



ACL CABLES PLC

Annual Report
2009 / 2010

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Our Corporate Philosophy

Our Vision

To be the preferred brand of electric cables in the region, whilst strengthening the dominant position in Sri Lanka.

Our Mission

- To expand our range of products and services in the fields of electrification.
- To be the most competitive in chosen global markets and to achieve continuous growth.
- To create an environment that will inculcate a feeling of ownership in our people and their families.
- To create a company that will be in the forefront of technology and win the admiration of our customers, suppliers, shareholders and the community.

Our Values

We strive to do our best for our stakeholders in the following ways;

Our Customers

- We reach out to our customers and give them a fair deal.
- We build enduring customer relationships without trying to maximize short term profits.
- We always make it easier for customers to do business with us.
- We communicate regularly with our customers.
- We never forget to say thank you.

Our People

- We respect each other as individuals and motivate our people to work as a team.
- We provide opportunities for personal and professional development.
- We recognize and reward individual initiative and performance of our people.
- We inculcate family culture and togetherness.

Our Suppliers

- We treat our suppliers as valuable business partners and maintain a mutually beneficial relationship.

Our Shareholders

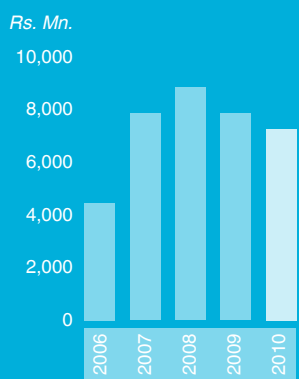
- We ensure superior returns to our shareholders through sustained growth of profitability.

Our Community

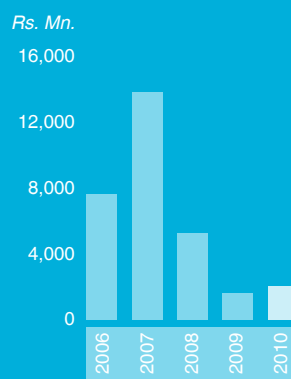
- We carry out our activities in an environment friendly manner, contributing towards a safer and healthier community.
- We maintain ethical standards.

Group Financial Highlights

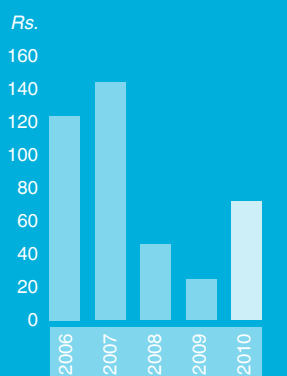
	2010	2009
	Rs. Mn	Rs. Mn
Operations		
Turnover	7,242.9	7,838.6
Gross Profit	1,144.7	1,147.3
Finance Cost	270.1	312.8
Profit Before Tax	196.3	161.4
Profit After Tax	55.1	158.1
Total Equity	4,176.2	3,792.8
Key Indicators		
Gross Profit Margin	15.8%	14.6%
Net Profit Before Tax Margin	2.7%	2.1%
Interest Cover (Times)	1.7	1.5
Return on Equity	1.3%	4.2%
Current Ratio (Times)	2.7	2.5



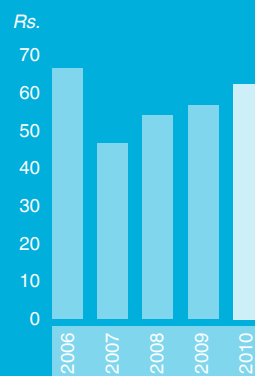
Revenue
for the year ended 31st March



Net Profit before Tax
for the year ended 31st March



Market Value per Share
as at 31st March



Net Assets per Share
for the year ended 31st March

Chairman's Statement of the Group

Dear Shareholders,

On behalf of the Board of Directors it is a great pleasure to present the Annual Report and the Audited Financial Statements of ACL Cables PLC – Group for the Year Ended 31st March 2010.

Over the past two years we have worked hard to maintain and strengthen the Group's position. Prudent Capital and Financial Management coupled with proactive Risk Management have kept the Group stable even in the midst of turbulent times. Most importantly we have preserved our core team throughout the troubled times, and have consequently retained all of our key capabilities undiminished.

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Financial Performance of the Group

With the spillover effects of the global economic downturn there was a decline in sales during first half of the year under review, however sales improved in the later part of the year which is encouraging for business in the ensuing year. Despite another challenging year, The ACL Group achieved a turnover of Rs 7.2 Bn compared to 7.8 Bn last year, showing a decrease of 7.4% and the Export Segment was the most affected.

The Gross Profit of the Group for the year under review has slightly decreased to Rs 1,144 Mn compared to Rs 1,147 Mn. However, the Gross Profit margin has improved to 15.9% against 14.6% last year, negating the fluctuations of raw material prices and the incremental effects of the hedging costs.

The finance cost of the Group has reduced to Rs 270 Mn in the year under review, compared to Rs 312 Mn last year, as a result of the reduced borrowing costs and improved management of cash flows.

“Over the past two years we have worked hard to maintain and strengthen the Group's position. Prudent Capital and Financial Management coupled with proactive Risk Management have kept the Group stable even in the midst of turbulent times. Most importantly we have preserved our core team throughout the trouble times, and have consequently retained all of our key capabilities undiminished.”

The Profit Before Tax of the Group has increased to Rs 196 Mn in 2009/10 compared to Rs 161 Mn in 2008/09. Both Kelani Cable PLC and ACL Plastics PLC have increased their bottom lines, offsetting the increased loss of ACL Cables PLC. The tax provision during the year appears high, because of the losses in some companies, which has resulted the Group Profit After Tax being reduced to Rs 55 Mn compared to Rs 158 Mn last year.

Outlook of the Group

The Group continued to maintain the dominant position in the Cable Industry in spite of the slightly reduced turnover. The Board worked closely with the Management Teams to manage risks and ensure that the Group remains flexible and robust to overcome the multiple challenges in the business environment. Leveraging the Group's resources, synergies and brand equity, the group will actively pursue opportunities to drive sustained, broad-based growth and enhance shareholder value across its businesses. Stringent order selection, close payment monitoring and debt controlling, corporate social responsibility initiatives are all part of our robust capital, human resources and risk management systems.

The world economy appears to be gradually emerging from recession, and eradication of the conflict has ushered in opportunities for rapid economic development. The ACL Group is uniquely poised for the emerging post-terrorism environment in Sri Lanka, particularly in having more than enough manufacturing capability. The opening up of North and East part of the country has opened up endless opportunities in areas of Infrastructure Development and Electrification, which will significantly increase the Group's own business growth opportunities.

With the previous successes in backward integration, the Group has commenced investing in a Copper Rod Manufacturing Plant to be more competitive and improve value addition. ACL Copper (Pvt) Ltd, a fully owned subsidiary has been incorporated to encompass this venture as a separate business unit and the operations are planned to commence in the ensuing year.

Acknowledgements

I am grateful for the unstinting dedication of the respective Management Teams and all the Employees for the constructive roles adopted by them. The continued success of the Group is rooted in its workforce and their ability to embrace changes, innovate and their willