors losing trust on the Company	Cash flow forecasting and maintaining adequate cash and cash equivalent balance Agreed debtor/creditor settlement periods Closely monitoring project wise net operating cash flow Maintaining cordial relationships with suppliers Secured and committed facilities from financial institutions
Credit risk	Potential defaults and delay of payments and their negative impact on earnings	Credit policy/approvals and regular reviews Creditworthy client base (mainly government) Material payments being backed by Guarantees Entering to contractual agreements with clients
Fraud and Error	Negative impact on earnings, image and a bad precedent for other employees	Authority limits and internal controls Focused recruitment process
Inflation	Lowering of margins	Agreeing on escalation provisions as required when contracting

Legal and Regulatory risks	Consequences	Response
Fluctuations in government policy	The industry is highly prone to these type of risks and adverse changes can lead to difficulties in project planning and execution	Monitoring of policy trends
Tax rates	Changes in tax rates might lead to possible reduction in earnings/margins	Forecasting and tax planning
Compliance	Non compliance with applicable laws and contracts could lead to fines and a negative impact on our corporate image	Adherence to corporate governance practices Careful review of agreements

Strategic risks	Consequences	Response
Corporate image	Loss of contracts and a negative effect on stakeholder engagement	Continuous effort in brand/image building
Business growth (Industry trends)	Inability to meet stakeholder requirements	Planning Continuous dialogue with stakeholders
Business relationships	Difficult to maintain industry positioning	High focus on credible business relationship management
Share price	Inability to achieve shareholder return targets leading to negative investor sentiment	Maintaining sound business fundamentals Investment screening Corporate communication
Talent management	Loss of business and strategy execution issues	Succession planning Focused reward management

Board of Directors

"We are privileged that the Board primarily consists of its founding shareholders and Senior Management since the inception, which is further strengthened by qualified and experienced Independent Directors."

Seated from left to right

Christopher Joshua
Managing Director
Sumal Perera
Chairman
Ranjan Gomez
Non-Executive Director
Rohana Fernando
Executive Director/ COO

Standing from left to right

Niroshan Gunaratne
Independent Non-Executive Director
Alexis Lovell
Independent Non-Executive Director
Prof. Malik Ranasinghe
Independent Non-Executive Director
Gration Fernando
Executive Director/Director – Projects
Dharshana Munasinghe
Executive Director/Director – Business Development
Shevantha Mendis
Executive Director/Director – Business Development

Board of Directors

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

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

Dalpadoruge Anton Rohana Fernando
Executive Director/ COO
Joining the Access Group in 1998 as an Engineer based in the Engineering Division, he played a vital role in enabling the division to become a separate business entity, encompassing the name and persons of Access Engineering. Having held senior management positions in Access Engineering, he was appointed to the Board in 2002. In 2007, he was appointed as the Director / COO of Access Engineering. He is a Corporate Member of the 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 (Pvt) Ltd., Sathosa Motors PLC and Eco Friendly Power Developers (Pvt) Ltd.

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

Thiththalapitige Anton Gration Fernando
Executive Director/Director – Projects
Joining Access International (Pvt) Ltd as the Manager-Marine Works in September 1997 and doubling as Project Manager as well, he was subsequently promoted to Assistant General Manager at Access Holdings (Pvt) Ltd in March 2003. He joined Access Engineering in January 2004 and was appointed to the Board of Access Engineering as the Director - Projects. He possesses over ten years of service as a commissioned officer in the Sri Lanka Navy and holds a Bachelor of Arts Degree in Defence Studies from Sir John Kothalawala Defence University.

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

Ranjan John Suriyakumar Gomez
Non-Executive Director
One of the founder Directors of the Access Group of companies, he has functioned as the Joint Managing Director of the Group since 1997. Companies under his purview include ATSL International (Pvt) Ltd., ATSL Telesoft (Pvt) Ltd., Access Energy Solutions (Pvt) Ltd., Think Cube Systems (Pvt) Ltd., Science Land Information Technology (Pvt) Ltd., e-buy (Pvt) Ltd., and business units of Access International (Pvt) Ltd. He is also a Director of Sathosa Motors PLC.

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

His research focus is to combine applications in Engineering Economics and Environmental Economics with Project Management. He has published over 115 research publications, of which over 65 are international refereed publications. He has been honoured with the SLAAS General Research Committee Award for Outstanding Contribution to Sri Lankan Science, Trinity Prize for Engineering in recognition of the outstanding contributions made to his chosen profession and the Committee of Vice-Chancellors and Directors (CVCD) Excellence Award 2012 for the Most Outstanding Senior Researcher in Technology and related Sciences in the Sri Lankan Universities.

Alexis Indrajit Lovell
Independent Non-Executive Director
Appointed to the Access Engineering Board in 2011, he counts over 30 years experience in Finance and Investment Banking. Currently he also functions as the Chairman of Union Bank of Colombo PLC, a position he has held since May 2012, to which he was appointed as Non Executive Director in 2007. A Chartered Management Accountant, UK with a Postgraduate Degree in Business Administration, he was awarded the MBE (Most Distinguished Order of the British Empire) by Her Majesty the Queen of England for his services to Investment Banking. He is also a Director of Sathosa Motors PLC.

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

Corporate Management

"The Management Team is a cohesive unit with diverse skills and competencies with a proven track record."

Seated from left to right

Gration Fernando
Executive Director/Director – Projects
Christopher Joshua
Managing Director
Sumal Perera
Chairman
Rohana Fernando
Executive Director/ COO
Shevantha Mendis
Executive Director/Director – Business Development
Dharshana Munasinghe
Executive Director/Director – Business Development

Standing from left to right

Vasantha Manatunge
Senior General Manager
Neranjala Priyadarshani
Deputy General Manager (Finance)
Dharmasiri Chandrapala
General Manager (Technical)
Palitha Wanigasundara
General Manager (Project Management Division III)
Manoaj Jayahsuriya
General Manager (Project Management Division I)
Thasantha Kumara
Deputy General Manager
Srimal Fernando
General Manager (Project Management Division II)
Prabath Karunanayake
Head of Human Resources
Aariadasa Fernando
Deputy General Manager (Project Coordination)
Kosala Wickramasinghe
Deputy General Manager (Project Management Division II)
Niroshan Thilakarathne
Deputy General Manager (Commercial)

Vasantha Manatunge

Senior General Manager

V. K. Manatunge joined the Company in early 2003 and currently functions 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 about 34 years of experience in the civil engineering field and has worked in various capacities in the state as well as private sectors.

Dharmasiri Chandrapala

General Manager (Technical)

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

Manoaj Jayahsuriya

General Manager (Project Management Division I)

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

Srimal Fernando

General Manager (Project Management Division II)

Srimal joined the Company in August 1999 as a civil engineer and was promoted to Manager Engineering in January 2004 and as General Manager in January 2008. Currently, he functions as the Head of Project

Corporate Management

Management Division II. He holds a Bachelor's Degree in Civil Engineering from the University of Peradeniya and is a Corporate Member of the Institute of Engineers, Sri Lanka. During the period of his service, he was involved with major projects in many diversified fields such as Roads and Highways, Bridges, Telecommunication, Water and Waste Water, Piling and Buildings in a senior level management capacity.

Palitha Wanigasundara
General Manager (Project Management Division - III)
Palitha joined the Company in 2007 as Deputy General Manager (Construction) and currently functions as the General Manager (Project Management Division III). He holds a Master of Science Degree in Civil Engineering (USSR), a Master of Engineering Degree in Construction Management (University of Moratuwa) and a Master of Business Administration Degree (Postgraduate Institute of Management (PIM) of University of Sri Jayewardenepura). He is a Fellow Member of the Institute of Engineers, Sri Lanka and a Corporate Member of the Institute of Engineers (Australia). Prior to joining the Company, he served in the National Water Supply and Drainage Board for 20 years as Chief Engineer, Project Manager, Assistant General Manager and Project Director.

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

Kosala Wickramasinghe
Deputy General Manager (Project Management Division II)
Kosala joined the Company as a Project Manager in 2007 and currently functions as the Deputy General Manager (Project Management Division - II). He holds a Bachelor of Science Degree in Civil Engineering from University of Moratuwa and a Postgraduate Diploma in Structural Engineering from University of Moratuwa. He is also a Corporate Member of the Institution of Engineers, Sri Lanka and a Corporate Member of the Society of Structural Engineers Sri Lanka. He has 13 years experience in the field of civil engineering including Structural Engineering and Project Management.

Niroshan Thilakarathne
Deputy General Manager (Commercial)
Niroshan presently serves in the capacity of the Deputy General Manager (Commercial) after serving in various capacities in the Company over a period of almost 9 years. He has over 5 years of experience prior to joining Access after working in a professional firm providing Audit, Tax, Finance and Advisory services. He is also a Finalist of the Institute of Chartered Accountants of Sri Lanka.

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

Prabath Karunanayake
Head of Human Resources
Prabath joined Access in 2011 and functions as Head of Human Resources. He holds a MBBS and a MBA in HR from the University of Colombo. Currently, he is reading for his Doctorate in Organisational Psychology. He is an Associate Member of the Institute of Certified Professional Managers. He holds over 14 years of experience in training and human resource management in both private and public sector institutions. He has served as a consultant for local and multinational companies in HR and occupational health and safety. Prabath also serves as a Student Mentor and a Member of the Industry-Academic Consultative Committee of the University of Moratuwa and as a Fellowship Council Member of Aquinas University College.

Thasantha Kumara
Deputy General Manager
He joined the Company at the beginning of 2013 in the capacity of Deputy General Manager. Thasantha has over 19 years of experience in the field of Civil Engineering including Roads, Highways and Bridge Engineering and Project Management. He has served in the capacity of Resident Engineer, Design Engineer, Executive Engineer for the Road Development Authority for seven years and in the private sector for 11 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 is a Corporate Member of the Institution of Engineers, Sri Lanka.

projects and services

a range of technologies

assembled

"As a Company deeply rooted and firmly committed to the development of Sri Lanka and delivering hope to its people, Access Engineering PLC has entrenched itself as a meaningful stakeholder in the forward march of the country."

Vavuniya Crusher Plant in operation

Engineering Projects

Precast Concrete Panel Wall at Outer Circular Highway, Kottawa

"We have risen to the challenge of catering to the breadth and pace of development by expanding our capabilities and capacities, improving our processes and instilling strong allegiance to quality and performance."

Culvert construction at Navatkuli – Karaitivu – Mannar Road

Road works in progress at Jaffna – Kankasanthurai Road

Road Shoulder Compactor

Completed Trincomalee – Batticaloa A15 Road

Sri Lanka's post-war nation building efforts have focused on ambitious infrastructure development across the country; the vision for the country's economic inclusiveness and future development encompasses the enhancement of the network of roads and highways, airports and seaports, as well as strengthening the energy and water sectors and the telecom backbone. Many commercial, residential, recreational and tourism development projects are taking place which are changing the landscape. Large scale housing projects have also been implemented to raise the living standards of underserved communities.

As a Company deeply rooted and firmly committed to the development of Sri Lanka and delivering hope to its people, Access Engineering PLC has entrenched itself as a meaningful stakeholder in the forward march of the country. We have risen to the challenge of catering to the breadth and pace of development by expanding our capabilities and capacities, improving our processes and instilling strong allegiance to quality and performance. As we have in the past, this year too we have been engaged to carry out some of the most impactful, complex and prestigious projects in the country.

ROADS AND HIGHWAYS

Sri Lanka enjoys a relatively high density of roads. However the pace of socio economic transformation envisaged in the short to medium term has made it vital to improve and maintain the road network across the island, as a vital step towards the integration of the regions into the national economy. Over the past few years, a number of major development and modernization projects have been implemented as outlined in the National Road Master Plan.

As the post-war integration and development of the North and East continues apace, the government has focused on strengthening the road infrastructure of the region in order to facilitate better linkages with the rest of the country. Several projects are underway towards this end, such as the Northern Road Rehabilitation Project (NRRP), Conflict Affected Region Emergency Project (CAREP), and Northern Road Connectivity Project (NRCP).

Access Engineering has been at the forefront of many of the road rehabilitation and improvement projects in the Northern peninsula and is currently engaged in a 30 month project to improve the Jaffna-Kankasanthurai

Engineering Projects

Jaffna-Palali road

Joyful commuters on the Trincomalee – Batticaloa A15 Road

A Surveyor at work

Laying asphalt at Kantale – Trincomalee road

"Once the A32 Mannar-Jaffna and B403 Puttalam-Mannar roads are completed, the journey from the south to the north of the country will be almost 100km less when compared to travelling on the A9."

Road, Puttur-Meesalai Road and Jaffna –Palali Road. In consideration of the positive impact of the project on the economy and living standards of the people of the region, Access Engineering expedited the project by investing over Rs.1 Bn in support services including an asphalt plant, a crusher plant, a concrete batching plant and dedicated laboratory services. The project, sub-contracted to Access Engineering by China Railway No.5, is due for completion in August 2013.

One of the worst affected roads in the war torn regions was the A32, the shortest link to Jaffna from Mannar. The war had taken its toll on the road, parts of which were left in ruins. This posed major inconveniences to the lives and livelihoods of people resettled in the vicinity. Access Engineering is now working on a project in association with the China Harbour Engineering Company to improve and rehabilitate 21km of the Mannar-Pooneryn stretch in order to complete a convenient, high quality two lane road. The project got underway in January 2012 and is on course to be completed in 20 months.

The Mannar- Marichchikade-Puttalam road (B403 road) is the most convenient access to the North from the Southern and Western areas – the road runs along the North Western coastline. Access Engineering has undertaken the rehabilitation and improvement of the road from chainage 0+000km to 31+000km to establish a quality two lane road that re-establishes the transport link between Puttalam and Mannar. The state of neglect of the road in the past has hindered the development of the surrounding areas and the new improvements are slated to bring about wide ranging socio-economic benefits.

Engineering Projects

Once the A32 Mannar-Jaffna and B403 Puttalam-Mannar roads are completed the journey from the south to the north of the country will be almost 100km less when compared to travelling on the A9.

The 'Maga Neguma' road development programme, as well as projects such as the Road Project Preparatory Facility, National Highway Sector Project and Priority Roads Project I and II, are in progress in other parts of the country to facilitate regional and rural development. Access Engineering has had the privilege of becoming a stakeholder in several of these projects, thereby contributing our expertise towards the nation's economic development.

Upon completion, the road will ensure convenient passage along the coast from Colombo to Jaffna, as the roads up to Puttalam from the Western areas are in good condition and the improvement of the A32 and the newly constructed Sangupiddy bridge establishes access from Mannar to Jaffna. Access Engineering began project work as a subcontractor to China Harbor Engineering Company and is on course to complete the project within the targeted 20 months.

The Galagedara Rambukkana road project aims to improve the existing road to facilitate more traffic by widening it and easing maneuverability by addressing the road's alignment which consists of sharp curvatures and uncomfortable climbs along hilly terrain. As a subcontractor to Xi'an Dagang Road Machinery Co. Ltd of China, our scope includes the widening of 18.5 km stretch of road up to 10.2 m, improvements to existing road and improvements to existing drainage. The planned improvement in the project will enable a reduction in travel time and an easing of traffic while increasing road safety through the reduction of accidents and providing better pavements for pedestrians. The 24–month project got underway in June 2012 and is scheduled for completion in 24 months.

Access Engineering was awarded the contract to design and execute the rehabilitation and improvements to the Bangadeniya – Andigama – Anamaduwa road, encompassing the construction of 4 bridges along the road, widening of existing carriageway, providing asphalt surfacing, and construction of drains on either side of the road. This section of road has been in a very poor

Project staff at work

Asphalt laying in progress

Kantale – Trincomalee road

condition and is used mainly for the transportation of agricultural produce – serving as a link between the central part of Puttlam District and the coastline. The 24-month project got underway in November 2012 and on completion, will vastly improve the infrastructure of the area. The government of Sri Lanka is financing the project through the People's Bank and Bank of Ceylon.

Access Engineering is also executing improvements, rehabilitation and reconstruction of Ibbagamuwa-Madagalle road in the North Western province which was in urgent need of resurfacing. The project, implemented under the Mahinda Chinthana vision for development, is financed through People's Bank and envisages the widening of the road carriageway to 8m, resurfacing with asphalt and the construction of drains on either side of the road. The area is primarily an agricultural economy, with widespread paddy and coconut cultivation. The improvement of the road will bring immediate benefits to the area by offering a better transportation solution for their produce while also facilitating more investment, thereby contributing towards the overall progression of the surrounding towns and villages. The project was launched in March 2012 and is on course for completion within the targeted 24 months.

A mega project that aims to reduce traffic congestion within the Colombo city is the Outer Circular Highway, a 29km ring road around Colombo, with links to all proposed expressways. Phase 1 of the project, known as the Greater Colombo Urban Transport Development Project, is nearing completion and our engagement to install panel walls for the Southern Section of the highway was completed during the year. As part of the project, Access Engineering employed state of the art technology by replacing conventional concrete retaining wall technology with a reinforced soil retaining wall system using precast concrete panel facing, steel strip reinforcement and concrete blocks as anchor elements. Galvanized smooth steel strips form the reinforcement for the soil retaining walls.

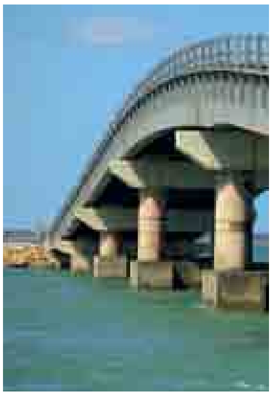
The project was undertaken in partnership with Garware-Wall Ropes Ltd of India, who provided the design of the reinforced earth walls and the required material such as steel strips and the geotextile along with the required technical expertise. The scope of work undertaken included curing and erecting the concrete facia panels, storing, handling and installing the reinforcing strips and allied accessories supplied by our partner GWRL, as well as earth filling, compacting and constructing drainage layers and drainage pipes.

Engineering Projects

Veyangoda Flyover under construction

"Access Engineering has completed several landmark bridge/flyover projects including the Sangupiddy Bridge on the A32 Road and the Aruvi Aru Bridge. Several more such projects are now underway in Veyangoda, Battaramulla and the North and East."

Veyangoda Flyover
Completed bridge at Ayithiamunai
Sangupiddy Bridge across Kilali Lagoon in Jaffna
Work in progress at Valaiyaru Bridge



BRIDGES AND FLYOVERS

The government's strategy to increase efficiency and productivity through better transportation systems envisages easing traffic congestion on roads through flyovers and bridges. Several such bridges and flyovers have been completed in the recent past, in heavily congested areas such as Nugegoda, Dehiwala, and Kelaniya, which have had immediate tangible benefits. Access Engineering has completed several landmark bridge/flyover projects including the Sangupiddy Bridge on the A32 Road and the Aruvi Aru Bridge as well as the above mentioned flyovers. Several more such projects are now underway in Veyangoda, Battaramulla and the North and East.

The Veyangoda Flyover project involves the design and construction of a 315 meter long, 10.4 meter wide, 2 lane state of the art steel flyover and access roads. Located on the main access route to the Bandaranaike International Airport from the Kandy Road and the Sabaragamuwa Province, the flyover was designed to ease the heavy traffic snarls experienced at the Veyangoda railway crossing. At present, commuters are inconvenienced by trains that cross the main road up to 100 times a day. With no alternative, passengers and commuters alike face severe delays on a daily basis. The flyover will facilitate a better flow of traffic to nearby towns such as Gampaha, Negombo and Nittambuwa while also providing a link between the country's largest Industrial Free Trade Zones in Katunayake, Wathupitiwala and Seethawaka. The project, initiated by the Road Development Authority of Sri Lanka is funded by the government of Spain and was sub-contracted to Access Engineering by Centunion, Spain; it is slated for completion in November 2013.

The post-war infrastructure development in the North and East has involved the rehabilitation of a number of bridges and culverts along various road links in the area. As part of an ADB funded project managed by the Provincial Road Development Department, Eastern Province, Access Engineering was contracted to design and construct four bridges and 6 multi cell culverts. The project is underway and is due to be completed in July 2013. The Eastern and North Central Provincial bridge project is part of the government's overall strategy to strengthen the road network of the region in order to improve livelihoods by jumpstarting economic activity.

Engineering Projects

Hambantota Water Treatment Plant

Ambalantota Salinity Barrier Gate operation

Water Tower at Mattala Rajapaksa International Airport

Salinity Barrier across Walawe River at Ambalantota

"Access Engineering was instrumental in the construction of a gated salinity barrier across the Walawe River, downstream of the existing water intake for the Ambalantota water treatment plant."

WATER AND WASTEWATER

Sri Lanka is currently working towards a target of achieving 100 percent safe water coverage by the year 2020. Achievement of this goal pivots on upgrading the water and drainage facilities at a national level in order to achieve multiple goals such as providing safe drinking water, better sanitation and minimal pollution.

Access Engineering was instrumental in the construction of a gated salinity barrier across the Walawe River, downstream of the existing water intake for the Ambalantota water treatment plant. The new barrier increases the capacity of the existing treatment plant by 28000m^3/day which will fulfill the drinking water requirement of the Hambantota District up to 2025. Our role as main contractor included performing investigations, surveys, civil construction works, manufacture/supply, installation, testing of electro-mechanical works and commissioning of the gated salinity barrier across the Walawe River. The Asian Development Bank funded project which began in January 2010 was handed over to the National Water Supply and Drainage Board upon completion in June 2013.

The National Water Supply and Drainage Board also tasked Access Engineering with the relocation of distribution mains along the A6 main road from Kantale to Ganthalawa (from chainage 157+000 km to 167+280 km) and the supply and laying of 400mm diameter DI transmission main from Ganthalawa to Thambalagamuwa (from chainage 161+000 km to 167+280 km). The scope of work included the supply, delivery and laying of pipes, fittings, valves, specials and accessories. The project helped improve the water supply to the area and enabled easy access to safe and potable water. In March 2013, Access Engineering handed over the completed project to the National Water Supply and Drainage Board.

Engineering Projects

Henamulla Housing Complex in construction

"This Project is significant for Access Engineering as it marks our entry into the highly competitive large-scale housing industry."

Cargo Building at the Mattala Rajapaksa International Airport

MIVAN formwork system

Completed housing units at the Henamulla Housing Project

Fire and Rescue building at the Mattala Rajapaksa International Airport

"Among the value engineering solutions designed and implemented by Access Engineering is the new formwork system which has enhanced the speed and efficiency of construction with improved quality while entrenching a firm commitment to sustainable building technology."

BUILDINGS

The national housing policy enshrined in the Mahinda Chinthana vision endeavours to achieve house ownership for all Sri Lankans. The strategy primarily targets low and middle income families by resettling them from low quality constructions to permanent housing with confirmed property rights. Over the next six years, the programme will relocate upto 70,000 households from underserved settlements in and around Colombo in a bid to improve their living standards.

One such project is the Henamulla Housing Project. This project is significant for Access Engineering as it marks our entry into the highly competitive large-scale housing industry. Funded by the Urban Development Authority, the project involves the structural design and construction of all civil engineering works for five, 12-storey apartment blocks comprising a total of 1,137 housing units.

The scope of work includes the design and installation of mechanical, electrical and plumbing works, landscaping and rehabilitation of the access road to the housing settlement. Green concepts have been incorporated into the design of the building including harvesting maximum levels of natural light and ventilation while reducing energy needs. Among the value engineering solutions designed and implemented by Access Engineering is the new formwork system which has enhanced the speed and efficiency of construction with improved quality while entrenching a firm commitment to sustainable building technology.

Engineering Projects

Front view of Fire and Rescue building at the Mattala Rajapaksa International Airport

Fuel Hydrant works in progress at the Mattala Rajapaksa International Airport

Cargo Building at the Mattala Rajapaksa International Airport at dusk

"As one of the key contractors to the Mattala International Airport project, Access Engineering completed and handed over the Cargo and Fire Rescue Buildings during the year."

AIRPORT AND AVIATION

One of the most significant infrastructure projects to be completed during the year was the Mattala International Airport, the country's second international airport, which commenced commercial operations in March 2013. The airport has the capacity to handle one million passengers and a cargo throughput of 45000 metric tons each year.

As one of the key contractors to the project, Access Engineering completed and handed over the Cargo and Fire Rescue Buildings at the Airport during the year. The two prominent structures provide the new International Airport with cargo warehousing and cargo handling capabilities and facilitate the critical fire fighting and rescue system for the Airport. Access Engineering was sub-contracted to execute the project by China Harbour Engineering Company Ltd. The 16-month project was delivered to the Airport and Aviation Authority on time, with the highest emphasis placed on quality.

We also successfully completed our involvement in the implementation of the Airport Apron Fuel Hydrant System and aviation fuel storage facilities at Mattala. Access Engineering was sub contracted for the Ceylon Petroleum Corporation project by China Harbour Engineering Company Ltd. The 17 month project was handed over on time during the year under review. Access Engineering undertook the supply, fabrication, laying and commissioning of the apron area fuel hydrant system, with the scope of the project encompassing civil works such as trenching, construction of valve chambers, backfilling and reinstatement. The fuel hydrant system is a critical component in the smooth operation of the Mattala International Airport. The project employed sophisticated modern technology within strict quality standards and control measures.

Engineering Projects

Installation of Optical Fibre cables for Dialog Axiata

"We have long been a catalyst of growth in the telecommunication sector through our long-term partnership with the country's largest mobile service provider Dialog Axiata."

Optical Fibre Cable Blowing

Telecom Tower at Jaffna

Horizontal Directional Drilling machine in operation at Hikkaduwa

"Access Engineering has installed over 1,000 km of optical fibre cable to date. Completed projects include the OFN -1 Optical Fibre Network for Colombo Area, the Dialog Backbone Project from Wadduwa to Matara and phases 1 to 3 of the Colombo Metro Optical Fibre Network."

TELECOMMUNICATION INFRASTRUCTURE

Sri Lanka's telecommunication infrastructure has been growing steadily and is expected to boom with the rapid expansion of networks and mobile broadband facilities. Even though internet penetration is at a fairly low 6.7%, the sector experienced over 60% growth during the year, a trend that is expected to continue.

We have long been a catalyst of growth in the telecommunication sector through our long-term partnership with the country's largest mobile service provider Dialog Axiata. On behalf of Dialog Axiata, Access Engineering has installed over 1,000 km of optical fibre cable to date. Completed projects include the OFN -1 Optical Fibre Network for Colombo Area, the Dialog Backbone Project from Wadduwa to Matara and phases 1 to 3 of the Colombo Metro Optical Fibre Network. We have also been engaged by Huawei Technologies, China as the main contractor for the installation of the island-wide Dialog Aerial Optical Fibre Network Project. The first two phases of the project have been completed while the third phase is now ongoing. Over the last year alone, the project value has totaled over Rs.700 Mn.

Access entered into a contract with Huawei Technologies, China to construct 11 telecommunication towers in the Northern Province for mobile operators Dialog and Mobitel. The project is aimed at improving transmission facilities in rural areas through the establishment of telecommunication transmission towers. Since the project began in May 2012, six towers have been completed while five more are due for completion.

Engineering Projects

Work in progress at Unity Container Terminal, Colombo Harbour

Renovated Unity Container Terminal, Colombo Harbour

"Access Engineering successfully completed and handed over the renovation and expansion of the Unity Container Terminal to the SLPA during the year."

HARBOURS AND MARINE WORK

The Sri Lanka Ports Authority is readying itself to capitalize on growing transshipment volumes and its exclusive agreements with large shipping lines by increasing container-handling capacity. A major initiative in this regard was the renovation and expansion of the Unity Container Terminal, which now provides the SLPA with unmatched capacity at its terminals compared with other container ports in the sub-continent. Access Engineering successfully completed and handed over the project to the SLPA during the year.

The Unity Container Terminal (UCT) is located at the northern end of the harbour and consists of 2 berths for feeder vessels with depths alongside 9 and 11 metres. The 340m long quay is served by 3 panamax gantry cranes of 41t SWL. Eight RTGs serve two stacking areas with 1,020 ground slots. The scope of the project included dredging and the construction of a rubble mounted embankment along the west and north revetments to protect the quay from settlement, rectification of the settlement with anchor rods and tie rods, construction of 9 to 11 meter high underwater mass concrete curtain wall along the inside face of revetment in order to prevent any future quay settlement and the restoration of the yard area. Access Engineering was also entrusted with the provision of essential amenities including the restoration of electricity cables to the yard light towers and rehabilitation of south gantry crane rail foundation of the terminal.

Despite many challenges, Access Engineering was able to hand over the completed projects within the projected timeframe due to a surfeit of value engineering solutions that were added to the features, processes and systems.

Engineering Services

Fabrication work at the mechanical workshop

"The engineering services portfolio, we offer enhances our ability to deliver high quality products at better delivery speeds. Expanding our range of services has also enabled us to provide our expertise at all stages of a project cycle."

Precast Concrete Panel Wall design for the Outer Circular Highway

Design model of the Henamulla Housing Project

Architectural design of the Proposed Access Tower 2

Bridge designed for the Batticaloa -Trincomalee road

As one of the country's premier engineering solution providers, Access Engineering PLC has always strived to become an integrated solution powerhouse that offers the entire gamut of engineering service requirements. The current infrastructure drive has offered us an opportunity to become a meaningful stakeholder in economic development through our unmatched pool of knowledge and expertise, our value engineering proposition and our state of the art technology. In order to better deliver these benefits to the country, we have strategically sought backward integration into related areas of our operations, thereby optimizing our resources and acquiring greater control, in turn mitigating our risk exposure.

The engineering services portfolio we offer enhances our ability to deliver high quality products at better delivery speeds. Expanding our range of services has also enabled us to provide our expertise at all stages of a project cycle. While many of these services were initiated as service providers to our own projects, our benchmark quality and reputation have seen demand for our products and services growing among other engineering organizations, thus generating new lines of revenue.

ENGINEERING DESIGNS

Our Engineering design unit is a best in class team of highly qualified and experienced professionals with a stellar reputation in the structural designs of civil engineering infrastructure. The unit is fully equipped with state of the art design and analysis software, backed by top end hardware. The divisions boasts 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.

During the last year, the unit successfully completed design work on projects such as the Urban Regeneration Project at Henamulla for Relocation of Underserved Settlements, ADB Funded Eastern and Northern Provincial Bridges, Veyangoda Flyover Project, Ibbagamuwa-Madagalla Road Project, Panel Wall Designs for Colombo Outer Circular Highway Project and many other water and telecom related projects. In the pipeline are projects such as the rehabilitation of Labugama-Kalatuwawa water treatment plant, improvement of Bangadeniya – Andigama – Anamaduwa road project, rehabilitation of Galagedara Rambukkana road project and the design of the Polduwa Bridge project and Access Tower Two, among others.

Engineering Services

Piling works at Outer Circular Highway, Kaduwela

> **"The notable Piling Projects undertaken during the year have included work on the Outer Circular Highway – Northern Section 1, the single largest piling project to be undertaken by a Sri Lankan construction company."**

PILING

Over the years, Access Engineering has become a leading piling contractor in Sri Lanka equipped with modern machinery and vast capabilities. The unit currently owns six Bauer BG 24 and 25 rotary drilling rigs and related equipment as well as a large fleet of cranes, excavators, loaders, and dump trucks to support the operations of piling rigs. The unit employs eco friendly technology that enables the production of better quality piles. Furthermore, the unit also has got facilities to conduct Static Load Testing (Maintained Load Testing) and other tests on piles.

The notable Piling Projects undertaken during the year have included work on the Outer Circular Highway – Northern Section 1, the single largest piling project to be undertaken by a Sri Lankan construction company. The scope of this subcontract included the construction and testing of 1801 No's of 1500 mm dia. cast-in-situ bored piles. This Rs.3.1 Bn rupee contract was awarded by Taisei Corporation, the main contractor for the construction of Northern Section–I of OCH.

During the year, we also carried out piling work for the proposed Medical Faculty Building Complex at Sir John Kotelawala Defence University which involved casting of 277 piles; the proposed construction of 500 Housing Units at Dematagoda which required the casting of 386 piles; the proposed 1,137 Housing Units project at Henamulla which involved casting of 378 plies and the ongoing project to construct four 12-storey blocks of dwelling units in Kotahena, which involved casting of 400 piles.

Testing works at Geotechnical Laboratory

Optical fibre cable blowing at Nugegoda

Horizontal Directional Drilling machine in operation

GEOTECHNICAL LABORATORY SERVICES

Our laboratory service is a critical component in the management of quality standards in our construction work as its capacity enables Access Engineering to carry out frequent testing economically and reliably, while also promoting innovative techniques and processes developed in-house to the industry.

The range of services offered by the Laboratory include testing of raw material, processed material and products related to civil engineering works, aggregate testing, geotechnical investigations and soil testing, surveying and leveling, traffic surveys, utility surveys, pile load testing and concrete mix design. It also carries out Quality Assurance Services for infrastructure projects.

The Geotechnical Laboratory Services Unit of Access Engineering is the first soil testing laboratory to be accredited in Sri Lanka and is the first laboratory belonging to a construction company to be accredited with the SLAB certification.

HDD AND CABLE JETTING

Access Engineering is among the pioneers of Horizontal Directional Drilling (HDD) technique which is a trenchless method of installing pipes, ducts or cables underground with minimal or no disturbance to surrounding structures. It is the most versatile solution for the installation of underground utilities along roads in built-up areas as it causes minimal disturbance. We have further enhanced our services by introducing the 'Ground Penetrating Radar (GPR)' system which helps identify existing underground utilities and obstacles prior to trench excavation or employing HDD to install pipes/ducts/cables where pipe/duct/cable paths could be pre-designed to avoid potential damage to landscape and existing underground utilities. At present, we operate three HDD machines which have been engaged in the installation of over 50 km of underground ducts within the Colombo City and suburbs, as part of Dialog Axiata's Optical Fibre Network Project.

"The Geotechnical Laboratory Services Unit of Access Engineering is the first soil testing laboratory to be accredited in Sri Lanka and is the first laboratory belonging to a construction company to be accredited with the SLAB certification."

We also carry out Fibre Optic Cable installation through 'Cable Jetting' - the process of installing a cable in a duct by pushing the cable into the duct whilst blowing air through the duct. This method is far more productive than the conventional manual cable pulling method; it also enhances quality by eliminating potential damage to cables. Through cable jetting, we have the capacity to install an average of 4 km of optical fibre cables per day.

Dredger in operation at the Dutch Canal, Negombo
Asphalt laying in Kantale – Trincomalee road
Asphalt production plant at Kotadeniyawa
Concrete batching plant in Mabima, Kaduwela

Engineering Services

DREDGING

In yet another first for Sri Lanka, Access Engineering was the first construction company to own a Cutter Section Dredger which operates at a capacity of minimum 50m^3 of sand per hour to a maximum depth of 6m from the water surface and disposes of dredged materials within a range of 1km from the point of dredging. The unit has successfully used this technology in projects such as dredging in Hikkaduwa, Mirissa and Puranwella Fishery Harbours, Lunawa Lagoon and the Dutch Canal. The dredger was also used to excavate a trench on the lagoon bed for laying a water pipe across the Batticaloa Lagoon.

SUPPLY OF ASPHALT CONCRETE

The pace of infrastructure development island-wide has seen rapid growth in the number of roads and highways being constructed and developed. Over the past few years, our portfolio of road and highway projects has also continued to grow. One of the main materials used in roads and highway projects is asphalt and Access Engineering has currently invested in four asphalt mixing plants, which enable greater control over timely delivery and quality.

"Access Engineering has invested in four asphalt mixing plants located in Jaffna, Ibbagamuwa, Kotadeniyawa and Kantale, which enable greater control over timely delivery and quality."

The asphalt plants, which also cater to third party requirements, are located in Jaffna, Ibbagamuwa, Kotadeniyawa and Kantale. They are currently operating at optimum capacity and have produced a total of 223,000 MT of asphalt up to date, of which 117,000 MT was produced during the year under review.

Precast concrete pole yard

QUARRY OPERATIONS AND AGGREGATE PRODUCTION

Access Engineering has made strategic investments in three crusher plants which produce crushed rock aggregates, the raw material for asphalt concrete and dense grade aggregates. The project portfolio handled by us requires vast amounts of aggregate-based products and by operating our own aggregate production plants, we ensure a smoother supply and greater sustainability of operations. Furthermore, we have ensured that all by products of the quarries, including quarry dust, are utilised in some form in the construction process.

The quarry operations are based in close proximity to locations of our ongoing projects, including Vavuniya, Ibbagamuwa and Kumbukgete. Apart from fulfilling internal supply needs, the output of these crusher plants allows us to supply external customers, thereby generating additional revenue. To date, our plants have produced a total of 710,000 MT of aggregates of which 490,000 MT was produced during the financial year under review.

SUPPLY OF READY MIX CONCRETE

Access Engineering operates two ready-mix concrete plants at Mabima and Jaffna with installed capacities of 60m^3/hr and 20m^3/hr respectively. We also install small scale plants at project specific locations. While these plants were originally commissioned to cater to the demands of internal projects, the quality of the ready mix concrete and reliability of our supply have helped secure several external customers during a short period of time. The service at the Mabima Plant is supported by a fleet of modern machinery and equipment that includes a 60m^3/hr twin shaft concrete batching plant, a water chiller plant with a capacity of 5,000 l/hr, a brand new 36m boom pump car and 17m boom pump car, covered aggregate bins, cement storage silos, and computerized weigh bridges. Our fleet consists of over 20 concrete mixer trucks which have been outfitted with satellite tracking devices. The Company also operates a fully fledged laboratory to ensure the quality of its concrete products.

"To date, our plants have produced a total of 710,000 MT of Aggregates of which 490,000 MT was produced during the financial year under review."

Engineering Services

Start of day at Mechanical workshop

Maintenance work

"The workshop consists of a best in class team of mechanical engineers and technicians who have proven capability and vast experience."

MECHANICAL AND STEEL FABRICATION WORKSHOPS

Our Mechanical Workshop located in Ranala handles the heavy machinery and equipment, heavy vehicle fleet and support services to our construction projects. The in-house steel fabrication unit enables us to customize machinery according to requirement, design and manufacture of water bowsers, fuel tanks, and various other requirements. The workshop consists of a best in class team of mechanical engineers and technicians who have proven capability and vast experience.

Fabrication work at the mechanical workshop

sustainability integration

a team of people

united

"Our Vision 'to be the foremost Sri Lankan business enterprise in value engineering' is one that goes beyond business excellence alone; it embodies our commitment to deliver hope and build value for all our stakeholders."

Sustaining Good Practice

"We have judiciously worked towards achieving sustainable development across the spectrum of our stakeholders by incorporating the principles of sustainability into our corporate agenda."

In the process of value creation, the critical factor is ensuring that the value thus generated is sustainable - that it has the strength and capacity to endure in the long-term. Over the past few years, we have judiciously worked towards achieving sustainable development across the spectrum of our stakeholders by incorporating the principles of sustainability into our corporate agenda.

When building the business case for embedding sustainability into our organization, our first step was to clearly understand the relationship between sustainable development and the core business, objectives and activities of Access Engineering. To effectively engage and connect with economic, environmental and social issues, we needed a comprehensive analysis of the organization and its interface with sustainability and issues related to sustainable development. By identifying the drivers for embedding sustainability, we were able to home in on relevant and material sustainability issues which should form the focus of our sustainable agenda.

The process involved several methods of information gathering, including the establishment of facts and other information available in the public domain and an analysis of the competitive environment. We monitored new developments in sustainability issues through a range of activities including tracking the emergence of environmental facts, findings and research; seeking public opinion and employee views and attitudes; monitoring the activities of environmental and social groups; understanding the activities, profiles and attitudes of suppliers and customers and being aware of what was considered 'best practice' in the industry.

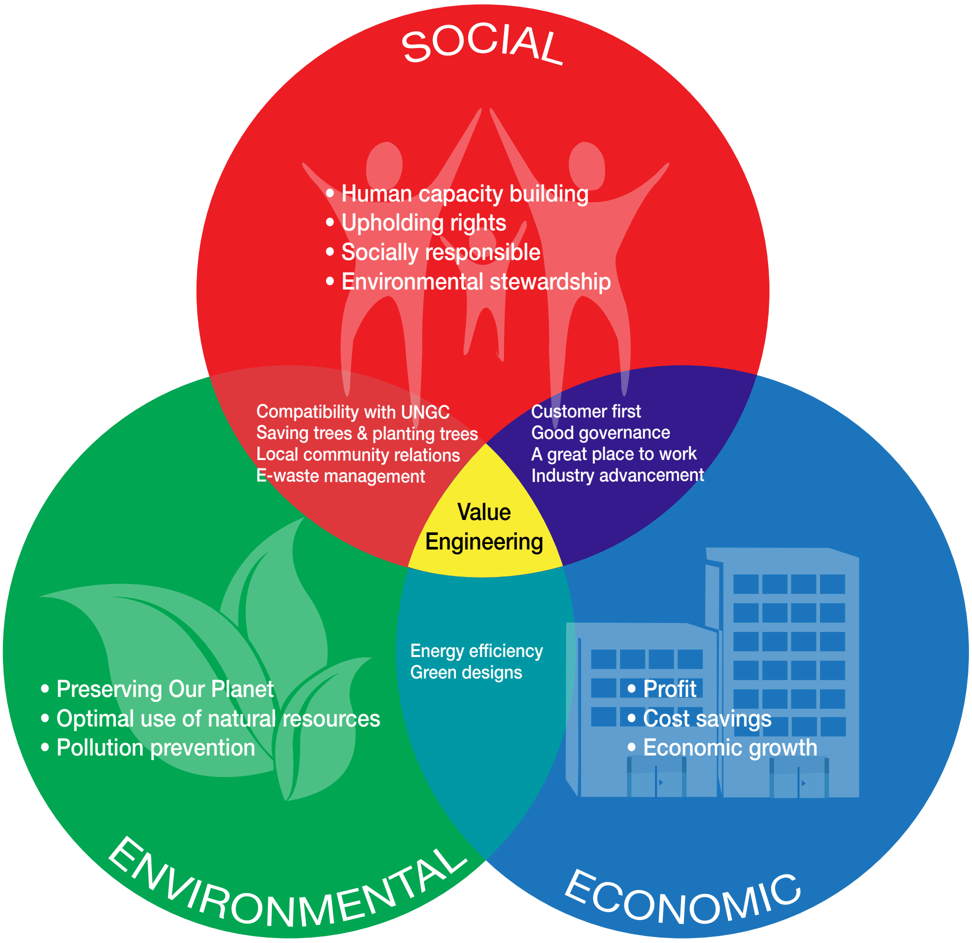
Since our inception, we have aimed at proactively identifying and managing risks, thereby positioning ourselves better to seize opportunities. This same approach applies to managing sustainable development opportunities and risks. We have considered the opportunities and risks of our sustainability agenda as part of an existing risk strategy and approach, rather than as a newly created layer of risk management focusing specifically on sustainability issues. Integrating sustainable development opportunities and risks into our existing framework and strategy has allowed us to have a better understanding of their relationship to the organization's business goals and other activities.

When formalizing our sustainability agenda, we have focused on achieving compatibility with international standards, initiatives, and reporting frameworks such as the Global Reporting Initiative (GRI), United Nations Global Compact, ISO 26000:2010, AA 1000 and others. The Sustainability Agenda thus developed enables us to better focus on strategies and actions that balance the constant trade-off between economic, environmental and social considerations.

In this report, we have used the GRI framework to define our sustainability priorities along the Triple Bottom Line of People, Planet and Profit under the titles – Economic Performance, Environmental Performance and Social Performance.

Sustainability Framework

Our sustainability efforts are organized into a sustainability framework which incorporates organizational values and beliefs, sustainability policy, sustainability objectives and sustainable business.



Sustainability Policy

In order to reach our vision of being a sustainable business, we will:

- Be accountable for our impacts on the economy, the environment and society and the decisions and actions that lead to such impacts
- Implement practices that promote economic security, environmental stewardship and social betterment and will strive for continuous improvement in these areas
- Behave ethically based on the values of honesty, equity and integrity
- Respect, consider and respond to the interests of our stakeholders
- Respect international norms of behavior, while abiding by the rule of legislative and regulatory requirements
- Respect human rights and recognize both their importance and universality
- Raise awareness of our employees on sustainability issues while soliciting their full co-operation in all our sustainability initiatives
- Encourage our suppliers and subcontractors into the process of sustainable business by auditing and development
- Be a source of knowledge for our external stakeholders on sustainability issues
- Establish and constantly monitor quantifiable objectives for our sustainable performance
- Make available the tools and resources required to make it a reality and will support each employee as they live this vision.

CUSTOMER FIRST

At Access Engineering, product responsibility of both the goods and services we offer is the governing priority across all our operations. As an entity engaged in the entire spectrum of engineering operations from design to construction, the consistent maintenance of high standards is vital.

The basic obligation of a contractor is to follow the designs given to us by the designers (Architects, Engineers) and to produce an end product that will fit its intended purpose. As a responsible contractor however, we maintain healthy communication/dialogue with designers to ensure that

Sustaining Good Practice

Deyata Sevana National Tree Planting Day at Embulgama Rajamaha Viharaya in Ranala

our operations and products do not bring unfavourable effects to the end users directly or indirectly. We also alert the designer if specifications or designs are not in accordance with current industry practices and standards. Furthermore, our construction activities are carried out in strict compliance with Sri Lankan standards as well as international standards. Thus, when it comes to product responsibility we operate diligently to ensure that the ultimate product has met design requirements while also being fit for its purpose.

Access Engineering operates a dedicated design division which manages of the design aspects of our projects. Initially established as a support service for in-house projects, the Design Division has equipped us with the competency to move into stand-alone design projects and to seize the opportunity of the recent shift in the construction industry from construction contracting to design-and-build projects. In design and build projects we translate the client's requirements into project specifications where we will have a great opportunity to influence the sustainability of the development at a low cost.

Moving into this new market however has created new challenges with regard to product responsibility. We have thus strengthened our Design Division, which now includes an engineering team that comprises of Chartered Engineers, Chartered Architects and Engineers who are reinforced by an experienced advisory consultant in the field of structural design. With the recent expansion and development of the Division, it has acquired the capability to handle many types of civil and structural designs, utilizing the most advanced and modern design software for structural and foundation analysis, and advanced drafting software to produce engineering drawings. In order to ensure product safety, we have formulated a process for reviewing and validating the designs through third party design consultants.

PRESERVING OUR PLANET

The construction industry has long been viewed as controversial in the context of its impact on the environment. In fact, there is proof that the mismanagement of such impacts has allowed negativities to increase to sometimes uncontrollable proportions.

The construction industry uses a substantial portion of the world's natural resources including timber, and is responsible for massive amounts of carbon emissions and large volumes of waste. Some of these activities, such as the felling of trees - are directly linked to climate change.

Access Engineering has over the years, been cognizant of the need to manage our environmental footprint and we have been alert to the negative impacts arising from our business activities. Throughout our value chain, we ensure that while being guided by short-term economic considerations, our building practices will always be founded on the best practices of sustainable construction, emphasizing long-term sustenance of the business and the planet as a whole.

Our environmental consciousness extends from the design to ultimate completion of a project. Invariably, this includes ground preparation which may involve the felling of trees, an almost unavoidable circumstance facing the industry. At Access Engineering, we assume full responsibility for this and always liaise with relevant parties to overcome this dilemma. Our design team engages in dialogue with clients and consultants to make design changes where possible and necessary to preserve trees. For example, there were several instances along the Kantale-Trincomalee road where design changes such as – shifting of horizontal alignment and diversion of drains saved trees. In those instances where the felling of trees becomes essential, we ensure that new trees are planted as close as possible to the original location.

Our commitment to maintain green cover continued with over 10,000 new trees planted at various locations. In support of the programme, the Company employed a dedicated Environmental Officer who manages the planting and regular maintenance of the trees. During the year, significant tree planting programmes were organized to coincide with the 'Deyata Sevana' national tree planting day, World Water Day and Sinhala and Tamil New Year. On 15th November 2012 designated as the national tree planting day, over 1,000 trees were planted at all the locations of the Company with the main event being held at Embulgama Raja Maha Viharaya in Ranala. On World Water Day, a tree planting and awareness building programme was conducted at Boralugoda Maha Vidyalaya in Kalatuwawa. In addition, tree saplings were distributed among school teachers and our own employees to be planted at the auspicious time of the Sinhala and Tamil New Year. Since the commencement of our tree planting project in 2008, we have so far planted over 10,000 trees islandwide.

UPHOLDING RIGHTS

Access Engineering became the first construction company in Sri Lankan to become a signatory to the United Nations Global Compact (UNGC), when it joined the initiative in November 2011. It is an active member of the UNGC and has reported on the progress of the Ten UNGC Principles during the last year.

In terms of Human Rights, Access Engineering has always upheld, respected and protected internationally proclaimed human rights. We have, through our contracted projects as well as self-initiated community projects, contributed towards the provision of basic amenities and healthcare as well as education and employment opportunities for deserving individuals. In our supplier and subcontractor agreements, it is our policy to refrain from engaging in business activities with entities whose human rights records are even slightly in doubt.

As mentioned elsewhere, we have zero tolerance for forced or compulsory labour and child labour in our operations, and make every effort to ensure that these practices are honoured in our supply chain as well. We recently upgraded our policies governing 'Recruitment, Selection and Placement', 'Training and Development', 'Disciplinary Management' and 'Grievance Management' to ensure their compliance with the principle of eliminating discrimination in respect of employment and occupation.

We have identified our environmental challenges and support a precautionary approach towards them. Being in the environmentally sensitive construction industry, we take a preventive approach by optimizing the use of resources and energy, and minimizing the generation of waste, and a proactive approach by undertaking initiatives to promote greater environmental responsibility. With regard to development and diffusion of environmentally friendly technologies, we have taken a keen interest in the concept of green buildings by becoming a member of the Sri Lanka Green Building Council (SLGBC) and have trained our design engineers in these principles.

Finally, we take great effort to work against corruption in all its forms, including extortion and bribery. Our implicit Code of Conduct addresses the issue of corruption and the Disciplinary Procedure identifies it as a punishable misconduct. We have also obtained the membership of TRACE International in support of upholding anti-corruption practices.




New year festivities at Henamulla Housing Project
Construction Industry Cricket Carnival
Christmas Carnival

A Great Place To Work

The expansion envisaged requires Access Engineering to be in a position to attract and retain the best talent in the industry. We have strived to incorporate Human Resource Best Practices into the way we do business and, in particular, how we manage our people. Authority, responsibility and accountability have been the three pillars of the success we have enjoyed with our workforce, who are enriched by a culture of empowerment and high-performance. The nature of our business necessitates the expansion of our horizons to continuously absorb new knowledge and technology. As such, honing skills and talent, while improving levels of knowledge form the bedrock of the competitive advantage we enjoy in the industry. This approach has enabled employees to maximize their capabilities and sharpen their competencies, invariably introducing an entrepreneurial spark and a greater sense of ownership.

At Access Engineering, the Human Resource (HR) function is decentralized; the Head of HR, who is a member of the Corporate Management, centrally oversees HR operations while HR managers have been appointed for HR administration at each functional division. The HR function operates under the philosophy 'Best people, producing their best work, under the best conditions'. Even though this ethos sound simple, it involves a complex process from identifying the role, to recruiting, selecting, training and developing the right candidate, and empowering and keeping them engaged with their work and with the Company. At an early stage in their careers, employees are equipped with the appropriate knowledge and skills, supplemented by a progressive work ethic and a positive attitude, in order to help them achieve their full potential.

The policies, processes and procedures governing HR are aligned to national and international norms and the stage has now been set for us to graduate from compliance to compliance-plus to foster a family culture that transcend a standard working environment. In our quest for a better workplace, we have taken care to safeguard the fundamentals by establishing a robust monitoring system through our Code of Conduct and Disciplinary Management Procedure, which is overseen by the Compliance Committee, which comprises members of the Corporate Management.

RIGHTS AND POLICIES

Meritocracy is the underlying fundamental in both selection and career mobility, while non-discrimination is universally practiced. At selection stage, there is strictly no bias in terms of gender, marital status, race, ethnicity, political or religious belief, disability or age; if an individual shows potential and is the 'right person for the

Company Christmas Carnival

right job', employment is guaranteed. A meticulous and transparent procedure is followed when granting career movements and allocating rewards, where majority of decisions are based on clearly defined guidelines accessible to every employee.

We do not condone child labour or illegal labour practices in any form and remain firmly committed to an ethical HR management which upholds the fundamental rights of all employees. Given the nature of our industry, there are instances where child labour has been used in the past by suppliers and subcontractors in quarries, crushing plants and road construction work. However, we have fully condemned this practice and categorically prohibited our suppliers and subcontractors from engaging in such practices.

Delivery timelines sometimes necessitate longer working hours by project teams. If such needs arise, the Project Management Teams are mandated to ensure that those engaged in additional hours are not exploited, that they gain adequate rest and are monetarily rewarded. In a related development, we have encouraged a renewed focus among employees to achieve a healthy work-life balance.

RECRUITMENT AND RETENTION

As at March 31st 2013, the total team increased to 3,200 with almost 36% of the cadre based in the technical and operational categories, further highlighting our culture of empowerment. A greater number of employees are now empowered with responsibilities in the day to day decision making, planning and operations, generating positive sentiment. Over the last three years, there has been a steady increase in net employment, which has grown from 16.6% in 2010/11 to 94.7% in 2011/12 and 2.25% in 2012/13.

Another indicator that we monitor closely is employee turnover, which is a reflection of the level of satisfaction and engagement, requiring fundamental changes in the structure of core operations. The construction industry has traditionally been one of very high turnover, primarily due to a transient workforce, the migratory nature of workstations, a surfeit of overseas employment opportunities and an influx of international contractors. In this context, we are proud to have been able to retain a significant percentage of our key talent; we have maintained our employee turnover rate well within the industry average with an year-on-year decrease of 11.7%. These improved retention rates attest to the Access Engineering work ethic of responsibility, accountability and authority, coupled with rewards appropriately aligned to performance.

Healthy Heart programme conducted at offices island-wide

Health and Safety Seminar

A Great Place To Work

The superior status enjoyed by Access Engineering as a preferred employer in the construction industry was further underscored by an independent survey carried out by TNS Lanka, the leader in customized market research. The research which was conducted on a sample of 250 current and prospective industry employees, revealed that Access Engineering is the Employer of Choice, 2 index points above the closest competitor and 7 index points above the industry average. The research also revealed that Access Engineering is positively perceived on parameters such as financial stability, competitive salaries, performance-based benefits and challenging work environment.

With a view to further fine tuning the employee practices of the Company, we took part in the first Great Place to Work Survey in Sri Lanka conducted by Great Place to Work Inc, USA. Employee practices, especially with regard to trust, pride and camaraderie, were examined in a sample of 182 employees. The findings reiterated the strength of our employee practices – for example, in aspects such as Management having a clear view of where the organization is going and how to get there; management being competent at running the business; work having special meaning and not 'just a job'; celebrating special events and being proud to tell others that they work for Access Engineering, we were ranked either on par or above the global top 25 benchmark. In the Sri Lankan context, we are in the top quartile when compared to all participants.

TRAINING AND DEVELOPMENT

At the outset of their employment, new recruits undergo a comprehensive orientation and induction programme. On the day they are offered employment, new team members are given a taste of the Company culture by the relevant HR personnel while a more elaborate programme is conducted periodically at Head Office where new employees are introduced to the past, present and future direction of the Company with special emphasis on its culture and sustainability.

The HR Department creates and implements an annual training calendar, which is mapped against individual aspirations, divisional goals and objectives, current and future projects, trends, and challenges and opportunities of the Company and the construction industry. Training and development programmes include external, internal, foreign and on-the-job training, which involved a collective investment of Rs.16.0 Mn during the year.

Epitomizing our philosophy of being constructively discontented with our achievements, we undertook a comprehensive training needs analysis this year as a tool to propel the organization to greater heights. Accordingly, an in-house training plan was drawn up

Socially Responsible

Hakmana Methodist Central College Auditorium

Renovated Teachers Quarters at Padawkema Junior School, Lunugamwehera

which identified 90 training areas addressed through a total of over 160 programmes spread over 225 training days involving over 5,000 man days of participation. This plan, which was launched in July 2012, will supplement the current practice of local and foreign training through external bodies.

In order to deliver this ambitious training plan, a team of 22 executives of the Company was developed as trainers through a Training of Trainer (ToT) programme conducted over a period of 3 months. The ToT programme covered the basics of adult learning and corporate training, and concluded with practical sessions which provided them the opportunity to sharpen their skills as trainers.

The training efforts also focused on a series of personal development initiatives. During the year, two personal development workshops were developed and implemented with the assistance of company

Holistic Wellness Workshop
Renovated Ward 2 of the Welisara Chest Hospital
Internship for foreign students
Commemorating World Day for the Girl Child

Socially Responsible

executives. One programme, titled 'Journey of Success', was designed for middle management and executives while the other, titled 'Be the best you can be', was designed for junior staff members. Both programmes received very positive feedback from participants who found them to be eye-openers in how to develop their personal and professional lives. In addition to these full-day workshops, personal development elements such as yoga and meditation, relaxation exercises, and music therapy were included within technical training programmes at every given opportunity.

Having identified tobacco and alcohol as a significant psychosocial problem, we joined hands with Alcohol and Drug Information Center (ADIC) to conduct awareness sessions for employees on the consequences of tobacco and alcohol consumption. During the year, two programmes were conducted with the participation of 475 employees.

Employee welfare, health and safety

The construction industry places an enormous burden on the health and safety of employees and on their work-life balance; in recognition of this, we took specific initiatives to mitigate such impacts and risks. A formal Health and Safety Management System (HSMS) which was implemented in 2011, was expanded to include the definition of 'health'. In addition to physical health, which was the main focus earlier, holistic aspects of mental, emotional, social, spiritual and environmental wellness were included in the HSMS.

Three programmes addressing health enhancement were initiated and conducted during the year. The First programme was branded 'Healthy Heart' and included conducting a complete medical history and examination and laboratory tests to assess the cardiovascular risk of employees. Employees were provided with useful advice by a team of doctors who visited all the working locations of the Company throughout the country. Another programme branded 'Happy Office' was carried out along with the 'Healthy Heart' programme. It ventured to assess the sources of psychological pressure, coping strategies and physical and psychological outcomes. A third programme 'Work in Comfort' targeted at reducing musculoskeletal discomforts of employees using desk-and-chair workstations, is underway.

The HSMS, which complies to international standards was subject to an external audit to obtain OHSAS certification. The system was subjected to an Initial Review by the certifying body Det Norske Veritas (DNV) and was found to meet the requirements of OHSAS 18001:2007 international standard. The system is

Training of Lab Technicians

implemented at all operational locations and will be subjected to a Certifying Audit in June 2013.

The welfare initiatives provided to employees grew this year with insurance cover for employees and their families continuing, in addition to the food and accommodation for project staff, annual entertainment and sporting activities. A special sub-committee of the Corporate Management was appointed to revisit the welfare facilities offered to employees and propose any additions. The report is in draft stage and was taken up for discussion in June 2013 with a view for implementation by August 2013.

As mentioned earlier, the overarching goal of our business model is sustainable value creation for all stakeholders; which includes the communities within which we operate as well as the wider society in whose context we do business. A strong appreciation of, and commitment to corporate social responsibility has been ingrained in our work ethic and we have extended our assistance to the community through identified projects which focus on five primary platforms of social responsibility: local community relations, human capacity building, health and wellness, industry advancement and environmental stewardship.

Social Responsibility activities are governed in a transparent and equitable manner through a formal structure; regular evaluations and reviews are conducted by the Compliance Committee, which is a sub-committee of the Corporate Management team. This ensures that our social responsibility initiatives have a strategic alliance with the corporate vision and mission and are aligned to the social responsibility platforms while also ensuring that the necessary resources are available and that goals and objectives are both relevant and realistic.

LOCAL COMMUNITY RELATIONS

We continuously support the wellbeing of the community by contributing towards the enrichment of society and making tangible contributions to the economic and social development of the localities around our project and plant sites. We have also taken the initiative to 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, cultural heritage and indigenous peoples.

HUMAN CAPACITY BUILDING

We have actively engaged in building human capacity and developing human resources among multiple target segments, including our employees and their families as well as pre-school, secondary-school, technical and tertiary students through the means of knowledge transfer, mentoring and coaching, apprenticeships, scholarships and financial contributions.




Job Skills Scholarship Program
E-waste recycling program at the head office complex
Training of students of NAITA in carpentry and masonry

Socially Responsible

One human capacity building initiative carried out during the year has been the provision of internship placements for students following academic courses, in disciplines related to engineering and management. During the year, 50 such internships were provided to students from Universities, Technical Colleges, Advanced Construction Training Academy (ACTA), and some private educational institutes.

We commenced work on another capacity building project at Methodist Central College, Hakmana where we have undertaken to design and build an auditorium building with a floor area of 8,600 sq. ft. and a seating capacity of 700. The proposed auditorium will provide students in and around the school with the very best facilities to showcase their talents in the performing arts. The project is to be handed over towards the end of 2013. Also in the Southern Province, we assisted the Padawkema Junior School at Lunugamwehera by renovating their dilapidated staff quarters.

In collaboration with the Ministry of Water Supply and Drainage, we organized a personal development programme and donation of school kits for 50 orphaned girls to commemorate the World Day for the Girl Child 2012. To enhance inter-communal harmony, we co-sponsored drinking water for the ICC ratified event 'Murali Harmony Cup', a T20 cricket tournament for schools in the Northern and Eastern Provinces which also included teams from other provinces.

There are two capacity building projects underway at the moment, namely Job Skills Scholarships, Programme and Skills for Life programme. The Job Skills Scholarship programme, being implemented through Skills for Success (Pvt) Ltd., involves a series of 10-day career guidance programmes in six districts where we have projects. A total of 400 scholarships are on offer. Stage 1 of phase 1 was completed in Jaffna with 31 scholarships awarded to deserving students. Phase 2 and 3 are planned to be held in Batticaloa and Mannar in June 2013. The Skills for Life programme involves developing and sponsoring the mentoring programmes for 175 students from two departments (i.e. civil and earth resources) of the Faculty of Engineering, University of Moratuwa. The course has been developed with the assistance of Image Consultants, a leading soft skills development institute, and the semester will begin on 17th June 2013.

HEALTH AND WELLNESS

Our health and wellness focus encompasses engagement in projects to promote physical, psychological, social and spiritual wellness of society, including that of our own employees and their families, through health and wellness education, infrastructure development, dissemination of healthcare services, promotion and sponsorship of sports events and contributions to uplift medical services.

Encouraged by the positive response from our staff who took part in holistic wellness initiatives, we took the concept a step forward by organizing a series of public workshops on holistic wellness. The workshops, which were implemented through Sethsada Yoga Nikethanaya, the leading yoga institute in the country, covered topics such as yoga, meditation, energy healing, laughter therapy and music therapy and were held in five locations with the participation of over 2,800 health conscious individuals.

We renovated Ward 2 of the Chest Hospital in Welisara for the second time and we donated three playground items (merry-go-round, slide and see-saw) to the Police Children's Park at Ampara, to help promote psychosocial wellbeing of the children of the area.

INDUSTRY ADVANCEMENT

As an industry leader that has set benchmarks in many areas of the sectors in which we operated, we consider industry advancement to be one of our key responsibilities. In this respect, we have taken leadership to promote the readiness of the construction industry to take on future challenges through the introduction of modern technology, development of human resources and dissemination of best practices in construction management.

During the year, we carried out a project to address one of the critical human resource issues in the construction industry – the dearth of competent laboratory technicians. The lack of a formal education programme has resulted in construction laboratories being manned by technicians who have learnt the craft by experience, without adequate technical knowledge. As a solution, we selected a group of 10 school-leavers with good educational backgrounds and enrolled them in an apprenticeship programme to be trained as laboratory technicians. The Company has borne a cost of over Rs.300,000 per apprenticeship without any financial bond, purely with the objective of providing competent human resource to the industry. We were able to offer them the full status of laboratory technicians six months before the planned duration of one year. All but one have continued in the profession, while six had joined Access Engineering as at 31st March 2013.

We have entered into a MoU with the National Apprenticeship and Industrial Training Authority (NAITA) to sponsor the current batch of students at the Kandakady Rehabilitation Center who are undergoing vocational training in masonry and carpentry. The project includes providing consumables for the course, the material needed for the assessments, fees for instructors and sponsoring the certificate awarding ceremony.

ENVIRONMENTAL STEWARDSHIP

We have pledged to contribute towards sustaining natural resources and the environment for future generations. We are committed to conserve resources by using them efficiently and recycling appropriately, to protect and enhance wildlife habitats around our businesses, to limit the amount of hazardous wastes produced and disposed, to improve the efficiency of our operations to reduce the amount of waste generated, and to support local environmental projects and activities. We have rigorous checks and balances in place to ensure that our business is in compliance with all applicable environmental regulations and standards.

Apart from climate change initiatives, another green initiative involved electronic and electrical waste (e-waste). Having realized the enormity of the harmful effects of disposing e-waste in an irresponsible manner in landfills or burning them without proper safety precautions, we joined hands with Ceylon Waste Management (Pvt) Ltd., the only BOI approved organization for waste recycling in the country to collect and recycle e-waste from our offices and the general public. Over 6.5 tons of e-waste was collected during two projects in June and December 2012, and the items were handed over for responsible recycling.

Accreditations, Awards and Accolades

Accreditations

- Access Engineering has received the following accreditations for its performance and standing in the construction industry:

    - Institute for Construction Training and Development (ICTAD): C1 for Buildings, Highways, Bridges, Water Supply and Drainage, Irrigation and Land Drainage, Dredging and Reclamation and Groynes Revetments and Reclamation.
    - ICTAD grade GP-B1 for Piling
    - ICTAD grade EM-1 for Telecommunication
    - National Construction Association of Sri Lanka (NCASL) – Major and Specialist Contractor

- Adherence to International Standards

    - The Quality Management System is certified with ISO 9001:2008 standards
    - Our Environmental Management System is certified with ISO 14001:2004 standards
    - Certification for accreditation of Geotechnical and Testing Laboratory from Sri Lanka Accreditation Board for ISO 17025:2005 standards
    - Our Health and Safety Management system is currently under review for OHSAS 18001:2007 standards. The Company has successfully completed the desk audit and the site audit is currently in progress. Final system audit by external auditors for certification is scheduled for mid August 2013

- The Company is recognized by Institution of Engineers Sri Lanka (IESL) for training of Engineers for IESL Engineering Charter and by Institution of Charted Accountants Sri Lanka (ICASL) as a training institution at certificate level.

- Access Engineering has been privileged to obtain memberships in United Nations Global Compact (first Sri Lankan construction company to be selected), National Chamber of Commerce of Sri Lanka and Sri Lanka Business Coalition for HIV and Aids.

Awards

- Access Engineering won the “Engineering Excellence Award for Organizations” at IESL Engineering Excellence Awards 2012.

- Our collection of awards for 2012/13 includes 3 awards won at the National Business Excellence awards 2012 as:

  - Winner - Excellence in Business and Financial Performance
  - Winner - Construction Sector (Joint Award)
  - Second Runner Up - Extra Large Category

- We won the Gold Award in the Construction Sector at Chartered Accountants Annual Report Awards 2012.

- Access Engineering bagged the Gold Award for “Best Display of Local Products” at the National Engineering and Technology Exhibition 2012, organized by the Institution of Engineers Sri Lanka (IESL).

Accolades

- We have won the Gold Status in “Corporate Accountability Index Survey” conducted by Sting Consultants for LMD Magazine. This assessment recognizes the level of corporation’s preparedness for effective corporate accountability.

- Access was within the first 25 of LMD Magazine's most respected business entities for the year 2012.


SLAB

Certificate of Accreditation

Sri Lanka Accreditation Board for Conformity Assessment hereby declares that

Geotechnical and Laboratory Services Division
Access Engineering PLC

Mechanical Testing

TL 035-01

18 April 2016

financial reports

a record of fine results

delivered

"Access Engineering, together with its subsidiaries, returned another year of solid financial performance in 2012/13, delivering on the promises made to stakeholders."

Veyangoda Flyover

Independent Auditors' Report

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TO THE SHAREHOLDERS OF ACCESS ENGINEERING PLC

Report on the Financial Statements

We have audited the accompanying financial statements of Access Engineering PLC (the "Company"), and the consolidated financial statements of the Company and its subsidiaries (the "Group"), which comprise the statement of financial position as at 31st March 2013, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 94 to 139 of this annual report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion - Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31st March 2013 and the financial statements give a true and fair view of the financial position of the Company as at 31st March 2013, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion – Group

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries dealt with thereby as at 31st March 2013, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

KPMG

Chartered Accountants
2nd August 2013
Colombo

Statement of Comprehensive Income

FOR THE YEAR ENDED 31ST MARCH 2013

	Note	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
Revenue	9	13,900,270,244	7,320,448,634	11,447,370,729	6,961,105,196
Cost of Sales		(10,839,078,865)	(5,199,830,883)	(8,888,056,454)	(4,998,821,370)
Gross Profit		3,061,191,379	2,120,617,751	2,559,314,275	1,962,283,826
Net Gain from Fair Value adjustment of Investment Property	17	-	171,068,469	-	-
Other Income	10	58,895,532	76,276,595	43,474,338	75,976,345
Administrative Expenses		(643,400,826)	(385,061,335)	(463,280,804)	(357,488,063)
Other Expenses		(43,780,153)	(51,623,477)	(41,476,531)	(51,623,477)
Net Finance Income	11	239,109,829	102,169,864	202,871,907	96,081,024
Profit before Tax	12	2,672,015,761	2,033,447,867	2,300,903,185	1,725,229,655
Income Tax Expense	13	(258,591,363)	(296,662,186)	(170,201,112)	(287,406,381)
Profit for the Year		2,413,424,398	1,736,785,681	2,130,702,073	1,437,823,274
Other Comprehensive Income					
Actuarial Gain/ (Losses) on Defined Benefit Plans		(13,662,377)	(8,435,784)	(14,735,788)	(8,665,704)
Other Comprehensive Income for the Year, Net of Tax		(13,662,377)	(8,435,784)	(14,735,788)	(8,665,704)
Total Comprehensive Income for the Year, Net of Tax		2,399,762,021	1,728,349,897	2,115,966,285	1,429,157,570
Profit attributable to;					
Owners of the Company		2,378,161,606	1,732,979,592	2,130,702,073	1,437,823,274
Non-Controlling Interest		35,262,792	3,806,089	-	-
Profit for the Year		2,413,424,398	1,736,785,681	2,130,702,073	1,437,823,274
Total Comprehensive Income attributable to;					
Owners of the Company		2,364,482,793	1,724,543,808	2,115,966,285	1,429,157,570
Non-Controlling Interest		35,279,228	3,806,089	-	-
Total Comprehensive Income for the Year, Net of Tax		2,399,762,021	1,728,349,897	2,115,966,285	1,429,157,570
Earnings Per Share	14	2.38	1.83	2.13	1.52
Dividend Per Share	15	0.50	0.27	0.50	0.27

The Accounting Policies and Notes form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Statement of Financial Position

AS AT 31ST MARCH 2013

		Group			Company		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
Assets	Note	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Current Assets							
Property, Plant and Equipment	16	3,740,944,709	2,672,490,773	1,228,903,278	3,389,715,349	2,634,564,270	1,224,126,696
Investment Properties	17	2,716,841,871	3,000,000,000	2,800,000,000	-	-	-
Intangible Assets	20	550,966,479	552,588,101	-	-	-	-
Investment in Subsidiary	18	-	-	-	3,893,133,400	3,790,146,505	2,696,901,280
Other Long Term Investments	19	-	-	-	-	-	-
Other Non Current Financial Assets	24.1	570,236,228	415,908,349	-	570,236,228	415,908,349	-
Total Non-Current Assets		7,578,989,287	6,640,987,223	4,028,903,278	7,853,084,977	6,840,619,124	3,921,027,976
Current Assets							
Inventories	21	1,860,313,844	1,817,406,555	312,423,317	963,328,741	1,102,734,941	312,423,317
Trade and Other Receivables	22	4,295,374,320	2,844,480,110	902,304,223	3,899,426,676	2,703,627,723	886,921,563
Amount due from Related Parties	23	129,279,057	60,222,648	88,082,744	121,437,381	104,906,144	221,173,278
Other Current Financial Assets	24.1	662,710,445	347,123,976	111,065,179	660,874,175	345,266,407	111,065,179
Short Term Investments	25	41,543,907	49,215,032	3,120,076	41,543,907	49,215,032	3,120,076
Short Term Deposits	26	1,370,570,398	883,314,855	96,290,109	1,310,736,000	883,314,855	96,290,109
Cash and Cash Equivalents	27	703,183,829	1,641,207,130	224,978,007	578,211,615	1,092,737,038	199,106,020
Total Current Assets		9,062,975,800	7,642,970,306	1,738,263,655	7,575,558,495	6,281,802,140	1,830,099,542
Total Assets		16,641,965,087	14,283,957,529	5,767,166,933	15,428,643,472	13,122,421,264	5,751,127,518
Equity and Liabilities							
Stated Capital	28	9,000,000,000	9,000,000,000	3,000,000,000	9,000,000,000	9,000,000,000	3,000,000,000
Revaluation Reserve		-	-	200,000,000	-	-	200,000,000
Retained Earnings		3,486,097,670	1,670,218,070	1,143,999,750	3,140,717,140	1,524,750,855	1,167,490,961
Equity attributable to Owners of the Company		12,486,097,670	10,670,218,070	4,343,999,750	12,140,717,140	10,524,750,855	4,367,490,961
Non-controlling Interest		137,845,693	162,457,153	-	-	-	-
Total Equity		12,623,943,363	10,832,675,223	4,343,999,750	12,140,717,140	10,524,750,855	4,367,490,961
Non-Current Liabilities							
Deferred Grant	29	7,020,430	7,239,819	-	-	-	-
Interest Bearing Borrowings	30	1,933,464	5,978,150	452,828,967	-	5,978,150	452,828,967
Employee Benefits	31	92,755,886	61,692,703	27,796,471	67,499,119	39,089,433	23,123,143
Deferred Taxation	32	157,734,573	98,910,750	44,185,273	156,426,366	98,144,541	44,185,273
Total Non-Current Liabilities		259,444,353	173,821,422	524,810,711	223,925,485	143,212,124	520,137,383
Current Liabilities							
Trade and Other Payables	33	1,886,581,039	1,445,970,928	337,368,575	1,230,884,840	650,861,042	313,147,971
Amounts due to Related Parties	34	22,393,072	23,889,020	1,520,249	22,604,032	23,776,264	1,313,108
Other Financial Liabilities	24.2	1,786,465,321	1,592,906,907	257,570,776	1,786,465,321	1,592,906,907	257,570,776
Interest Bearing Borrowings	30	6,205,671	6,608,397	171,755,936	5,978,141	6,608,397	171,755,936
Current Tax Payables	35	42,770,404	189,315,327	107,318,533	5,243,652	163,231,176	102,371,611
Dividend Payable		2,079,997	1,695,806	-	742,994	-	-
Bank Overdraft	27	12,081,867	17,074,499	22,822,403	12,081,867	17,074,499	17,339,772
Total Current Liabilities		3,758,577,371	3,277,460,884	898,356,472	3,064,000,847	2,454,458,285	863,499,174
Total Liabilities		4,018,021,724	3,451,282,306	1,423,167,183	3,287,926,332	2,597,670,409	1,383,636,557
Total Equity and Liabilities		16,641,965,087	14,283,957,529	5,767,166,933	15,428,643,472	13,122,421,264	5,751,127,518

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.

P T N Priyadarshani
Deputy General Manager - Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board of Directors of Access Engineering PLC.

J C Joshua
Managing Director

D A R Fernando
Executive Director/ COO

2nd August 2013
Colombo.

Statement of Changes in Equity

FOR THE YEAR ENDED 31ST MARCH 2013

Group	Attributable to Owners of the Company					
	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.	Non-controlling Interest Rs.	Total Equity Rs.
Balance at 01st April 2011	3,000,000,000	200,000,000	1,143,999,750	4,343,999,750	-	4,343,999,750
Profit for the Year	-	-	1,732,979,592	1,732,979,592	3,806,089	1,736,785,681
Total Other Comprehensive Income	-	-	(8,435,784)	(8,435,784)	-	(8,435,784)
Total Comprehensive Income for the Year	-	-	1,724,543,808	1,724,543,808	3,806,089	1,728,349,897
Bonus Issue	1,000,000,000	(200,000,000)	(800,000,000)	-	-	-
Issue of Ordinary Shares	5,000,000,000	-	-	5,000,000,000	-	5,000,000,000
Acquisition of Subsidiary	-	-	-	-	132,472,025	132,472,025
Revaluation Surplus on Leasehold Right attributable to Non-Controlling Interest	-	-	-	-	46,115,222	46,115,222
Adjustment Due to Change in Holding	-	-	(126,427,812)	(126,427,812)	(19,936,183)	(146,363,995)
Dividend Paid	-	-	(162,000,000)	(162,000,000)	-	(162,000,000)
Share Issue Expenses	-	-	(109,897,676)	(109,897,676)	-	(109,897,676)
Balance at 31st March 2012	9,000,000,000	-	1,670,218,070	10,670,218,070	162,457,153	10,832,675,223
Profit for the Year	-	-	2,378,161,606	2,378,161,606	35,262,792	2,413,424,398
Total Other Comprehensive Income	-	-	(13,678,813)	(13,678,813)	16,436	(13,662,377)
Total Comprehensive Income for the Year	-	-	2,364,482,793	2,364,482,793	35,279,228	2,399,762,021
Dividend Paid	-	-	(500,000,000)	(500,000,000)	-	(500,000,000)
Dividend Paid to Non-Controlling Interest	-	-	-	-	(5,506,985)	(5,506,985)
Adjustment Due to Change in Holding	-	-	(48,603,193)	(48,603,193)	(54,383,703)	(102,986,896)
Balance at 31st March 2013	9,000,000,000	-	3,486,097,670	12,486,097,670	137,845,693	12,623,943,363

Company	Stated Capital Rs.	Revaluation Reserve Rs.	Retained Earnings Rs.	Total Rs.
Balance at 01st April 2011	3,000,000,000	200,000,000	1,167,490,961	4,367,490,961
Profit for the Year	-	-	1,437,823,274	1,437,823,274
Total Other Comprehensive Income	-	-	(8,665,704)	(8,665,704)
Total Comprehensive Income for the Year	-	-	1,429,157,570	1,429,157,570
Bonus Issue	1,000,000,000	(200,000,000)	(800,000,000)	-
Issue of Ordinary Shares	5,000,000,000	-	-	5,000,000,000
Dividend Paid	-	-	(162,000,000)	(162,000,000)
Share Issue Expenses	-	-	(109,897,676)	(109,897,676)
Balance at 31st March 2012	9,000,000,000	-	1,524,750,855	10,524,750,855
Profit for the Year	-	-	2,130,702,073	2,130,702,073
Total Other Comprehensive Income	-	-	(14,735,788)	(14,735,788)
Total Comprehensive Income for the Year	-	-	2,115,966,285	2,115,966,285
Dividend Paid	-	-	(500,000,000)	(500,000,000)
Balance at 31st March 2013	9,000,000,000	-	3,140,717,140	12,140,717,140

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

Figures in brackets indicate deductions.

Cash Flow Statement

FOR THE YEAR ENDED 31ST MARCH 2013

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
Cash Flows from/ (used in) Operating Activities				
Profit Before Tax	2,672,015,761	2,033,447,867	2,300,903,185	1,725,229,655
Adjustments for:				
Depreciation and Amortisation	449,572,762	228,090,254	432,827,833	227,354,677
Provision for Retirement Benefits	20,533,064	8,387,425	15,281,491	7,539,586
Provision for Fall in Value of Investment	7,462,291	26,855,311	7,462,291	26,855,311
Provision for / (Reversal) of Bad and Doubtful Debts	1,245,688	(931,510)	-	(994,010)
(Gain) / Loss on Sale of Property, Plant and Equipment	(4,082,369)	23,758	(1,403,798)	105,008
Loss on Sale of Investment in Unit Trust	-	56,310,680	-	56,310,680
Gain on Fair Value Changers in Unit Trust	(133,269)	-	(133,269)	-
Profit on Disposal of Investment	(43,508)	(1,382,709)	(43,508)	(1,382,709)
Gain on Revaluation of Investment Property	-	(171,068,469)	-	-
Reversal of Provisions, Advances and Unclaimed Dividend	(13,137,149)	-	-	-
Dividend Income	(8,804,734)	(105,068,466)	(40,101,689)	(105,068,466)
Net Finance Income	(239,109,829)	(102,169,864)	(202,871,907)	(96,081,024)
	2,885,518,708	1,972,494,277	2,511,920,629	1,839,868,708
Changes in Working Capital				
(Increase) / Decrease Inventories	(42,907,289)	(790,311,624)	139,406,200	(790,311,624)
(Increase) / Decrease Trade and Other Receivables	(1,452,139,898)	(1,815,186,396)	(1,195,798,954)	(1,815,712,147)
(Increase) / Decrease Other Current Financial Assets	(315,586,469)	(236,058,797)	(315,607,768)	(234,201,229)
(Increase) / Decrease Due from Related Parties	(69,056,408)	27,860,096	(16,531,237)	116,267,134
Increase / (Decrease)Trade and Other Payables	454,098,649	315,716,488	580,766,790	337,713,071
Increase / (Decrease) Other Current Financial Liabilities	193,558,415	1,335,336,131	193,558,415	1,335,336,131
Increase / (Decrease) Due to Related Parties	(1,495,948)	22,368,771	(1,172,232)	22,463,156
Cash Generated from Operating Activities	1,651,989,670	832,218,946	1,896,541,843	811,423,200
Interest Paid	(1,718,190)	(15,710,763)	(1,531,588)	(15,710,763)
Tax Paid	(346,312,880)	(178,078,913)	(269,906,810)	(172,587,549)
Gratuity Paid	(3,132,258)	(239,000)	(1,607,593)	(239,000)
Net Cash flows from/ (used in) Operating Activities	1,300,826,432	638,190,270	1,623,495,852	622,885,888
Cash Flows from/ (used in) Investing Activities				
Acquisition of Property, Plant and Equipment	(1,211,885,944)	(1,530,147,081)	(1,197,715,093)	(1,530,147,081)
Other Non Current Financial Assets	(154,327,879)	(415,908,349)	(154,327,879)	(415,908,349)
Investment in Capital Work in Progress	-	(115,294,765)	-	(115,294,765)
Investment in Investment Properties	(28,597,185)	(28,931,531)	-	-
Proceeds from Sale of Property, Plant and Equipment	13,818,979	7,625,836	11,139,979	7,544,586
Investment in Shares	-	(87,950,266)	-	(87,950,266)
Proceeds from Sale of Shares	252,342	16,382,709	252,342	16,382,709
Investment in Unit Trust Fund	(100,000,000)	(2,058,252,427)	(100,000,000)	(2,058,252,427)
Proceeds from Sale of Investment in Unit Trust	-	2,001,941,748	-	2,001,941,748
Acquisition of Subsidiary	(102,986,895)	(557,707,430)	(102,986,895)	(1,093,245,227)
Investments in Short Term Deposit	(387,122,273)	(787,024,746)	(327,287,875)	(787,024,746)
Dividend Income	8,804,734	105,068,466	40,101,689	105,068,466
Interest Income	240,828,019	117,880,627	204,403,495	111,791,787
Net Cash flows/ (used in) Investing Activities	(1,721,219,102)	(3,332,317,209)	(1,626,420,237)	(3,845,093,565)
Cash Flows from/ (used in) Financing Activities				
Dividends Paid	(500,000,000)	(162,000,000)	(500,000,000)	(162,000,000)
Dividend Paid to Minority	(5,506,985)	-	-	-
Share Issue Expenses Paid	-	(109,897,676)	-	(109,897,676)
Repayment of Loan	(6,608,406)	(611,374,987)	(6,608,406)	(611,374,987)
Payment of Finance Lease Liabilities	(525,608)	(623,369)	-	(623,369)
Proceeds from Share Issue	-	5,000,000,000	-	5,000,000,000
Net Cash from/ (used in) Financing Activities	(512,640,999)	4,116,103,968	(506,608,406)	4,116,103,968
Net Increase/ (Decrease) in Cash and Cash Equivalents	(933,030,669)	1,421,977,028	(509,532,791)	893,896,291
Cash and Cash Equivalent at the beginning	1,624,132,631	202,155,603	1,075,662,539	181,766,248
Cash and Cash Equivalent at the end	691,101,962	1,624,132,631	566,129,748	1,075,662,539

The Accounting Policies and Notes form an integral part of these Financial Statements.
Figures in brackets indicate deductions.

Notes to the Financial Statements

1. Reporting Entity

Access Engineering PLC ("Company") is a Company domiciled and operating in Sri Lanka and listed on the Colombo Stock Exchange. The Company's registered office and the principal place of business are located at "Access Towers", 278, Union Place, Colombo 02.

The Consolidated Financial Statements of Access Engineering PLC as at and for the year ended 31st March 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

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

1.2 Principal Activities and Nature of Operations

Access Engineering PLC (AEL) is primarily involved in the business of construction activities.

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

Sathosa Motors PLC which is also a subsidiary of AEL with an 84% holding is in the business of importing and sale of motor vehicles and spare parts together with the repair and maintenance of such motor vehicles.

2. Basis of Preparation

2.1 Statement of Compliance

The financial statements of the Company and those consolidated with such comprise the statement of comprehensive income, statement of financial position, statement of changes in equity and the cash flow statement, together with the accounting policies and notes to the financial statements.

These financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLFRS and LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and with the requirement of the Companies Act No. 7 of 2007.

These Financial Statements for the year ended 31st March, 2013 are the first Financial Statements prepared and presented in accordance with Sri Lanka Accounting Standards immediately effective from 1st January, 2012. Financial Statements were prepared in accordance with Sri Lanka Accounting Standards (SLAS) effective up to 31st March, 2011 reconciled on convergence of the SLAS compliant Financial Statements to SLFRS/LKAS compliant Financial Statements are given in Note 42 to the Financial Statements.

The Consolidated Financial Statements were authorized for issue by the Board of Directors in accordance with the resolution passed by the Board of Directors on 2nd August 2013.

2.2 Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for the following material items in the statement of Financial Position.

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

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

2.3 Functional and Presentation Currency

The Consolidated Financial Statements are presented in Sri Lankan Rupees (Rs.), which is the Group's functional currency.

2.4 Use of Estimates and Judgments

The preparation of Financial Statements in conformity with Sri Lanka Accounting Standards (SLFRSs) requires the management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and associated assumption are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from the other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that financial year or in the period of the revision and future periods if the revision affects both current and future financial years.

Information about assumptions and estimates uncertainties that have a significant risk of resulting in a material adjustment in the financial statements are included in the table below:

Critical accounting estimate/ judgment	Note No	Page No
Income tax expenses	13	111
Property, plant and equipment	16	113,114
Employee Benefits	31	122
Deferred Tax Liabilities	32	123

3. Significant Accounting Policies

The Accounting Policies set out below have been applied consistently to all period presented in these Financial Statements and in preparing the opening SLFRS Statement of Financial Position at April 01, 2011 for the purpose of transition to SLFRSs, unless otherwise stated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of Consolidation

3.1.1 Business Combination

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

The Group measures goodwill at the acquisition date as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships such amounts are generally recognised in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3.1.2. Non-controlling interests

The total profit and loss for the year of the Company and its subsidiaries included in consolidation are shown in the consolidated income statement with the proportion of profit and loss after taxation pertaining to minority 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 minority shareholders of subsidiaries in the fair value of net assets of the Group are indicated separately in the consolidated statement of financial position under the heading “Non-controlling interest”. Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to Non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

3.1.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Financial Statements of Subsidiaries are included in the consolidated Financial Statements from the date, that control commences, until the date that control ceases.

3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements. 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 unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Foreign Currency

3.2.1 Foreign Currency Transactions

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

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

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

3.3 Assets and Bases of their Valuation

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

3.3.1 Property, Plant and Equipment

3.3.1.1 Recognition and Measurement

Property, Plant and Equipment are stated at cost/ revaluation less accumulated depreciation and accumulated impairment losses. The Group elected to apply the optional exemption of SLFRS 1 First Time adoption of Sri Lanka Accounting Standards (SLFRS) to use the fair value as deemed cost at the date of transition for certain items of property, plant and equipments.(Note 16)

3.3.1.2 Owned Assets

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

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

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

3.3.1.3 Leased Assets

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

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

3.3.1.4 Subsequent Costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

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

3.3.1.5 De-recognition

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

3.3.1.6 Revaluation

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

3.3.1.7 Depreciation

Depreciation is recognized in profit or loss on the 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 derecognised. Depreciation is not charged on Freehold Land and Capital Work in Progress.

The estimated useful lives are as follows:

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

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

3.3.1.8 Capital Work in Progress

Capital expenses incurred during the year which are not completed as at the reporting date are shown as Capital Work-in-Progress, whilst the capital assets which have been completed during the year and available to use have been transferred to Property, Plant and Equipment.

3.3.2 Investment Properties

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

3.3.2.1 Recognition and Measurement

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

3.3.2.2 De-recognition

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

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

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

3.3.3 Intangible Assets

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

3.3.3.1 Leasehold Right – Land

Leasehold property comprising of land use rights and is amortised on a straight line basis over the period of the lease in accordance with the pattern of benefits expected to be derived from the lease. Leasehold property is tested for impairment annually and is written down where applicable. The impairment loss if any is recognised in the Income Statement.

The estimated useful lives for the current and comparative periods are as follows:

Item	Useful Life
Leasehold rights	74 Years (Remaining Lease Period)

3.3.3.2 Goodwill

Goodwill is measured at cost less accumulated impairment losses.

3.3.4 Investment

3.3.4.1 Investment in Subsidiaries

Investments in Subsidiaries are treated as long - term investments and valued at cost in separate financial statements of the Company.

3.3.5 Inventories

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

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

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

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

Work in Progress

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

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

3.3.6 Cash and Cash Equivalents

Cash and cash equivalents are defined as cash in hand, demand deposits and short term highly liquid investments, readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and deposits in banks net of outstanding bank overdrafts. Investments with short maturities i.e. three months or less from the date of acquisition are also treated as cash equivalents.

3.3.7 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the income statement 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 income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.3.8 Financial Assets

3.3.8.1 Initial Recognition and Measurement

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

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

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

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

3.3.8.2 Subsequent Measurement

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

3.3.8.3 Financial Assets at Fair Value through Profit or Loss

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

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

3.3.8.4 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance cost.

3.3.8.5 Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognized in the income statement in finance costs.

The Company has not designated any financial assets upon initial recognition as Held-to Maturity Investments.

3.3.8.6 Available-for-Sale Financial Investments

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

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognized in profit or loss.

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

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

3.3.8.7 Derecognition

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

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

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

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

3.3.8.8 Impairment of Financial Assets

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

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

3.3.8.9 Financial Assets Carried at Amortised Cost

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

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

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

3.3.9 Financial Liabilities

3.3.9.1 Initial Recognition and Measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

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

3.3.9.2 Subsequent Measurement

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

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Gains or losses on liabilities held-for-trading are recognized in the profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and Borrowings

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

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

3.3.9.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the income statement.

3.3.10 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset with the net amount reported in the Statement of Financial Position only if there is a current enforceable legal right to offset the recognized amounts and intent to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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

3.3.11 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm’s length market transactions;
- Reference to the current fair value of another instrument that is substantially the same;
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 40.

3.4 Provision, Contingent Liabilities, Contingent Assets

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

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

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

3.5 Post Employment Benefits

3.5.1 Defined Benefit Plans

The liability recognized in the Statement of Financial Position in respect of defined benefit plan is the present value of defined benefit obligation at the reporting date. The defined benefit obligation is calculated annually by independent actuaries using Project Unit Credit (PUC) method as recommended by LKAS 19 - 'Employee Benefits. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in Other Comprehensive Income.

The Group expects to carry out actuarial valuation at least once in every three years.

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

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

3.5.2 Defined Contribution Plans- Employees Provident Fund and Employees Trust Fund

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

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

4. Statement of Comprehensive Income

4.1 Revenue

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

4.2 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue and the associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and sales taxes, and after eliminating sales within the Group. The following specific criteria are used for the purpose of recognition of revenue.

4.2.1 Construction Contracts

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

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

4.2.2. Rental Income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

4.2.3. Goods Sold

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

4.2.4 Services Rendered

Revenue for services rendered is recognized in the Statement of Comprehensive Income once all significant performance obligations have been provided.

4.2.5 Agency Commissions and Hire Income

Agency Commissions is recognized on an accrual basis.

4.2.6 Interest Income

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

4.2.7 Dividend Income

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

4.2.8 Other Income

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

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

4.3 Expenditure Recognition

Construction Contracts

Contract Expenses are recognized as incurred unless they create an asset to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

Other Expenses

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

For the purpose of presentation of Statement of comprehensive income the directors are of the opinion that function of expenses method presents fairly the elements of the enterprises performance, hence such presentation method is adopted.

Recognition of Expected Losses

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

Borrowing Costs

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

4.4 Taxation

4.4.1 Current Taxes

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

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

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

4.4.2 Deferred Taxation

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

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

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

Sales Tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except, where the sales tax incurred on a purchase of assets or service is not recoverable from the taxation authorities, in which case, the sales tax is recognized as a part of the cost of the asset or part of the expense items, as applicable and receivable and payable that are stated with the amount of sales tax included. The net amount of sales tax recoverable from or payable to the taxation authorities is included as a part of receivables or payables in the Statement of Financial Position.

5. Segmental Reporting

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

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

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

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

6. Other General Accounting Policies

6.1 Related Party Transactions

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

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

6.2 Cash Flow

Interest received and dividends received are classified as investing cash flows, while dividend paid and interest paid, is classified as financing cash flows for the purpose of presentation of Statement of Cash Flows which has been prepared using the 'Indirect Method'.

6.3 Earnings per Share

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

6.4 Events Occurring after the Reporting Period

Events after the reporting period are those events favourable and unfavorable that occurs between the end of the reporting period and the date when the Financial Statements are authorized for issue.

The materiality of the events occurring after the reporting period is considered and appropriate adjustments to or disclosures are made in the Financial Statements, where necessary.

7. Effect of Sri Lanka Accounting Standards Issued but not yet Effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

a) SLFRS 9 - Financial Instruments: Classification and Measurement

SLFRS 9, as issued reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets and liabilities as defined in LKAS 39.

SLFRS 9 was issued in 2012 and become effective for the financial periods beginning on or after 01 January 2015. Accordingly, the financial statements for the year ending 31 March 2016 will adopt the SLFRS 9.

b) SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted.

This standard is effective for annual periods beginning on or after 1 January 2014. Accordingly, the financial statements for the year ending 31 March 2015 will adopt the SLFRS 13.

In addition to the above, following standards have also been issued and will be effective from 01 January 2014.

- SLFRS 10 -Consolidated Financial Statements
- SLFRS 11 – Joint Arrangements
- SLFRS 12 -Disclosure of Interests in Other Entities

The Group will adopt these standards when they become effective pending a detailed review, the financial impact is not reasonably estimable as at the date of publication of these Financial Statements.

8. First Time Adoption of SLFRSs/LKAS

These Financial Statements, for the year ended 31 March 2013, are the first the Group has prepared in accordance with SLFRSs. For periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLASs) which were effective up to 31st March 2012.

Group has prepared its Financial Statements which comply with SLFRSs applicable for periods ending on or after 31 March 2013 and prior periods, together with the comparative period's data as at and for the years ended 31 March 2012, as described in the accounting policies. In preparing these financial statements, the Group's opening Statement of Financial Position was prepared as at 1 April 2011, the Group's date of transition to SLFRS. Note 42 explains the principal adjustments made by the Group in restating its SLAS statement of financial position as at 1 April 2011 and its previously published SLAS financial statements as at and for the year ended 31 March 2012.

The effect of Group's transition to SLFRSs described in Note 42 is summarized in this note as follows:

- Transition elections;
- Reconciliation of equity and comprehensive income as previously reported under previous SLAS and SLFRSs.

8.1 Transition Elections

SLFRS 1 – First-time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain SLFRSs.

Accordingly the Group has applied the following transition exceptions and exemptions to full retrospective application of SLFRSs.

a. Deemed Cost of Property, Plant and Equipment
Certain items of property, plant and equipment have been measured at fair value at the date of transition to SLFRSs which were carried in the statement of financial position prepared in accordance with previous SLAS on the basis of acquisition cost. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST MARCH 2013

		Group		Company	
		2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
9.	REVENUE				
	Highways Construction	5,988,829,816	4,477,446,155	5,988,829,816	4,477,446,155
	Water and Drainage Construction	841,591,432	479,835,984	841,591,432	479,835,984
	Bridge Construction	241,410,589	17,934,360	241,410,589	17,934,360
	Building and Other Construction	3,711,228,891	1,429,555,606	3,711,228,891	1,429,555,606
	Hiring Income-Other	7,596,308	3,755,932	7,596,308	3,755,932
	Fabrication Income	20,187,702	1,599,680	20,187,702	1,599,680
	Rental Income	124,573,716	129,899,856	-	-
	Service Charges	17,569,677	16,897,634	-	-
	Sale of Construction related Material	636,525,991	550,977,479	636,525,991	550,977,479
	Vehicle Sales and After Sales Services	2,310,756,122	212,545,948	-	-
		13,900,270,244	7,320,448,634	11,447,370,729	6,961,105,196
10.	OTHER INCOME				
	Dividend Income	8,804,734	105,068,466	40,101,689	105,068,466
	Gain /(Loss) on Disposal of Unit Trust	-	(56,310,680)	-	(56,310,680)
	Gain on Fair Value Changes in Unit Trust	133,269	-	133,269	-
	Rent Income	405,000	2,811,984	405,000	2,811,984
	Profit/(Loss) on Disposal of Property, Plant and Equipment	4,082,369	(23,758)	1,403,798	(105,008)
	Foreign Exchange Gain	22,246,890	15,032,240	1,115,036	18,894,319
	Profit on Sale of Shares	43,508	1,382,709	43,508	1,382,709
	Sundry Income	23,179,762	8,315,634	272,038	4,234,555
		58,895,532	76,276,595	43,474,338	75,976,345
11.	NET FINANCE INCOME				
11.1	Interest Income on Fixed Deposits	168,742,150	62,771,940	165,577,571	62,771,940
	Interest Income on Repurchase Agreements	66,965,537	54,387,661	33,705,592	48,298,821
	Interest Income on Loan given to Subsidiary Company	-	-	1,670,511	5,848,606
	Interest income on Retention Receivable	33,709,268	7,293,791	33,709,268	7,293,791
	Interest income on Long Term Receivables	57,074,061	2,731,458	57,074,061	2,731,458
	Interest income on Staff Loan	1,454,514	806,886	1,454,514	806,886
	Un-winding of Prepaid Mobilisation advance expenses	215,109,501	84,272,339	215,109,501	84,272,339
	Other Interest Income	5,120,332	721,026	5,120,332	721,026
	Finance Income	548,175,363	212,985,101	513,421,350	212,744,867
11.2	Interest on Finance Leases	(186,602)	(15,900)	-	(15,900)
	Interest on Bank Overdraft	(666,983)	(1,038,618)	(666,983)	(1,038,618)
	Bank Loan Interest	(864,605)	(14,656,245)	(864,605)	(14,656,245)
	Un-winding of Prepaid Inter-Company loan Expenses	-	-	(1,670,511)	(5,848,606)
	Un-winding of Prepaid Retention Receivable Expenses	(33,709,268)	(7,293,791)	(33,709,268)	(7,293,791)
	Un-winding of Prepaid Staff loan Expenses	(1,454,514)	(806,886)	(1,454,514)	(806,886)
	Un-winding of Prepaid Long term Receivable Expenses	(57,074,061)	(2,731,458)	(57,074,061)	(2,731,458)
	Interest expenses on Mobilization Advance	(215,109,501)	(84,272,339)	(215,109,501)	(84,272,339)
	Finance Cost	(309,065,534)	(110,815,237)	(310,549,443)	(116,663,843)
	Net Finance Income	239,109,829	102,169,864	202,871,907	96,081,024

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
12. PROFIT BEFORE TAX				
Is stated after charging all expenses including following:				
Auditor's Remuneration - Statutory Audit	2,844,000	2,590,000	1,600,000	1,400,000
- Non Audit Services	522,160	594,199	522,160	589,407
Provision for Fall in Value of Investments	7,462,291	26,855,311	7,462,291	26,853,311
Provision for/(Reversal) of Bad and Doubtful Debts	1,245,688	(931,510)	-	(994,010)
Donations	4,096,740	14,315,336	4,028,340	14,315,336
Depreciation	447,951,140	228,090,254	432,827,833	227,354,677
Write off Inventories	-	2,322,434	-	-
Personal Cost Including,				
Defined Benefit Plan Cost - Gratuity	34,195,441	16,823,209	30,017,279	16,205,290
Defined Contribution Cost - EPF	65,343,487	46,087,416	59,587,899	45,039,981
- ETF	16,279,025	11,445,897	14,840,127	11,184,037
Staff Cost	1,409,184,223	921,130,424	1,330,846,890	905,963,934
Number of Employees	3,396	3,330	3,245	3,174
13. INCOME TAX EXPENSES				
13.1 Current Tax Expense (Note 13.2)	249,919,964	211,555,679	161,417,211	202,219,032
Adjustment for Prior Years	(50,152,424)	31,049,868	(49,497,924)	31,228,081
Deferred Tax Expense (Note 32)	58,823,823	54,056,639	58,281,825	53,959,268
	258,591,363	296,662,186	170,201,112	287,406,381
13.2 Reconciliation between Accounting Profit and Taxable Profit				
Accounting Profit before Income Tax Expense	2,672,015,761	2,033,447,867	2,300,903,185	1,725,229,655
Aggregate Disallowed Items	692,271,467	249,507,751	574,351,917	369,278,441
Aggregate Allowable Items	(1,143,872,424)	(604,872,898)	(1,116,195,589)	(601,125,357)
Total Statutory Income	2,220,414,804	1,678,082,720	1,759,059,513	1,493,382,739
Exempted Income	(484,547,739)	(106,763,970)	(484,547,739)	(106,763,970)
Taxable Income	1,735,867,065	1,571,318,750	1,274,511,774	1,386,618,769
Tax on Revenue at 2%	169,823,721	162,997,490	-	-
Tax on Construction Income at 12%	1,221,538,036	1,162,713,898	1,221,538,036	1,162,713,898
Tax on Other Income at 28%	344,505,308	245,607,362	52,973,738	223,904,871
	1,735,867,065	1,571,318,750	1,274,511,774	1,386,618,769
Tax @ 2%	3,396,474	3,259,950	-	-
Tax @ 12%	146,584,564	139,525,668	146,584,564	139,525,668
Tax @ 28%	96,461,486	68,770,061	14,832,647	62,693,364
Dividend Tax	3,477,440	-	-	-
Current Income Tax Expenses	249,919,964	211,555,679	161,417,211	202,219,032

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST MARCH 2013

13. INCOME TAX EXPENSES (contd.)

13.3 Income Tax

Company

Under the provisions of the Inland Revenue Act No.10 of 2006 and amendments thereto, the Company is liable for income tax at the concessionary rate of 12% on construction income, and 28% on other income.

Tax Exemption

As per section 17A.2a of Inland Revenue (Amendment) Act, No. 22 of 2011 and as amended by Act No. 08 of 2012, profits attributable to manufacturing of construction related material are exempted from income tax commencing from year of assessment 2011/12 for a period of 05 years.

Subsidiaries

Access Realties (Pvt) Limited

In accordance with the section 17 of the Board of Investments Act No 4 of 1978, the Company is exempted from Income Tax for a period of seven (07) years from the year of assessment in which the Enterprise commences to make profits in relation to the transaction in that year or any year of assessment not later than five (05) years reckoned from the date of its operation whichever year is earlier.

Accordingly, the seven (07) years Income Tax exemption period was enforce from 01st April 2003 to 31st March 2010. Thereafter the Company is liable for a concessionary rate of Income Tax of 2% on its turnover for the period of fifteen years from the year of assessment 2010/2011. However, the Company is liable to pay Income Tax at 28% on other income.

Sathosa Motors PLC

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

14. BASIC EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of Access Engineering PLC by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Profit Attributable to Equity Holders of the Company (Rs.)	2,378,161,606	1,732,979,592	2,130,702,073	1,437,823,274
Weighted Average Number of Shares as at the Year end	1,000,000,000	946,958,904	1,000,000,000	946,958,904
Earnings Per Share (Rs.)	2.38	1.83	2.13	1.52

	Group/ Company	
	2013 Rs.	2012 Rs.
15. DIVIDEND PER SHARE		
15.1 Declared and paid during the year:		
Dividends on ordinary shares:		
Dividend for 2011/12	250,000,000	162,000,000
Interim dividend for 2012/13	250,000,000	-
Total Dividends	500,000,000	162,000,000
Dividend per share	0.50	0.27

16. PROPERTY, PLANT AND EQUIPMENT

16.1 Group

	Freehold							Leasehold		
	Land	Building	Plant and Machinery	Motor Vehicles	Office Equipment	Furniture and Fittings	Tools and Other Construction Equipment	Motor Vehicles	Capital in Work Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or Valuation										
Balance at 01.04.2011	313,300,000	119,500,000	542,176,534	214,661,348	82,998,150	38,101,795	41,145,504	11,000,000	4,331,153	1,367,214,484
Addition	28,185,640	2,270,817	1,183,710,558	151,113,722	22,932,169	30,942,257	110,991,918	-	115,294,765	1,645,441,846
Transfers	-	-	14,560,501	11,000,000	-	-	(14,560,501)	(11,000,000)	-	-
On Acquisition	-	54,618,563	8,997,090	34,150,556	28,371,997	6,999,219	3,729,928	-	-	136,867,353
Disposals	-	-	(650,000)	(7,700,000)	(260,000)	-	-	-	-	(8,610,000)
Balance at 31.03.2012	341,485,640	176,389,380	1,748,794,683	403,225,626	134,042,316	76,043,271	141,306,849	-	119,625,918	3,140,913,683
Addition	-	829,851	940,782,145	173,075,732	20,324,082	11,608,491	65,265,643	2,500,000		1,214,385,944
Transfers	-	311,755,314	42,846,919	-	-	-	72,447,846	-	(115,294,765)	311,755,314
Disposals	-	-	(3,500,000)	(12,778,000)	-	-	-	-		(16,278,000)
Balance at 31.03.2013	341,485,640	488,974,545	2,728,923,747	563,523,358	154,366,398	87,651,762	279,020,338	2,500,000	4,331,153	4,650,776,941
Depreciation and Impairment										
Balance at 01.04.2011	-	928,903	9,740,020	3,048,499	67,572,696	31,793,676	25,113,783	113,629	-	138,311,206
Charge	-	7,468,466	127,861,099	51,654,361	12,250,496	10,328,902	16,349,655	2,177,275	-	228,090,254
Transfers	-		4,973,176	2,290,904	-	-	(4,973,176)	(2,290,904)	-	-
On Acquisition	-	34,054,186	8,200,791	25,878,714	24,988,168	6,570,030	3,289,967	-	-	102,981,855
Disposals	-	-	(56,981)	(643,424)	(260,000)	-	-	-	-	(960,405)
Balance at 31.03.2012	-	42,451,555	150,718,105	82,229,054	104,551,360	48,692,608	39,780,229	-	-	468,422,910
Charge	-	14,623,388	267,518,019	82,203,051	17,397,937	12,790,161	52,949,837	468,747	-	447,951,140
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(579,534)	(5,962,285)	-	-	-	-	-	(6,541,818)
Balance at 31.03.2013	-	57,074,943	417,656,590	158,469,820	121,949,297	61,482,769	92,730,066	468,747	-	909,832,232
Net Book Value										
Balance at 31.03.2013	341,485,640	431,899,601	2,311,267,157	405,053,538	32,417,101	26,168,993	186,290,272	2,031,253	4,331,153	3,740,944,709
Balance at 31.03.2012	341,485,640	133,937,825	1,598,076,578	320,996,572	29,490,956	27,350,663	101,526,620	-	119,625,918	2,672,490,773
Balance at 01.04.2011	313,300,000	118,571,097	532,436,514	211,612,849	15,425,454	6,308,119	16,031,721	10,886,371	4,331,153	1,228,903,278

AS AT 31ST MARCH 2013

16. PROPERTY, PLANT AND EQUIPMENT

16.2 Company

	Freehold							Leasehold		
	Land	Building	Plant and Machinery	Motor Vehicles	Office Equipment	Furniture and Fittings	Tools and Other Construction Equipment	Motor Vehicles	Capital in Work Progress	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Cost or Valuation										
Balance at 01.04.2011	313,300,000	119,500,000	535,600,548	214,528,000	80,019,001	34,318,772	41,145,504	11,000,000	-	1,349,411,825
Addition	28,185,640	2,270,817	1,183,710,558	151,113,722	22,932,169	30,942,257	110,991,918	-	115,294,765	1,645,441,846
Transfers	-	-	14,560,501	11,000,000	-	-	(14,560,501)	(11,000,000)	-	-
Disposals	-	-	(650,000)	(7,700,000)	(260,000)	-	-	-	-	(8,610,000)
Balance at 31.03.2012	341,485,640	121,770,817	1,733,221,607	368,941,722	102,691,170	65,261,029	137,576,921	-	115,294,765	2,986,243,671
Addition	-	-	940,782,144	164,067,732	18,196,082	9,497,491	65,171,644	-		1,197,715,093
Transfers	-	-	42,846,919	-	-	-	72,447,846	-	(115,294,765)	0
Disposals	-	-	(3,500,000)	(10,278,000)	-	-	-	-	-	(13,778,000)
Balance at 31.03.2013	341,485,640	121,770,817	2,713,350,670	522,731,454	120,887,252	74,758,520	275,196,411	-	-	4,170,180,764
Depreciation and Impairment										
Balance at 01.04.2011	-	928,903	3,164,034	2,915,151	65,031,935	28,017,694	25,113,783	113,629	-	125,285,129
Charge	-	7,421,743	127,833,584	51,294,551	11,968,448	10,314,193	16,344,883	2,177,275	-	227,354,677
Transfers	-	-	4,973,176	2,290,904	-	-	(4,973,176)	(2,290,904)	-	-
Disposals	-	-	(56,981)	(643,424)	(260,000)	-	-	-	-	(960,405)
Balance at 31.03.2012	-	8,350,646	135,913,813	55,857,182	76,740,383	38,331,887	36,485,490	-	-	351,679,401
Charge	-	7,461,963	267,175,019	76,926,051	15,909,945	12,524,017	52,830,837	-	-	432,827,833
Transfers	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(579,534)	(3,462,285)	-	-	-	-	-	(4,041,819)
Balance at 31.03.2013	-	15,812,609	402,509,298	129,320,948	92,650,328	50,855,904	89,316,327	-	-	780,465,415
Net Book Value										
Balance at 31.03.2013	341,485,640	105,958,208	2,310,841,372	393,410,506	28,236,924	23,902,616	185,880,083	-	-	3,389,715,349
Balance at 31.03.2012	341,485,640	113,420,171	1,597,307,794	313,084,540	25,950,787	26,929,142	101,091,431	-	115,294,765	2,634,564,270
Balance at 01.04.2011	313,300,000	118,571,097	532,436,514	211,612,849	14,987,066	6,301,078	16,031,721	10,886,371	-	1,224,126,696

As per the exemption given in SLFRS 1, the Group measured items of property, plant, and equipment at the date of transition to SLFRS at its fair value and used the fair value as its deemed cost at that date. For this purpose, the Land, Building, Plant and Machinery and Motor vehicle of the Company had been revalued at Rs.1,180,207,048/- by K.T.D.Tissera, F.I.V. (Sri Lanka), an independent professional valuer as at 18th March 2011. The surplus arising from the revaluation amounting to Rs.628,063,987/- was transferred to Revaluation Reserve. The valuation has been conducted on the basis of current market value.

“Group property, plant and equipment with a cost of Rs.214.6 mn (2012 - Rs.194.5 mn) have been fully depreciated and continue to be in use by the Group. The cost of fully depreciated assets of the Company amounts to Rs.126.2 Mn (2012 - Rs.105.3 Mn).

	Group 2013 Rs.	Group 2012 Rs.
17. INVESTMENT PROPERTY		
Balance at the beginning of the year	3,000,000,000	2,800,000,000
Change in fair vale of Investment Property	-	171,068,469
Acquisition of Investment Property	28,597,185	28,931,531
Transfer due to Owner Occupation	(311,755,314)	-
Balance at the end of the year	2,716,841,871	3,000,000,000
Rental income derived from Investment Properties	169,823,721	162,997,490
Direct operating expenses (including repair and maintenance) generating rental income	(23,343,430)	(30,364,679)

17.1 Investment Property belongs to Access Realties (Private) Limited

Location :

The land - Access Towers and Land of M/S Access Realties (Private) Limited, are located at Nos. 266, 268 and 278, Dr. Colvin R. De Silva Mawatha (Union Place), and Nos. 116 and 118, Dawson Street, Colombo 02.

Extent:

(I) Lot 1 in plan No. 5754:	1A - or - 07.87P	(0.4246 Hectares)
(II) Lot 1 in plan No. 2824:	0A - or - 04.50P	(0.01138 Hectares)
Total	1A - or - 12.37P	(0.43598 Hectares)

Floor area :

The total gross floor area of the Access Towers is 216,718 sq.ft.

Valuation:

Based on the observation of Board of directors, Company decided that sales price of comparative properties has not change significantly during the year 2012/13. Therefore Company has decided that Fair value of the investment property as at 31st March 2013 was similar to the carrying value and no need to recognise gain / (Loss) on fair value adjustment based on Section 75 – e of the LKAS 40.

Fair value of the Investment Property is ascertained,by an independent valuation carried out by Mr. J.K.D Thissera - Chartered valuation surveyor, on an open market value for existing use basis as at 27th February 2012.

17.2 Investment Property belongs to Sathosa Motors PLC

Location :

Building of Sathosa Motors PLC, is located at No: 25/11, New nuge road, Peliyagoda.

Floor area :

The total gross floor area of the Building is 6,835 sq.ft.

Valuation:

Investment property is not revalued and construction cost of the building comprised the carrying amount of the Investment Property.

	Number of shares Rs.	Effective holding % Rs.	Company 2013 Rs.	Company 2012 Rs.	Company As at 01 April 2011 Rs.
18. INVESTMENT IN SUBSIDIARY					
Access Realties (Private) Limited	67,422,532	100%	2,696,901,280	2,696,901,280	2,696,901,280
Sathosa Motors PLC	5,092,302	84.40%	1,196,232,120	1,093,245,225	-
			3,893,133,400	3,790,146,505	2,696,901,280

18.1 Acquisition of Sathosa Motors PLC

The Company has purchased 3,600,000 shares representing 60% of the issued number of shares of Sathosa Motors PLC on 29th February 2012, from its major shareholder ITOCHU Corporation of Japan at a price of Rs.236.44/- per share. The Company further acquired 1,052,085 shares up to 31st March 2012, being 17% of the issued number of shares.

Company had increased its stake in Sathosa Motors PLC from 77.10% to 84.40% during the Year 2012/2013.

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AS AT 31ST MARCH 2013

19. OTHER LONG TERM INVESTMENT

Group / Company	Number of shares	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
		Company/Group		
Unquoted Investments				
Asia Pacific Golf Course Limited				
- Preference Shares	6	1,500,000	1,500,000	1,500,000
Less: Impairment Adjustment		(1,500,000)	(1,500,000)	(1,500,000)
		-	-	-

20. INTANGIBLE ASSETS

	Group 2013 Rs.	Group 2012 Rs.
Leasehold Right (Note 20.1)	118,378,378	120,000,000
Goodwill (Note 20.2)	432,588,101	432,588,101
Balance at 31st March	550,966,479	552,588,101

20.1 LEASEHOLD RIGHT

Fair Value		
Balance at the beginning of the year	120,000,000	-
On Acquisition	-	5,667,610
Fair value adjustment on Leasehold Right	-	114,332,390
Amortisation for the year	(1,621,622)	-
Balance at the end of the year	118,378,378	120,000,000

Leasehold Land disclosed above relate to the land at Peliyagoda acquired by Sathosa Motors PLC on a 99 years lease commencing from 1989. The leasehold right has been revalued by an independent valuer as at 31st March 2012. Valuation details are as follows;

Location :
The property persistently known and called as “SATHOSA MOTORS WORKSHOP” is located at No: 25/11, New Nuge Road, Peliyagoda.

Extent:
The total gross area of the land is 343.93 perches.

Valuation:
Fair value of the Leasehold Right is ascertained, by an independent valuation carried out by Mr. R.T.K Sirisena - Incorporated Valuer, Valuation has been done based on the demand and supply factors, current evidence of values, improvements and infrastructures etc.

20.2 GOODWILL

Balance at 01st April	432,588,101	-
On Acquisitions	-	500,805,268
Fair value adjustment on Leasehold Right	-	(68,217,167)
Balance at 31st March	432,588,101	432,588,101

The goodwill on acquisition of Sathosa Motors PLC was calculated on provisional basis in accordance with previous GAAP SLAS 25-Business Combinations as disclosed in the financial statements for the year ended 31st March 2012 and the Company has done revaluation on the acquired tangible and intangible assets as at 31st March 2012 for the purpose of Business Combination. Accordingly, the adjustment has been made on goodwill on the recognition of the leasehold right acquired from Sathosa Motors PLC in accordance with SLFRS 3- Business Combinations.

AS AT 31ST MARCH 2013

		Group			Company		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
21.	INVENTORIES						
	Inventories	1,469,876,287	1,102,225,164	-	576,636,862	388,922,905	-
	Work in Progress	390,437,557	715,181,391	312,423,317	386,691,879	713,812,036	312,423,317
		1,860,313,844	1,817,406,555	312,423,317	963,328,741	1,102,734,941	312,423,317
22.	TRADE AND OTHER RECEIVABLES						
	Trade Receivables (Note 22.1)	4,045,021,456	2,633,543,145	866,960,053	3,720,054,519	2,558,216,876	855,049,028
	Other Receivables (Note 22.2)	104,370,414	111,265,740	7,704,783	37,871,548	48,285,142	6,001,994
	Advance and Prepayments (Note 22.3)	145,982,450	99,671,225	27,639,387	141,500,609	97,125,705	25,870,541
		4,295,374,320	2,844,480,110	902,304,223	3,899,426,676	2,703,627,723	886,921,563
22.1	Trade Receivables						
	Trade Receivables	4,046,252,476	2,634,774,165	867,954,063	3,720,054,519	2,558,216,876	856,043,038
	Less: Provision for						
	Impairment of Receivables	(1,231,020)	(1,231,020)	(994,010)	-	-	(994,010)
		4,045,021,456	2,633,543,145	866,960,053	3,720,054,519	2,558,216,876	855,049,028
22.2	Other Receivables						
	Interest Receivable	23,688,773	18,533,022	3,997,760	22,330,543	18,533,022	3,997,760
	Margin on Bid Bond	192,424	1,399,346	1,991,035	192,425	1,399,346	1,991,035
	Short Term lending	-	1,237,755	1,337,755	-	-	-
	VAT Receivable	40,767,274	61,482,608	-	10,436,120	14,325,744	-
	Other Receivable	39,721,943	28,613,009	378,233	4,912,460	14,027,030	13,199
		104,370,414	111,265,740	7,704,783	37,871,548	48,285,142	6,001,994
22.3	Prepayments						
	Deposits and Prepayments	22,681,057	36,691,471	5,900,980	19,988,062	35,934,797	5,900,980
	Advance	108,454,866	50,630,728	19,969,561	108,454,866	50,630,728	19,969,561
	Refundable Deposit	14,846,527	12,349,026	1,768,846	13,057,681	10,560,180	-
		145,982,450	99,671,225	27,639,387	141,500,609	97,125,705	25,870,541

Notes to the Financial Statements

AS AT 31ST MARCH 2013

	Group			Company		
	2013	2012	As at 01 April 2011	2013	2012	As at 01 April 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
23. AMOUNTS DUE FROM RELATED PARTIES						
China Geo - Salcon - Access JV	58,446,604	53,609,436	78,766,240	58,446,604	53,609,436	78,766,240
Access International (Private) Limited	373,583	-	-	-	-	-
Access International Projects (Private) Limited	9,342	-	-	-	-	-
Access Energy Solutions (Private) Limited	72,670	3,796,708	5,500,000	-	3,796,708	5,500,000
Access Real Estate (Private) Limited	49,185	-	-	-	-	-
ATSL International (Private) Limited	827,498	-	-	827,498	-	-
Access Realties Tower II (Private) Limited	7,236,895	2,816,504	2,816,504	-	-	-
Access Realties 2 (Private) Limited	100,000	-	-	-	-	-
ECO Friendly Power Developers (Private)Limited	62,163,280	-	-	62,163,279	-	-
Asia Pacific Golf Course (Private) Limited	13,843,107	13,843,107	13,843,107	13,843,107	13,843,107	13,843,107
Forestree Investments Limited	-	-	1,000,000	-	-	1,000,000
Access Realties (Private) Limited	-	-	-	-	45,846,189	128,874,645
Prepaid Intercompany Loan	-	-	-	-	1,653,811	7,032,393
	143,122,164	74,065,755	101,925,851	135,280,488	118,749,251	235,016,385
Less: Provision for Impairment of Receivables	(13,843,107)	(13,843,107)	(13,843,107)	(13,843,107)	(13,843,107)	(13,843,107)
	129,279,057	60,222,648	88,082,744	121,437,381	104,906,144	221,173,278
24. OTHER FINANCIAL ASSETS AND LIABILITIES						
24.1 Other Financial Assets						
Loans and receivables at Amortised cost						
- Non current						
- Trade Receivable - UDA	431,954,967	218,155,835	-	431,954,967	218,155,835	-
- Prepaid Trade Receivable Expenses - UDA	138,281,261	197,752,514	-	138,281,261	197,752,514	-
Total Other Non Current Financial Assets	570,236,228	415,908,349	-	570,236,228	415,908,349	-
Loans and receivables at Amortised cost						
- Current						
- Retention Receivable	562,078,612	317,066,291	97,334,493	562,078,612	317,066,291	97,334,493
- Staff Loans	15,742,327	12,007,324	8,156,927	13,906,057	10,149,755	8,156,927
- Prepaid Retention Receivable Expenses	81,413,397	15,812,589	4,231,853	81,413,397	15,812,589	4,231,853
- Prepaid Staff Loan Expenses	3,476,109	2,237,772	1,341,906	3,476,109	2,237,772	1,341,906
	662,710,445	347,123,976	111,065,179	660,874,175	345,266,407	111,065,179
24.2 Other Financial Liabilities						
Other financial liabilities at amortised cost						
- Mobilisation Advance	1,669,150,268	1,495,691,855	231,773,752	1,669,150,268	1,495,691,855	231,773,752
- Prepaid Mobilisation Advance Income	117,315,053	97,215,052	25,797,024	117,315,053	97,215,052	25,797,024
Total Other Financial Liabilities	1,786,465,321	1,592,906,907	257,570,776	1,786,465,321	1,592,906,907	257,570,776

AS AT 31ST MARCH 2013

Group / Company	Number of Shares	Cost 2013 Rs.	Cost 2012 Rs.	Cost As at 01 April 2011 Rs.	Market Value 2013 Rs.	Market Value 2012 Rs.	Market Value As at 01 April 2011 Rs.
25. SHORT TERM INVESTMENT							
Quoted Investments							
Nation Lanka Finance PLC	12,300	453,009	453,009	453,009	109,470	124,230	136,530
Lanka Indian Oil Corporation PLC	36,600	1,035,414	1,035,414	1,035,414	746,640	710,040	644,160
Tess Agro Company PLC	60	-	-	-	120	162	156
Touchwood Investments PLC	21,600	414,108	414,108	414,108	123,120	223,200	338,400
Horana Plantation PLC	7,500	538,464	538,464	538,464	198,750	188,250	542,250
The Colombo Fort Land and Building Company PLC	5,000	499,533	499,533	499,533	145,000	169,500	400,400
Namunukula Plantation PLC	3,300	527,231	527,231	527,240	252,780	198,000	378,180
Richard Peiris and Co PLC	50,000	798,848	798,848	798,848	330,000	375,000	680,000
Free Lanka Capital Holdings PLC	15,600	78,000	78,000	-	39,000	31,200	-
Expo Lanka Holdings PLC	89,100	1,247,400	1,247,400	-	605,880	552,420	-
Commercial Bank of Ceylon PLC (NV)	39	-	207,334	-	4,407	220,000	-
Peoples Merchant PLC	100	1,976	1,976	-	1,350	1,290	-
CIC Holdings PLC (NV)	204,000	23,517,007	23,517,007	-	12,444,000	19,502,400	-
Softlogic Holdings PLC	208,500	6,110,307	6,110,307	-	2,168,400	2,335,200	-
Vallibel One PLC	123,300	3,210,051	3,210,051	-	1,972,800	2,342,700	-
Textured Jersey Lanka PLC	889,500	13,467,501	13,469,001	-	8,806,050	6,404,400	-
Central Investments and Finance PLC	1,000,000	10,000,000	10,000,000	-	2,600,000	6,100,000	-
Peoples Leasing Company PLC	839,400	15,109,200	15,109,200	-	10,996,140	9,737,040	-
Total		77,008,049	77,216,883	4,266,616	41,543,907	49,215,032	3,120,076
(Less) Provision for Impairment		(35,464,142)	(28,001,851)	(1,146,540)	-	-	-
Fair Value as at the End of the Year		41,543,907	49,215,032	3,120,076	41,543,907	49,215,032	3,120,076

	Group 2013 Rs.	Group 2012 Rs.	Group As at 01 April 2011 Rs.	Company 2013 Rs.	Company 2012 Rs.	Company As at 01 April 2011 Rs.
26. SHORT TERM DEPOSITS						
Fixed Deposits	1,265,437,130	883,314,855	96,290,109	1,210,602,731	883,314,855	96,290,109
Investments in Unit Trust	100,133,269	-	-	100,133,269	-	-
Investment in Treasury Bills	4,999,999	-	-	-	-	-
	1,370,570,398	883,314,855	96,290,109	1,310,736,000	883,314,855	96,290,109

	Group 2013 Rs.	Group 2012 Rs.	Group As at 01 April 2011 Rs.	Company 2013 Rs.	Company 2012 Rs.	Company As at 01 April 2011 Rs.
27. CASH AND CASH EQUIVALENTS						
Favorable Balance						
Cash at Bank	530,143,275	163,978,498	144,399,512	461,221,061	125,579,956	123,547,527
Cash in Hand	37,040,554	57,177,082	67,948,003	36,990,554	57,157,082	67,928,002
Cash in Transit	-	-	5,000,000	-	-	-
Investment in Repos	136,000,000	1,420,051,550	-	80,000,000	910,000,000	-
Fixed Deposits	-	-	7,630,492	-	-	7,630,491
	703,183,829	1,641,207,130	224,978,007	578,211,615	1,092,737,038	199,106,020
Unfavourable Balance						
Bank Overdraft	(12,081,867)	(17,074,499)	(22,822,403)	(12,081,867)	(17,074,499)	(17,339,772)
Cash and Cash Equivalent for the Purpose of Cash Flow Statement	691,101,962	1,624,132,631	202,155,604	566,129,748	1,075,662,539	181,766,248

Land situated at No 278/4, Union Place, Colombo 02, which is owned by Access Realties (Pvt) Limited (Subsidiary), has been mortgaged to Bank of Ceylon – Corporate Branch by Access Engineering PLC to increase the existing Overdraft facility. (From Rs.10 Mn to Rs.30 Mn)

Notes to the Financial Statements

AS AT 31ST MARCH 2013

	2013		2012		2011	
	Number of Shares	Value of Shares Rs.	Number of Shares	Value of Shares Rs.	Number of Shares	Value of Shares Rs.
28. STATED CAPITAL						
Issued and Fully Paid						
At the beginning of the Year	1,000,000,000	9,000,000,000	600,000,000	3,000,000,000	100,000,000	1,000,000,000
Bonus Shares Issued during the Year	-	-	200,000,000	1,000,000,000	200,000,000	2,000,000,000
Shares Issued on Private Placement	-	-	180,000,000	4,500,000,000	-	-
Shares Issued on Initial Public Offering	-	-	20,000,000	500,000,000	-	-
At the end of the Year	1,000,000,000	9,000,000,000	1,000,000,000	9,000,000,000	300,000,000	3,000,000,000

28.1 Pursuant to a special resolution adopted at a Extra Ordinary General Meeting held on 31st March 2011,Shareholders of the Company resolved that 300,000,000 ordinary shares held by share holders as at 31st March 2011 were subdivided in to two ordinary shares The subdivision has increased the total number of ordinary shares to 600,000,000 without a change to the Stated Capital.

28.2 Pursuant to an Ordinary resolution adopted on 11th May 2011 at a Extra Ordinary General Meeting, Shareholders of the Company resolved that an amount of Rs.1,000,000,000/- be transferred from Reserve accounts (Retained Earnings Rs.800,000,000/- and Revaluation Reserve Rs.200,000,000) to the Stated Capital and the said amount be utilised to make a bonus issue of 200,000,000 shares allotted and issued to the existing shareholders of the Company on 1:3 basis (One new share issued for each existing three shares).

28.3 Pursuant to an Ordinary resolution adopted at an Extra Ordinary General Meeting held on 25th May 2011, Company has issued 180,000,000 shares through Private Placement for a consideration of Rs.4,500,000,000/-

28.4 Pursuant to an Ordinary resolution adopted at an Extra Ordinary General Meeting held on 10th January 2012, Company has issued 20,000,000 shares through Initial Public Offering for a consideration of Rs.500,000,000/-

	Group	
	2013 Rs.	2012 Rs.
29. DEFERRED GRANT		
Balance at the beginning of the Year	7,239,819	-
On Acquisition	-	7,239,819
Amortisation	(219,389)	-
Balance at the end of the Year	7,020,430	7,239,819

The above represents a Government grant received to Sathosa Motors PLC, for the construction of work shop at Peliyagoda and are amortised over a period of fifty (50) years.

	Group			Company		
	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
30. INTEREST BEARING BORROWINGS						
Payable Within One Year						
Term loan (Note 30.1)	5,978,141	6,608,397	171,132,567	5,978,141	6,608,397	171,132,567
Finance Lease Obligation (Note 30.2)	227,530	-	623,369	-	-	623,369
	6,205,671	6,608,397	171,755,936	5,978,141	6,608,397	171,755,936
Payable After One Year						
Term loan (Note 30.1)	-	5,978,150	452,828,967	-	5,978,150	452,828,967
Finance Lease Obligation (Note 30.2)	1,933,464	-	-	-	-	-
	1,933,464	5,978,150	452,828,967	-	5,978,150	452,828,967

30. INTEREST BEARING BORROWINGS (contd.)

	Group/Company	
	2013	2012
	Rs.	Rs.
30.1 Term Loan		
Balance at the beginning of the Year	12,586,547	623,961,534
Obtained during the Year	-	-
Repayment during the Year	(6,608,406)	(611,374,987)
Balance at the end of the Year	5,978,141	12,586,547
Loan Payable Within One Year	5,978,141	6,608,397
Loan Payable After One Year	-	5,978,150
	5,978,141	12,586,547

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
30.2 Finance Lease Obligation				
Balance at the beginning of the Year	-	639,269	-	639,269
Obtained during the Year	3,153,648	-	-	-
Repayments during the Year	(525,608)	(639,269)	-	(639,269)
	2,628,040	-	-	-
Less: Interest In Suspense	(467,046)	-	-	-
Balance at the end of the Year	2,160,994	-	-	-
Payable Within One Year	227,530	-	-	-
Payable After One Year	1,933,464	-	-	-
	2,160,994	-	-	-

30.3 Details of Security and repayment terms

(i)	Lender	:	Peoples Leasing Corporation PLC
(ii)	Approved Facility	:	Rs.30,000,000/-
(iii)	Amount Obtained	:	Rs.30,000,000/-
(iv)	Securities Pledged	:	Corporate Guarantee and Promissory Note Guarantor - Access Realities (Private) Limited Letter of Assignment Demand Promissory Note - Between Peoples Leasing Corporation PLC and Access Realities (Private) Limited
(v)	Interest Rate	:	25% until the reimbursement of Central Bank + 9% after reimbursement 9% after reimbursement 36% annual interest rate for failing of payments
(vi)	Repayment	:	Sixty (60) months Six (06) months grace period

AS AT 31ST MARCH 2013

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
31. EMPLOYEE BENEFITS				
Balance at the beginning of the Year	61,692,703	27,796,471	39,089,433	23,123,143
Current Service Cost	14,514,080	5,453,029	11,373,498	5,227,272
Interest Cost	6,018,984	2,934,396	3,907,993	2,312,314
Actuarial Loss	13,662,377	8,435,784	14,735,788	8,665,704
On Acquisition	-	17,312,023	-	-
	95,888,144	61,931,703	69,106,712	39,328,433
Less: Payments made during the Year	(3,132,258)	(239,000)	(1,607,593)	(239,000)
Balance at the end of the Year	92,755,886	61,692,703	67,499,119	39,089,433
31.1 Expense Recognised in the Income Statement				
Current Service Cost	14,514,080	5,453,029	11,373,498	5,227,272
Interest Cost	6,018,984	2,934,396	3,907,993	2,312,314
Actuarial (Gain)/Losses	13,662,377	8,435,784	14,735,788	8,665,704
	34,195,441	16,823,209	30,017,279	16,205,290

31.2 Company

An independent actuarial valuation of the retirement benefit obligation was carried out as at 31st March 2013 by professional actuaries - M/S 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 Key Assumptions used by Actuary include the following:

	2013	2012
Discount Rate	11%	10%
Expected Annual Average Salary Increment Rate	8.50%	8.50%
Staff Turnover Factor	1%	1%
Retirement Age	55 Years	55 Years
The Company will Continue as a Going Concern.		

31.3 Group

a. Sathosa Motors PLC

The actuarial valuation have been carried out by Actuarial and Management Consultants (Private) Limited, professional actuaries. The valuation method used by the actuaries to value the retirement benefit obligation is the “Projected Unit Credit Method”. The method recommended by the LKAS 19 - ‘Employee Benefits’.

b. Access Realties (Private) Limited

The gratuity liability of Access Realties (Private) Limited calculated applying the Projected Unit Credit (PUC) method. The following Key Assumptions were used in arriving at the retirement benefit liability under Projected Unit Credit (PUC) method.

The Key Assumptions used by the Actuary include the following.

	2013	2012
Discount Rate	11%	10%
Expected Annual Average Salary Increment Rate	8.5% - 16.7%	8.5% - 16.7%
Retirement Age	55 Years	55 Years
The Company will Continue as a Going Concern		

	Group 2013 Rs.	Group 2012 Rs.	Company 2013 Rs.	Company 2012 Rs.
32. DEFERRED TAXATION				
Balance at the beginning of the Year	98,910,750	44,185,273	98,144,541	44,185,273
Provision During the Year	58,823,823	54,056,639	58,281,825	53,959,268
On Acquisition	-	668,838	-	-
Balance at the end of the Year	157,734,573	98,910,750	156,426,366	98,144,541

	Group			Company		
	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
Deferred Tax Provision as at the year end is made up as follows,						
Property, Plant and Equipment	171,264,565	108,460,467	46,960,050	164,526,260	102,835,273	46,960,050
Defined Benefit Obligation	(13,529,992)	(9,549,717)	(2,774,777)	(8,099,894)	(4,690,732)	(2,774,777)
	157,734,573	98,910,750	44,185,273	156,426,366	98,144,541	44,185,273

32.1 Company

Provision has been made for Deferred Taxation under the liability method in respect of temporary differences arising from difference between accounting and tax base. Deferred Tax has been computed at the rate of 12%.

32.2 Group

Access Realties (Private) Limited

No provisions has been made for Deferred Taxation, since the Company is liable for Income Tax at 2% on its Revenue for next fifteen (15) years after completing the seven (07) years of income tax exemptions. The tax exemption ends at the end of 2010/11 year of assessment.

Sathosa Motors PLC

Provision has been made for Deferred Taxation under the liability method in respect of temporary differences arising from difference between accounting and tax base. Deferred Tax has been computed at the rate of 28%.

	Group			Company		
	2013 Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	2011 Rs.
33. TRADE AND OTHER PAYABLES						
Trade Creditors	1,509,852,731	1,193,643,549	83,731,028	927,798,091	483,384,697	83,756,083
VAT Payable	1,729,962	-	50,091,366	-	-	50,091,366
Accrued Expenses	215,011,020	147,513,602	41,971,187	193,035,184	92,909,392	39,423,116
Advances Received	81,483,200	82,459,880	142,120,427	53,129,280	41,578,302	133,725,693
Retention Payable	56,922,285	-	-	56,922,285	22,805,224	-
ESC Payable	-	10,183,427	6,151,713	-	10,183,427	6,151,713
Security Deposit	21,581,841	12,170,470	13,302,854	-	-	-
	1,886,581,039	1,445,970,928	337,368,575	1,230,884,840	650,861,042	313,147,971

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	Group			Company		
	2013	2012	As at 01 April 2011	2013	2012	As at 01 April 2011
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
34. AMOUNTS DUE TO RELATED PARTIES						
Access International (Private) Limited	15,905,634	23,573,102	1,313,108	15,905,634	23,573,102	1,313,108
Access Agencies (Private) Limited	3,221,209	-	-	3,221,209	-	-
Access Energy solution (Private) Limited	2,299,700	-	-	2,299,700	-	-
Access Realties (Private)Limited	-	-	-	891,429	-	-
Access Natural Water (Private) Limited	121,750	146,485	-	102,558	133,633	-
Access Projects (Private) Limited	183,502	69,529	-	183,502	69,529	-
Access Industrial Systems (Private) Limited	661,277	99,904	207,141	-	-	-
	22,393,072	23,889,020	1,520,249	22,604,032	23,776,264	1,313,108

	Group		Company	
	2013	2012	2013	2012
	Rs.	Rs.	Rs.	Rs.
35. CURRENT TAXATION PAYABLE				
Balance at 01st April	189,315,745	107,318,533	163,231,175	102,371,611
Provision made During the Year	246,442,525	211,555,679	161,417,211	202,219,032
Adjustment for the Prior Year	(50,152,425)	31,120,045	(49,497,924)	31,228,082
Payments made During the Year	(318,561,570)	(138,686,353)	(250,000,000)	(133,844,899)
Notional Tax	(3,370,559)	(4,829,882)	(3,370,559)	(4,829,882)
WHT Recoverable	(16,367,025)	(13,221,470)	(16,536,251)	(13,122,606)
ESC Recoverable	(4,536,287)	(21,341,208)	-	(20,790,163)
On Acquisition	-	17,399,983	-	-
Balance at 31st March	42,770,404	189,315,327	5,243,652	163,231,175

FOR THE YEAR ENDED 31ST MARCH 2013

36. RELATED PARTY TRANSACTION

36.1 Company

The following transactions were carried out with related party companies during the year ended 31st March 2013.

Related Party Transaction	Name of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/received 2013 Rs.	Amount (Paid)/received 2012 Rs.
Access International (Private) Limited	Mr. S. J. S. Perera	Chairman	Purchase of Plant Equipment and Tools	(17,638,590)	(109,839,500)
	Mr. J.C. Joshua	Director	Clearing charges Paid	(142,171)	(567,060)
	Mr. R.J.S. Gomez	Director	Sub contractor charges	(22,173,256)	(1,427,096)
	Mr. D.A.R. Fernando	Director	Machinery Hiring Income	808,608	147,873
	Mr. S.H.S. Mendis	Director	Purchase of Gabion, Fibertex, Geo MX and tie wire	(19,090,055)	(8,580,700)
	Mr. S.D. Munasinghe	Director	Purchase of Reinforcement Steel strips	(3,102,904)	-
			Purchase of D I Pipes and Fittings	(159,999,193)	-
Access Realties (Private) Limited	Mr. S. J. S. Perera	Chairman	Loan Settlement	47,500,000	7,500,000
	Mr. J.C. Joshua	Director	Dividend Received	9,102,042	-
	Mr. R.J.S. Gomez	Director	Office Rentals and Service Charges	(31,631,360)	(19,364,571)
			Reimbursement of Telephone, Electricity and Air Conditioner Charges	(6,681,057)	(984,715)
			Reimbursement of Office Maintenance Charges	(904,663)	(874,286)
Access Natural Water (Private) Limited	Mr. S. J. S. Perera	Chairman	Purchase of Water Bottles	(2,839,765)	(2,073,803)
	Mr. J.C. Joshua	Director	Purchases of Electronic Dispenser	(17,000)	
	Mr. R.J.S. Gomez	Director			
Access Agencies (Private) Limited	Mr. S. J. S. Perera	Chairman	Sub Contractor Charges	(12,900,977)	(4,620,096)
			Construction Related Material Purchases	(1,039,985)	-
Access Projects (Private) Limited	Mr. S. J. S. Perera	Chairman	Reimbursement of Electricity Bills	(1,158,831)	(406,313)
			Machinery Hiring Income	-	48,324
			Sale of Readymix Concrete	274,176	-
Access Energy Solutions (Private) Limited	Mr. S. J. S. Perera	Chairman	Advance Payment Installation of Electrical Work	-	(3,796,708)
	Mr. J.C. Joshua	Director	Sub contractor Charges	(22,017,084)	
	Mr. R.J.S. Gomez	Director	Purchase of Electrical Items	(3,595,997)	
Reprographics (Private) Limited	Mr. S. J. S. Perera	Chairman	Purchase of Toner	(196,680)	(250,880)
	Mr.J.C. Joshua	Director	Photocopy Machine Spare Parts and Service	(233,125)	(251,130)
Access Energy (Private) Limited	Mr.S.J.S.Perera	Chairman	Purchase of Motor Vehicle	-	(5,040,000)
	Mr.J.C. Joshua	Director	Motor Vehicles Hiring Charges		(1,120,000)
	Mr.R.J.S. Gomez	Director			
China Geo Salcon Access Joint Venture	Mr. J.C. Joshua	Partner	Guarantee Extension Commission	(4,837,168)	-
	Mr. S.H.S. Mendis	Partner			
	Mr. D.A.R. Fernando	Partner			
Eco Friendly Power Developers (Private) Limited	Mr.S.J.S.Perera	Chairman	Construction Income	132,027,069	-
	Mr.J.C. Joshua	Director	Material Advances Received	1,031,396	
	Mr.R.J.S. Gomez	Director	Mobilisation Advance Received	20,725,145	
	Mr. D.A.R. Fernando	Director	Mobilisation Advance Recoveries	(16,260,364)	
ATSL International (Private) Limited	Mr.S.J.S.Perera	Chairman	Purchase of Construction Materials	(1,360,788)	-
	Mr.J.C. Joshua	Director	Sale of Readymix Concrete	2,372,540	
	Mr.R.J.S. Gomez	Director			
Sathosa Motors PLC	Mr.S.J.S.Perera	Chairman	Purchase of New Vehicle	(5,475,000)	-
	Mr.J.C. Joshua	Director	Vehicle Repair and Maintenance	(890,787)	-
	Mr.R.J.S. Gomez	Director			
	Mr. D.A.R. Fernando	Director			
	Mr. S.H.S. Mendis	Director			
	Mr. S.D. Munasinghe	Director			
C.R.D.S. Development (Private) Limited	Mr.J.C. Joshua	Director	Land Rent	(2,000,000)	-

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36. RELATED PARTY TRANSACTION (contd.)

36.2 Group

The following transactions were carried out between related party companies, within the Group.

Related Party Transaction	Name of the Directors	Nature of Interest	Nature of Transaction	Amount (Paid)/received	
				2013 Rs.	2012 Rs.
Access Realties (Private) Limited					
Access Industrial System (Private) Limited	Mr.S.J.S.Perera Mr.J.C.Joshua Mr.R.J.S.Gomez Mr.S.D.Perera Mr.C.K.Thambydorai	Chairman Director Director Director Director	Lift and Repair Maintenance Charges	(1,189,668)	(3,041,630)
Access International (Private) Limited	Mr.S.J.S.Perera Mr.J.C.Joshua Mr.D.D.S.Ferdinando Mr.T.T.B.C.Fernando Mr.R.J.S.Gomez Mr.B.P.Obeysekara Mr.S.D.Perera	Chairman Director Director Director Director Director Director	Rental and Services Income made in the Ordinary Course of the Business.	15,710,570	17,044,018
Access Telecommunication (Private) Limited	Mr.S.J.S.Perera Mr.J.C.Joshua Mr.R.J.S.Gomez K.M.B.M.Kumarasinghe	Chairman Director Director Director	Rental and Services Income made in the Ordinary Course of the Business.	6,804,000	13,608,000
Access Real Estate (Private) Limited	Mr.S.J.S.Perera Mr.T.T.B.C.Fernando Mr.S.D.Perera Mr.S.J.S.Perera	Chairman Director Director Director	Rental and Services Income made in the Ordinary Course of the Business.	2,482,600	1,928,000
Access Natural Water (Private) Limited	Mr.S.J.S.Perera Mr.J.C.Joshua Mr.R.J.S.Gomez	Chairman Director Director	Purchase of Mineral Water	(217,260)	(28,276)
Access Energy Solutions (Private) Limited	Mr. S. J. S. Perera Mr. J.C. Joshua Mr. R.J.S. Gomez	Chairman Director Director	Rental and Service income made in the ordinary course of business Purchase of Electrical Equipment	1,800,000 (943,495)	- -
Access International Projects (Pvt) Ltd	Mr.S.J.S.Perera Mr.J.C. Joshua Mr.D.D.S.Ferdinando Mr.T.T.B.C.Fernando Mr.R.J.S.Gomez Mr.B.P.Obeysekara Mr.S.D.Perera	Chairman Director Director Director Director Director Director	Rental and Service income made in the ordinary course of business	1,539,780	-
Sathosa Motors PLC					
Access Natural Water (Private) Limited	Mr.S.J.S.Perera Mr.J.C.Joshua Mr.R.J.S.Gomez	Chairman Director Director	Purchase of Mineral Water	(93,135)	-
Access International (Private) Limited	Mr.S.J.S.Perera Mr.J.C.Joshua	Chairman Director	Supply of Workshop repair services	481,572	-
Reprographics (Private) Limited	Mr. S. J. S. Perera Mr.J.C. Joshua	Director Director	Purchase of Toners for Printers	100,168	-

36. RELATED PARTY TRANSACTION (contd.)

36.3 Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

This note should be read in conjunction with Note No. 23 and 34 to these Financial Statements.

36.4 Transactions with Key Management Personnel

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, the Board of Directors (including Executive and Non-Executive Directors) as key management personnel of the Company/Group have been classified as Key Management Personnel.

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Compensation paid to Key Management Personnel				
Salaries and other Employment Benefits	**24,063,700**	22,034,546	**18,480,000**	16,200,000

37. COMMITMENTS AND CONTINGENCIES

37.1 Company

There were no material Commitments and Contingent liabilities as at the reporting date except for the following,

Legal case filed against the Company

The case of money recovery by GTB Colombo Corporation (Private) Limited Vs. Three defendants, namely, 1st defendant : Asia Pacific Golf Course PLC, 2nd defendant: Access Engineering PLC and 3rd defendant: Urban Development Authority. (Case No-CHC706/10/MR). The claim is made against the three defendants jointly and/or severally in the High Court of Western Province for non payment of material supplied and invoiced by the Plaintiff to the 1st defendant.

Access Engineering PLC is contesting the case, since the material purportedly supplied by the plaintiff was not received by the 2nd defendant and not invoiced to the 2nd defendant. Further trial is on 30th August 2013.

Bank guarantee issued by the bank on behalf of the Company is as follows;

Bank	**Amount Rs.**
Nations Trust PLC	934,724,958
Sampath Bank PLC	1,581,461,951
Bank of Ceylon	1,471,467,208
Hongkong and Shanghai Bank Corporation	225,915,588
	4,213,569,705

37.2 Group

Sathosa Motors PLC

Labour Tribunal Cases against the Company

Ms. Sujatha Silva Vs. Sathosa Motors PLC (Ref - Ct. 78(02))

An Ex-Employee Ms. Sujatha Silva, who stood retired upon her attaining the age of 55 years lodged a complaint to the Termination of Employment Unit of the Commissioner of labour alleging that she has been unlawfully terminated. The Commissioner of Labour dismissed the application of Ms. Sujatha Silva. Subsequently she filed a special case in the District court bearing No. D.S.P./00137/09. The court delivered order on 11th January 2011 in favour of Sathosa Motors PLC by dismissing the action with costs. The plaintiff has now filed an appeal and the lawyers has received the notice appeal on 27th January 2011. The lawyers have not received any notices form the court thereafter.

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37. COMMITMENTS AND CONTINGENCIES (contd.)

W.A. Siriwardane Vs. Sathosa Motors

The above application was filed in the labor tribunal by an ex-employee Mr. W.A. Siriwardane who was a driver in the Company for terminating his services and seeks reinstatement in service. The Company is vehemently resisting the claim. Further trial is fixed for 29th May 2012. The trial is now concluded. The Tribunal has granted 6th May 2013 for filing of written submissions of both parties.

Other Cases against the Company

Customs Case No. POM/2280/2006

The Custom Department has initiated an inquiry regarding the payment of Duty on dividend paid to Itochu Corporation of Japan, who is the exporter of vehicles to the Company as well as the major shareholder of the Company. The matter is still pending.

Based on the above information and the current status of the above case, the Company is not in a position to quantity the potential financial impact if any, as at the reporting date.

38. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events occurring after the reporting date except for the following that would require adjustments to or disclosure in the Financial Statements.

38.1 Company

Pursuant to resolution adopted on 2nd August 2013, the Board of Directors of the Company approved the payment of a final Dividend of twenty five cents (0.25 cents) per share for the year ended 31st March 2013.

In accordance with the LKAS 10, Events after the reporting period, the final dividends has not been recognised as a liability in the Financial Statements as at 31st March 2013.

38.2 Group

Sathosa Motors PLC

On 1st April 2013, The Company has invested Rs.65Mn in SML Frontier Automotive (Pvt) Ltd. Company's Stake in this venture is 50%.

The Board of Directors has recommended a first and final dividend of Rs.5/- per share amounting to Rs.30,168,110/- for the year ended 31st March 2013. (2012- Rs.5/- per share) This was approved by the Bard of Directors at the Board Meeting held on 31st May 2013. In accordance with the LKAS 10, Events after the reporting period, the final dividends has not been recognised as a liability in the Financial Statements as at 31st March 2013.

39. COMPARATIVE INFORMATION

To facilitate the comparison and where relevant, balances pertaining to the previous year (2011/12) have been reclassified, as follows,

	Group			Company		
	Reclassified	As per Audited Accounts	Change	Reclassified	As per Audited Accounts	Change
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Revenue	7,320,448,634	7,315,093,022	5,355,612	6,961,105,196	6,955,749,584	5,355,612
Other Income	76,276,595	81,632,207	(5,355,612)	75,976,345	81,331,957	(5,355,612)

40. FINANCIAL INSTRUMENTS

40.1 Financial Assets and Liabilities by Categories

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

40. FINANCIAL INSTRUMENTS (contd.)

40.1.1 Group

Financial assets by categories	Loans and receivables (LandR)			Financial assets at fair value through profit or loss (FVTPL)			Available-for-sale financial assets (AFS)		
As at 31 st March	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
Financial instruments in non current assets									
Other non current financial assets	570,236,228	415,908,349	-	-	-	-	-	-	-
Financial instruments in current assets									
Trade and Other Receivables	4,295,374,320	2,844,480,110	902,304,223	-	-	-	-	-	-
Amount due from Related Parties	129,279,057	60,222,648	88,082,744	-	-	-	-	-	-
Other Current Financial Assets	662,710,445	347,123,976	111,065,179	-	-	-	-	-	-
Short Term Investments	-	-	-	41,543,907	49,215,032	3,120,076	-	-	-
Short Term Deposits	1,265,437,130	883,314,855	96,290,109	100,133,269	-	-	4,999,999	-	-
Cash and Cash Equivalents	567,183,829	221,155,580	224,978,007	-	-	-	136,000,000	1,420,051,550	-
Total	7,490,221,009	4,772,205,518	1,422,720,262	141,677,176	49,215,032	3,120,076	140,999,999	1,420,051,550	-

The Group has not designated any financial assets upon initial recognition as Held-to Maturity Investments.

Financial liabilities by categories	Financial liabilities measured at amortised cost		
As at 31 st March	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
Financial instruments in non current liabilities			
Interest Bearing Borrowings	1,933,464	5,978,150	452,828,967
Financial instruments in current liabilities			
Trade and Other Payables	1,886,581,039	1,445,970,928	337,368,575
Amounts due to Related Parties	22,393,072	23,889,020	1,520,249
Other Financial Liabilities	1,786,465,321	1,592,906,907	257,570,776
Interest Bearing Borrowings	6,205,671	6,608,397	171,755,936
Bank Overdraft	12,081,867	17,074,499	22,822,403
Total	3,715,660,434	3,092,427,901	1,243,866,906

AS AT 31ST MARCH 2013

40. FINANCIAL INSTRUMENTS (contd.)

40.1.2 Company

Financial assets by categories	Loans and receivables (LandR)			Financial assets at fair value through profit or loss (FVTPL)			Available-for-sale financial assets (AFS)		
As at 31 st March	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
Financial instruments in non current assets									
Other non current financial assets	570,236,228	415,908,349	-	-	-	-	-	-	-
Financial instruments in current assets									
Trade and Other Receivables	3,899,426,676	2,703,627,723	886,921,563	-	-	-	-	-	-
Amount due from Related Parties	121,437,381	104,906,144	221,173,278	-	-	-	-	-	-
Other Current Financial Assets	660,874,175	345,266,407	111,065,179	-	-	-	-	-	-
Short Term Investments	-	-	-	41,543,907	49,215,032	3,120,076	-	-	-
Short Term Deposits	1,210,602,731	883,314,855	96,290,109	100,133,269	-	-	-	-	-
Cash and Cash Equivalents	498,211,615	182,737,038	199,106,020	-	-	-	80,000,000	910,000,000	-
Total	6,960,788,806	4,635,760,516	1,514,556,149	141,677,176	49,215,032	3,120,076	80,000,000	910,000,000	-

Financial liabilities by categories	Financial liabilities measured at amortised cost		
As at 31 st March	2013 Rs.	2012 Rs.	As at 01 April 2011 Rs.
Financial instruments in non current liabilities			
Interest Bearing Borrowings	-	5,978,150	452,828,967
Financial instruments in current liabilities			
Trade and Other Payables	1,230,884,840	650,861,042	313,147,971
Amounts due to Related Parties	22,604,032	23,776,264	1,313,108
Other Financial Liabilities	1,786,465,321	1,592,906,907	257,570,776
Interest Bearing Borrowings	5,978,141	6,608,397	171,755,936
Bank Overdraft	12,081,867	17,074,499	17,339,772
Total	3,058,014,201	2,297,205,259	1,213,956,530

40.2 Fair Value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31st March 2013				
Fair value through P and L	141,677,176	-	-	141,677,176
Available for Sale	-	140,999,999	-	140,999,999
Loans and Receivables	530,143,275	1,265,437,130	5,694,640,604	7,490,221,009
As at 31st March 2012				
Fair value through P and L	49,215,032	-	-	49,215,032
Available for Sale	-	1,420,051,550	-	1,420,051,550
Loans and Receivables	163,978,498	883,314,855	3,724,912,165	4,772,205,518

Company	Level 1 Rs.	Level 2 Rs.	Level 3 Rs.	Total Rs.
As at 31st March 2013				
Fair value through P and L	141,677,176	-	-	141,677,176
Available for Sale	-	80,000,000	-	80,000,000
Loans and Receivables	461,221,061	1,210,602,731	5,288,965,013	6,960,788,805
As at 31st March 2012				
Fair value through P and L	49,215,032	-	-	49,215,032
Available for Sale	-	910,000,000	-	910,000,000
Loans and Receivables	125,579,956	883,314,855	3,626,865,705	4,635,760,516

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations and to provide guarantees to support its operations. The Group has trade and other receivables, other financial assets, short term investment and cash and short-term deposits that arrive directly from its operations.

The Group is exposed to credit risk and liquidity risk and market risk.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

41.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

41.1.1 Trade receivables

Customer credit risk is managed by each business unit subject to the Group’s established policy, procedures and control relating to customer credit risk management.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actually incurred historical data.

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41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

41.1.2 Short term deposits and Cash and Cash Equivalents

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy.

The Group held Short term Deposits and Cash and cash equivalents of Rs.2,074 Mn at 31st march 2013 (2012 - 2,525 Mn) which represents its maximum credit exposure on these assets.

As at 31 March 2013, 93% (2012- 87%) of the Favourable balance of bank and financial institution was rated "A+" or better for the Company.

	2013		2012	
	In Rs.	%	In Rs.	%
Fitch rating - Company				
AAA	8,720,767	1%	3,265,870	0%
AA+	1,562,515,829	93%	868,429,702	86%
AA	17,659,212	1%	10,211,013	1%
AA-	265,737	0%	56,636	0%
A	82,662,246	5%	26,931,606	3%
BBB+	-	-	100,000,000	10%
Total	1,671,823,791	100%	1,008,894,827	100%

41.2 Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with it's financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal or stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

To measure and mitigate liquidity risk, Company closely monitor its net operating cash flow, maintained a level of cash and cash equivalents and secured committed funding facilities from financial institutions.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. The Company early applied the exemption in IFRS 1 that allows an entity not to provide comparative information for periods ending before 31 March 2012 inrespect of the liquidity disclosures below.

Non-derevative financial liabilities - Group	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	More than 1 year
Trade and Other Payables	1,886,581,039	-	1,886,581,039	-	-
Amounts due to Related Parties	22,393,072	-	22,393,072	-	-
Other Financial Liabilities	1,786,465,321	-	1,127,199,030	530,719,625	128,546,666
Interest Bearing Borrowings	8,139,135	-	3,417,964	2,787,708	1,933,464
Income Tax Payables	42,770,404	42,770,404	-	-	-
Dividend Payable	2,079,997	2,079,997	-	-	-

Non-derevative financial liabilities - Company	Carrying amount	Contractual cash flows	6 months or less	6 - 12 months	More than 1 year
Trade and Other Payables	1,230,884,840	-	1,230,884,840	-	-
Amounts due to Related Parties	22,604,032	-	22,604,032	-	-
Other Financial Liabilities	1,786,465,321	-	1,127,199,030	530,719,625	128,546,667
Interest Bearing Borrowings	5,978,141	-	3,304,199	2,673,943	-
Income Tax Payables	5,243,652	5,243,652	-	-	-
Dividend Payable	742,994	742,994	-	-	-

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

41.3 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprise of the following types of risk:

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

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest Rate Risk

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was;

	Group		Company	
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Fixed rate instruments				
Financial assets	1,406,437,128	2,303,366,405	1,290,602,730	1,793,314,855
Financial liabilities	8,139,135	12,586,547	5,978,141	12,586,547
Variable rate instruments				
Financial assets	-	-	-	-
Financial liabilities	12,081,867	17,074,499	12,081,867	17,074,499

41.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong financial position and healthy capital ratios in order to support its business and maximise shareholder value.

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

	Group		Company	
	2013	2012	2013	2012
Debt / Equity	0.07%	0.12%	0.05%	0.12%

Notes to the Financial Statements

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42. RECONCILIATION OF FINANCIAL STATEMENT

42.1 Reconciliation of Statement of Comprehensive Income for the Year ended 31 March 2012

		Group			Company		
	Notes	As per SLAS Rs.	Re-measurement Rs.	As per SLFRS/ LKAS Rs.	As per SLAS Rs.	Re-measurement Rs.	As per SLFRS/ LKAS Rs.
Revenue		7,320,448,634	-	7,320,448,634	6,961,105,196	-	6,961,105,196
Cost of Sales	E	(5,204,470,563)	4,639,680	(5,199,830,883)	(5,003,587,507)	4,766,137	(4,998,821,370)
Gross Profit		2,115,978,071	4,639,680	2,120,617,751	1,957,517,689	4,766,137	1,962,283,826
Net Gain from Fair Value adjustment of Investment Property		171,068,469	-	171,068,469	-	-	-
Other Income		76,276,595	-	76,276,595	75,976,345	-	75,976,345
Administrative Expenses	D,E	(382,109,125)	(2,952,210)	(385,061,335)	(354,639,317)	(2,848,746)	(357,488,063)
Other Expenses		(51,623,477)	-	(51,623,477)	(51,623,477)	-	(51,623,477)
Net Finance Income		102,169,864	-	102,169,864	96,081,024	-	96,081,024
Profit before Tax		2,031,760,397	1,687,470	2,033,447,867	1,723,312,264	1,917,391	1,725,229,655
Income Tax Expense		(296,662,186)	-	(296,662,186)	(287,406,381)	-	(287,406,381)
Profit for the Period		1,735,098,211	1,687,470	1,736,785,681	1,435,905,883	1,917,391	1,437,823,274
Other Comprehensive Income							
Actuarial Gain/ (Losses) on Defined Benefit Plans	E	-	(8,435,784)	(8,435,784)	-	(8,665,704)	(8,665,704)
Other Comprehensive Income for the Period, Net of Tax		-	(8,435,784)	(8,435,784)	-	(8,665,704)	(8,665,704)
Total Comprehensive Income for the Period, Net of Tax		-	1,728,349,897	1,728,349,897	-	1,429,157,569	1,429,157,569
Profit attributable to:							
Owners of the Company		1,731,292,122	1,687,470	1,732,979,592	1,435,905,883	1,917,391	1,437,823,274
Non-Controlling Interest		3,806,089	-	3,806,089	-	-	-
Profit for the Period		1,735,098,211	1,687,470	1,736,785,681	1,435,905,883	1,917,391	1,437,823,274
Total Comprehensive Income attributable to;							
Owners of the Company		-	1,724,543,808	1,724,543,808	-	1,429,157,570	1,429,157,570
Non-Controlling Interest		-	3,806,089	3,806,089	-	-	-
Total Comprehensive Income for the Period		-	1,728,349,897	1,728,349,897	-	1,429,157,570	1,429,157,570

42. RECONCILIATION OF FINANCIAL STATEMENT (contd.)

42.2 Reconciliation of Statement of Financial Position - Group

	Notes	As at 31 March 2012 As per SLAS Rs.	Re-measurement Rs.	As per SLFRS/ LKAS Rs.	As at 01 April 2011 As per SLAS Rs.	Re-measurement Rs.	As per SLFRS/ LKAS Rs.
Assets							
Non-Current Assets							
Property, Plant and Equipment		2,672,490,773	-	2,672,490,773	1,228,903,278	-	1,228,903,278
Investment Properties		3,000,000,000	-	3,000,000,000	2,800,000,000	-	2,800,000,000
Intangible Assets	D	557,769,851	(5,181,750)	552,588,101			
Other Non Current Financial Assets	A	-	415,908,349	415,908,349	-	-	-
Total Non-Current Assets		6,230,260,624	410,726,599	6,640,987,223	4,028,903,278	-	4,028,903,278
Current Assets							
Inventories		1,817,406,555	-	1,817,406,555	312,423,317	-	312,423,317
Trade and Other Receivables	A	3,607,512,435	(763,032,325)	2,844,480,110	1,013,369,402	(111,065,179)	902,304,223
Amount due from Related Parties		60,222,648	-	60,222,648	88,082,744	-	88,082,744
Other Current Financial Assets	A	-	347,123,976	347,123,976	-	111,065,179	111,065,179
Short Term Investments		49,215,032	-	49,215,032	3,120,076	-	3,120,076
Short Term Deposits		883,314,855	-	883,314,855	96,290,109	-	96,290,109
Cash and Cash Equivalents		1,641,207,130	-	1,641,207,130	224,978,007	-	224,978,007
Total Current Assets		8,058,878,655	(415,908,349)	7,642,970,306	1,738,263,655	-	1,738,263,655
Total Assets		14,289,139,279	(5,181,750)	14,283,957,529	5,767,166,933	-	5,767,166,933
Equity and Liabilities							
Stated Capital		9,000,000,000	-	9,000,000,000	3,000,000,000	-	3,000,000,000
Revaluation Reserve	C	-	-	-	228,063,987	(28,063,987)	200,000,000
Retained Earnings	C	1,675,399,820	(5,181,750)	1,670,218,070	1,115,935,763	28,063,987	1,143,999,750
Equity attributable to Owners of the Company		10,675,399,820	(5,181,750)	10,670,218,070	4,343,999,750	-	4,343,999,750
Non-controlling Interest		162,457,153	-	162,457,153	-	-	-
Total Equity		10,837,856,973	(5,181,750)	10,832,675,223	4,343,999,750	-	4,343,999,750
Non-Current Liabilities							
Deferred Grant		7,239,819	-	7,239,819	-	-	-
Interest Bearing Borrowings		5,978,150	-	5,978,150	452,828,967	-	452,828,967
Employee Benefits		61,692,703	-	61,692,703	27,796,471	-	27,796,471
Deferred Taxation		98,910,750	-	98,910,750	44,185,273	-	44,185,273
Total Non-Current Liabilities		173,821,422	-	173,821,422	524,810,711	-	524,810,711
Current Liabilities							
Trade and Other Payables	B	3,038,877,835	(1,592,906,907)	1,445,970,928	594,939,350	(257,570,775)	337,368,575
Amounts due to Related Parties		23,889,020	-	23,889,020	1,520,249	-	1,520,249
Other Financial Liabilities	B	-	1,592,906,907	1,592,906,907	-	257,570,775	257,570,776
Interest Bearing Borrowings		6,608,397	-	6,608,397	171,755,936	-	171,755,936
Income Tax Payables		189,315,327	-	189,315,327	107,318,533	-	107,318,533
Dividend Payable		1,695,806	-	1,695,806	-	-	-
Bank Overdraft		17,074,499	-	17,074,499	22,822,404	-	22,822,403
Total Current Liabilities		3,277,460,884	-	3,277,460,884	898,356,472	-	898,356,472
Total Liabilities		3,451,282,305	-	3,451,282,306	1,423,167,183	-	1,423,167,183
Total Equity and Liabilities		14,289,139,278	(5,181,750)	14,283,957,529	5,767,166,933	-	5,767,166,933

AS AT 31ST MARCH 2013

42. RECONCILIATION OF FINANCIAL STATEMENT (contd.)

42.3 Reconciliation of Statement of Financial Position - Company

	Notes	As at 31 March 2012			As at 01 April 2011		
		As per SLAS Rs.	Re-measurement Rs.	As per SLFRS/ LKAS Rs.	As per SLAS Rs.	Re-measurement Rs.	As per SLFRS/ LKAS Rs.
Assets							
Non-Current Assets							
Property, Plant and Equipment		2,634,564,270	-	2,634,564,270	1,224,126,696	-	1,224,126,696
Investment in Subsidiary	D	3,796,894,818	(6,748,313)	3,790,146,505	2,696,901,280	-	2,696,901,280
Other Non Current Financial Assets	A	-	415,908,349	415,908,349	-	-	-
Total Non-Current Assets		6,431,459,088	409,160,036	6,840,619,124	3,921,027,976	-	3,921,027,976
Current Assets							
Inventories		1,102,734,941	-	1,102,734,941	312,423,317	-	312,423,317
Trade and Other Receivables	A	3,464,802,479	(761,174,756)	2,703,627,723	997,986,742	(111,065,179)	886,921,563
Amount due from Related Parties		104,906,144	-	104,906,144	221,173,278	-	221,173,278
Other Current Financial Assets	A	-	345,266,407	345,266,407	-	111,065,179	111,065,179
Short Term Investments		49,215,032	-	49,215,032	3,120,076	-	3,120,076
Short Term Deposits		883,314,855	-	883,314,855	96,290,109	-	96,290,109
Cash and Cash Equivalents		1,092,737,038	-	1,092,737,038	199,106,020	-	199,106,020
Total Current Assets		6,697,710,489	(415,908,349)	6,281,802,140	1,830,099,542	-	1,830,099,542
Total Assets		13,129,169,577	(6,748,314)	13,122,421,264	5,751,127,518	-	5,751,127,518
Equity and Liabilities							
Stated Capital		9,000,000,000	-	9,000,000,000	3,000,000,000	-	3,000,000,000
Revaluation Reserve	C	-	-	-	228,063,987	(28,063,987)	200,000,000
Retained Earnings	C,D	1,531,499,169	(6,748,314)	1,524,750,855	1,139,426,974	28,063,987	1,167,490,961
Equity attributable to Owners of the Company		10,531,499,169	(6,748,314)	10,524,750,855	4,367,490,961	-	4,367,490,961
Non-controlling Interest		-	-	-	-	-	-
Total Equity		10,531,499,169	(6,748,314)	10,524,750,855	4,367,490,961	-	4,367,490,961
Non-Current Liabilities							
Interest Bearing Borrowings		5,978,150	-	5,978,150	452,828,967	-	452,828,967
Employee Benefits		39,089,433	-	39,089,433	23,123,143	-	23,123,143
Deferred Taxation		98,144,541	-	98,144,541	44,185,273	-	44,185,273
Total Non-Current Liabilities		143,212,124	-	143,212,124	520,137,383	-	520,137,383
Current Liabilities							
Trade and Other Payables	B	2,243,767,949	(1,592,906,907)	650,861,042	570,718,747	(257,570,776)	313,147,971
Amounts due to Related Parties		23,776,264	-	23,776,264	1,313,108	-	1,313,108
Other Financial Liabilities	B	-	1,592,906,907	1,592,906,907	-	257,570,776	257,570,776
Interest Bearing Borrowings		6,608,397	-	6,608,397	171,755,936	-	171,755,936
Income Tax Payables		163,231,175	-	163,231,176	102,371,611	-	102,371,611
Bank Overdraft		17,074,499	-	17,074,499	17,339,772	-	17,339,772
Total Current Liabilities		2,454,458,284	-	2,454,458,285	863,499,174	-	863,499,174
Total Liabilities		2,597,670,408	-	2,597,670,409	1,383,636,557	-	1,383,636,557
Total Equity and Liabilities		13,129,169,577	(6,748,314)	13,122,421,264	5,751,127,518	-	5,751,127,518

42. RECONCILIATION OF FINANCIAL STATEMENT (contd.)

42.4 Notes to the Reconciliation

A. Due to application of LKAS 32 and 39, Financial assets in Trade and Other Receivable have been reclassified to Other Current Financial Assets.

	Group		Company	
	2012	As at 01 April 2011	2012	As at 01 April 2011
	Rs.	Rs.	Rs.	Rs.
Statement of Comprehensive Income				
Financial Income	10,832,135	-	16,680,742	-
Financial Expenses	(10,832,135)	-	(16,680,742)	-
Adjustment Before Income Tax	-	-	-	-
Statement of Financial Position				
Trade and Other Receivables	(763,032,325)	(111,065,179)	(761,174,756)	(111,065,179)
Other Current Financial Assets	347,123,976	111,065,179	345,266,407	111,065,179
Other Non Current Financial Assets	415,908,349	-	415,908,349	-
Adjustment to Retained Earnings	-	-	-	-

B. Due to application of LKAS 32 and 39, Financial Liabilities in Trade and Other Payable have been reclassified to Other Current Financial Liabilities.

Statement of Comprehensive Income				
Financial Income	84,272,339	-	84,272,339	-
Financial Expenses	(84,272,339)	-	(84,272,339)	-
Adjustment Before Income Tax	-	-	-	-
Statement of Financial Position				
Trade and Other Payable	(1,592,906,907)	(257,570,776)	(1,592,906,907)	(257,570,776)
Other Current Financial Liabilities	1,592,906,907	257,570,776	1,592,906,907	257,570,776
Adjustment to Retained Earnings	-	-	-	-

C. Following the exemptions granted under SLFRS 01 - First Time Adoption of International Financial Reporting Standards the Group has changed its accounting policy on assets other than land and building and elected to apply optional exception to use the previous revaluation as deemed cost under SLFRSs.

Statement of Financial Position				
Revaluation Reserve	-	(28,063,987)	-	-
Retained Earnings	-	28,063,987	-	-
Adjustment to Retained Earnings	-	-	-	-

Notes to the Financial Statements

42. RECONCILIATION OF FINANCIAL STATEMENT (contd.)

42.4 Notes to the Reconciliation (contd.)

D. As per the SLFRS 03, Expenses related with acquisition of Sathosa Motors PLC has been expenses in the period which the costs incurred.

	Group 2012 Rs.	Company 2012 Rs.
Statement of Comprehensive Income		
Administrative Expenses	6,748,313	6,748,313
Adjustment Before Income Tax	6,748,313	6,748,313
Statement of Financial Position		
Investment in Subsidiary	-	(6,748,313)
Goodwill	(5,187,750)	-
Adjustment to Retained Earnings	(5,187,750)	(6,748,313)

E. Under LKAS/SLFRS the Group's accounting policy is to recognize all actuarial gains/(losses) in Other Comprehensive Income. Under previous GAAP the Group recognized actuarial gains/(losses) in the Comprehensive Income Statement. This re-classification had no impact on Comprehensive Income for the year ended 31st March 2012 or on equity as at that date.

Statement of Comprehensive Income		
Cost of Sales	4,639,680	4,766,137
Administrative Expenses	3,796,104	3,899,567
Other Comprehensive Income		
Actuarial Gain/ (Losses) on Defined Benefit Plans	(8,435,784)	(8,665,704)
Adjustment Before Income Tax	-	-

43. SEGMENT INFORMATION

	Access Engineering PLC				Access Realties (Private) Limited		Sathosa Motors PLC		Group Total	
	Construction		Production of construction related Material							
	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.	2013 Rs.	2012 Rs.
Segment Revenue	10,810,844,738	6,410,127,717	2,360,192,684	550,977,479	169,823,721	162,997,490	2,310,756,122	212,545,948	15,651,617,265	7,336,648,634
Inter Segment Revenue	-	-	(1,723,666,693)	-	(27,680,328)	(16,200,000)	-	-	(1,751,347,021)	(16,200,000)
Revenue	10,810,844,738	6,410,127,717	636,525,991	550,977,479	142,143,393	146,797,490	2,310,756,122	212,545,948	13,900,270,244	7,320,448,634
Segment Results	1,642,114,821	1,478,093,497	455,916,457	151,055,134	122,001,078	114,481,807	253,083,118	16,579,097	2,473,115,474	1,760,209,535
Gain from fair value adjustment of investment property	-	-	-	-	-	171,068,469	-	-	-	171,068,469
Inter Company Dividend	-	-	-	-	-	-	-	-	(31,296,956)	-
Consolidation Adjustment	-	-	-	-	-	-	-	-	(8,912,585)	-
Net Finance Income	202,871,907	96,081,024	-	-	2,977,977	501,632	33,259,945	5,587,208	239,109,829	102,169,864
Profit Before Tax	1,844,986,728	1,574,174,521	455,916,457	151,055,134	124,978,851	286,051,908	286,343,063	22,166,305	2,672,813,045	2,033,447,868
Income Tax Expense	(170,201,112)	(287,406,381)	-	-	(4,293,534)	(3,482,012)	(80,619,277)	(5,773,793)	(255,113,923)	(296,662,187)
Consolidation Adjustment		-	-	-	-	-	-	-	(3,477,440)	-
Profit for the Year	1,674,785,615	1,286,768,140	455,916,457	151,055,134	120,685,521	282,569,896	205,723,786	16,392,512	2,413,424,399	1,736,785,681
Other Information										
Segment Assets	14,651,400,566	12,448,908,197	777,242,906	673,513,067	3,125,162,076	3,035,814,614	1,443,378,997	1,416,447,665	19,997,184,545	17,574,683,543
Investment in Subsidiary	-	-	-	-	-	-	-	-	(3,893,133,400)	(3,790,146,505)
Consolidation Adjustment	-	-	-	-	-	-	-	-	(8,115,098)	-
Revaluation of Leasehold Right			-	-					114,332,390	114,332,390
Goodwill	-	-	-	-	-	-	-	-	432,588,101	432,588,101
Intersegment - Elimination	-	-	-	-	-	-	-	-	(891,429)	(47,500,000)
	14,651,400,566	12,448,908,197	777,242,906	673,513,067	3,125,162,076	3,035,814,614	1,443,378,976	1,416,447,665	16,641,965,087	14,283,957,529
Segment Liabilities	3,117,655,016	2,075,212,476	170,271,316	522,457,933	58,438,929	79,834,643	672,547,891	821,277,253	4,018,913,152	3,498,782,305
Intersegment - Elimination	-	-	-	-	-	-	-	-	(891,429)	(47,500,000)
	3,117,655,016	2,075,212,476	170,271,316	522,457,933	58,438,929	79,834,643	672,547,891	821,277,253	4,018,021,723	3,451,282,305
Capital Expenditure	1,114,879,991	1,130,146,087	82,835,103	515,295,759	7,217,785	28,931,531	35,550,250	4,235,429	1,240,483,129	1,678,608,806
Depreciation and Amortisation	365,000,079	209,298,182	67,827,754	18,056,495	648,739	194,220	7,903,997	541,357	441,380,569	228,090,254

Share information

a year of wealth creation

shared

"Our diverse strengths and their integration make Access Engineering a value creater for our shareholders"

Share Information

The Colombo Stock Exchange

The Colombo Stock Exchange witnessed an overall reduction in the activity volume across several counters in the year 2012 as opposed to 2011 amidst rising interest rates and regulatory changes. During the year under review the liquid Milanka Price Index (MPI) was discontinued with effect from 1st January 2013 following the successful launch of the S&P SL20 Index in June 2012 in conformance with the global best practices. The market saw a record net foreign inflow of over Rs.35 billion in 2012 and the implementation of a ten-point capital market development plan is underway. The capital market also saw several incentives given by the Budget 2013 to boost its activity volume.

During the period under review the All Share Price Index (ASPI) recorded a positive growth of 6.24% while the S&P SL20 has showed a positive growth of 15.76% since its launch in June 2012.

There was a marked reduction in the number and the value of new equity offerings during the period under review with the market witnessing only 2 initial public offerings raising little over Rs.450 Mn. Several equity introductions were also carried out during the period. Following the withdrawal of the withholding tax (WHT) on listed debentures as proposed by the 2013 budget, there was a revival in the debt market where the CSE saw a rise in the number of IPO's and introduction of debt offerings.

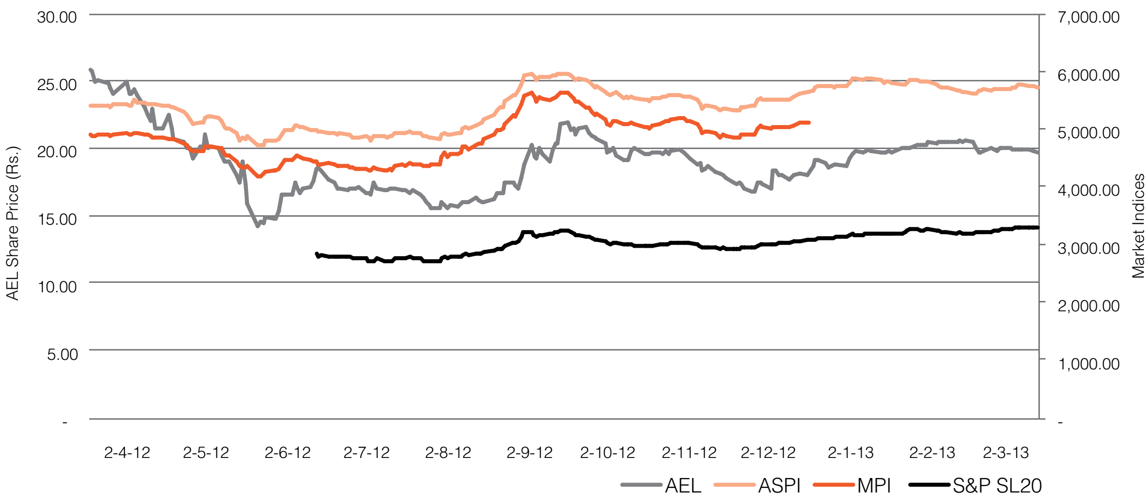
Access Engineering Share

- CSE Ticker symbol - AEL.N0000
- Bloomberg symbol - AEL: SL

The Access Engineering share had its first full year of trading in 2012/2013 following its debut on the Colombo Bourse in March 2012. The Company was initially listed on the Dirisavi Board of the CSE. The Company obtained a Main Board listing during the year.

The shares of the Company are classified under the 'Construction and Engineering' sector under the ticker symbol AEL. N0000. During the financial year the performance of AEL share together with the CSE market indices is as follows.

Information pertaining to the ordinary voting shares of the Company is as follows.



Movement of AEL Share Price & Market Indices

	2012/2013		2011/2012	
	RS.	DATE	RS.	DATE
Highest during the year	26.60	2-Apr-12	29.30	27-Mar-12
Lowest during the year	13.50	5-Jun-12	25.00	27-Mar-12
As at the end of the year	19.70	28-Mar-13	26.70	30-Mar-12
Number of Shares Traded		64,571,998		1,668,272
Value of Shares Traded (Rs.)		1,265,038,262.20		45,103,518.70
Number of Days Traded		239		4
Number of Trades		13,535		975

Market Capitalization

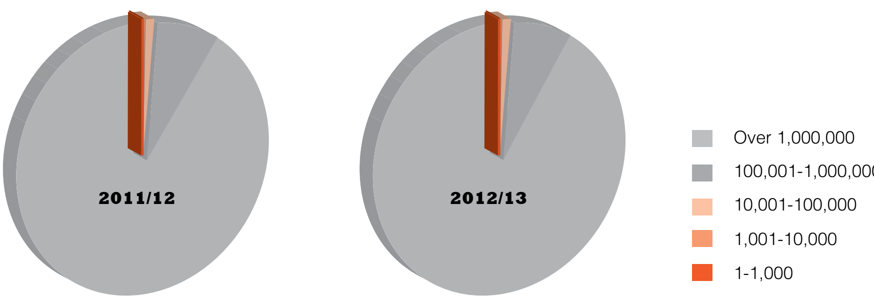
As at 31st March 2013 the market capitalization of AEL was Rs.19.7 billion making it the highest market capitalized company in the construction and engineering sector. This represented 0.89% of the total market capitalization of the CSE as at that date.

Distribution of AEL share

	2012/2013			2011/2012		
SHARE HOLDING RANGE	% HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES	% HOLDING	NUMBER OF HOLDERS	NUMBER OF SHARES
1-1,000	0.04	897	402,139	0.03	582	329,427
1,001-10,000	0.27	646	2,704,758	0.25	607	2,494,442
10,001-100,000	1.24	372	12,406,353	1.35	399	13,567,690
100,001-1,000,000	7.37	192	73,701,061	7.94	203	79,397,841
Over 1,000,000	91.08	46	910,785,689	90.43	47	904,210,600
	100.00	2,153	1,000,000,000	100.00	1,838	1,000,000,000

Retail participation in the AEL share has increased during the period under review as shown by the growth in the number of shares and number of shareholders who own less than 10,000 shares and the Company was admitted to the Main Board during the year.

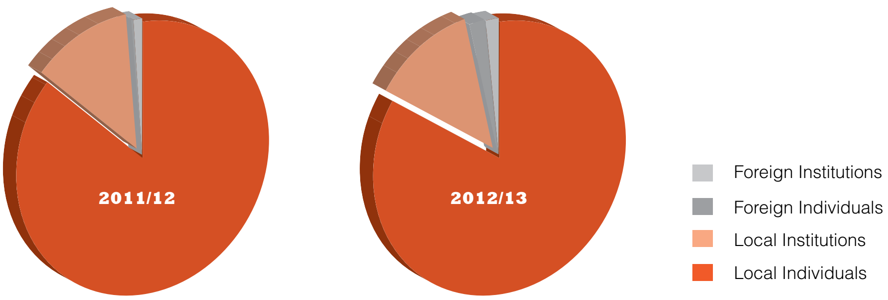
Category of AEL shareholders



Distribution of AEL Share

Share Information

CATEGORY	2012/2013 % HOLDING	2012/2013 NUMBER OF HOLDERS	2012/2013 NUMBER OF SHARES	2011/2012 % HOLDING	2011/2012 NUMBER OF HOLDERS	2011/2012 NUMBER OF SHARES
Local individuals	83.94	1,984	839,442,293	86.53	1,747	865,277,888
Local institutions	12.49	140	124,888,767	12.27	81	122,674,812
Foreign individuals	1.95	23	19,445,534	0.31	8	3,142,000
Foreign institutions	1.62	6	16,223,406	0.89	2	8,905,300
	100.00	2,153	1,000,000,000	100.00	1,838	1,000,000,000



Category of AEL Shareholders

Foreign interest in the AEL share shows a marked improvement in 2012/2013 as opposed to the previous year at the expense of less local participation. The number of foreign individual and institutional shareholders has almost tripled over the period.

Major shareholders

Major shareholders of AEL as at 31st March 2013 along with their percentage holding are as follows.

20 MAJOR SHAREHOLDERS AS AT 31ST MARCH 2013

NO.	NAME OF SHAREHOLDER	31ST MARCH 2013 NO. OF SHARES	31ST MARCH 2013 %	31ST MARCH 2012 NO. OF SHARES	31ST MARCH 2012 %
1	Mr. S J S Perera	250,000,000	25.00	250,000,000	25.00
2	Mr. R J S Gomez	120,000,000	12.00	120,000,000	12.00
3	Mr. J C Joshua	100,000,000	10.00	100,000,000	10.00
4	Mrs. R M N Joshua	70,000,000	7.00	70,000,000	7.00
5	Mr. S J S Perera	46,000,000	4.60	45,000,000	4.50
6	Mrs. D R S Malalasekera	45,000,000	4.50	45,000,000	4.50
7	John Keells Holdings PLC	40,000,000	4.00	40,000,000	4.00
8	Mr. S A A Gomez	25,000,000	2.50	25,000,000	2.50
9	Mr. R J Gomez	25,000,000	2.50	25,000,000	2.50
10	Mr. S D Munasinghe	24,000,000	2.40	24,000,000	2.40

20 MAJOR SHAREHOLDERS AS AT 31ST MARCH 2013

		31ST MARCH 2013		31ST MARCH 2012	
NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%	NO. OF SHARES	%
11	Mr. S H S Mendis	24,000,000	2.40	24,000,000	2.40
12	Mr. D A R Fernando	24,000,000	2.40	24,000,000	2.40
13	Mr. A I Lovell	16,000,000	1.60	16,000,000	1.60
14	Associated Electrical Corporation Ltd	13,385,000	1.34	13,000,000	1.30
15	Barclays Bank PLC Singapore Branch (Wealth Management)	8,000,000	0.80	8,000,000	0.80
16	Watapota Investments PLC	8,000,000	0.80	8,000,000	0.80
17	Mr. T A G Fernando	6,400,000	0.64	6,400,000	0.64
18	Deutsche Bank AG-London	6,250,000	0.63	-	0.00
19	MAS Capital (Private) Limited	6,000,000	0.60	6,000,000	0.60
20	Aviva NDB Insurance PLC A/C No 07	4,961,359	0.50	-	0.00
		861,996,359	86.20	849,400,000	84.94
	Others	138,003,641	13.80	150,600,000	15.06
	Total	1,000,000,000	100.00	1,000,000,000	100.00

Directors holding in AEL shares

As at 31st March 2013 the total number of shares held by the Board of Directors of the Company amounted to 564,400,000. This was 56.44% of the total number of shares in issue as at the date. The following table illustrates the number of shares held by Directors together with their percentage holding.

	31ST MARCH 2013		31ST MARCH 2012		31ST MARCH 2011	
NAME	NUMBER OF SHARES	% HOLDING	NUMBER OF SHARES	% HOLDING	NUMBER OF SHARES	% HOLDING
Mr. S J S Perera	250,000,000	25.00	250,000,000	25.00	269,999,988	45.00
Mr. R J S Gomez	120,000,000	12.00	120,000,000	12.00	149,999,994	25.00
Mr. J C Joshua	100,000,000	10.00	100,000,000	10.00	149,999,994	25.00
Mr. S H S Mendis	24,000,000	2.40	24,000,000	2.40	-	0.00
Mr. D A R Fernando	24,000,000	2.40	24,000,000	2.40	-	0.00
Mr. S D Munasinghe	24,000,000	2.40	24,000,000	2.40	-	0.00
Mr. A I Lovell	16,000,000	1.60	16,000,000	1.60	-	0.00
Mr. T A G Fernando	6,400,000	0.64	6,400,000	0.64	-	0.00
Mr. K A M K Ranasinghe	-	0.00	-	0.00	-	0.00
Mr. N D Gunaratne	-	0.00	-	0.00	-	0.00

Public Holding

As at 31st march 2013 the percentage of shares held by the public as per the Listing Rules of CSE is 36.52%.

Dividend

On 7th February 2013 the Company declared an interim dividend of Rs.0.25 per share for the financial year 2012/2013 amounting to Rs.250 Mn to all the holders of Ordinary voting shares of the Company as at end of trading of 18th February 2013. The said dividend was paid by 28th February 2013.

Pursuant to resolution adopted on 2nd August 2013, the Board of Directors of the Company also approved the payment of a final Dividend of twenty five cents (0.25 cents) per share for the year ended 31st March 2013 payable on 26th August 2013.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting of Access Engineering PLC will be held at the Auditorium of the Institute of Chartered Accountants of Sri Lanka, No.30A, Malalasekera Mawatha, Colombo 7 on 12th September 2013 at 3.00 p.m. and the business to be brought before the Meeting will be:

1. To receive and consider the Annual Report of the Board of Directors on the affairs of the Company and the Financial Statements for the year ended 31st March 2013 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

P W CORPORATE SECRETARIAL (PVT) LTD
Director/Secretaries

2nd August 2013
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

Notes

Corporate Information

Name of Company
Access Engineering PLC

Registered Office
Access Engineering PLC
Access Towers
278, Union Place, Colombo 02
Sri Lanka.
Tel : +94 11 2302302
Fax : +94 11 2302333
Web : www.accessengsl.com
E-mail : investor.relations@accessengsl.com

Legal Form
A public limited liability company incorporated in Sri Lanka on July 31, 2001 under the Companies Act No.17 of 1982 and Re-registered under the Companies Act No.07 of 2007 on February 06, 2008.

Ordinary Voting Shares are listed on the Main Board of the Colombo Stock Exchange.

Company Registration Number
PB 200 PQ

Board of Directors
S J S Perera
J C Joshua
D A R Fernando
S H S Mendis
T A G Fernando
S D Munasinghe
R J S Gomez
A I Lovell
Prof. K A M K Ranasinghe
N D Gunaratne

Audit Committee
N D Gunaratne – Chairman
A I Lovell
Prof. K A M K Ranasinghe
R J S Gomez

Remuneration Committee
R J S Gomez – Chairman
Prof. K A M K Ranasinghe
N D Gunaratne

Strategic Planning Committee
S J S Perera – Chairman
J C Joshua
D A R Fernando
A I Lovell
Prof. K A M K Ranasinghe

Bankers
Bank of Ceylon
Nations Trust Bank PLC
Sampath Bank PLC
Hatton National Bank PLC
Commercial Bank of Ceylon PLC
People's Bank
The Hongkong and Shanghai Banking Corporation Limited

Secretaries
P W Corporate Secretarial (Pvt) Ltd
3/17, Kynsey Road,
Colombo 08.
Tel : +94 11 4640360
Fax : +94 11 4740588

Auditors
Messrs KPMG
Chartered Accountants
32A, Sir Mohamed Macan Markar Mawatha,
Colombo 03.
Tel : +94 11 2426426
Fax : +94 11 2445872

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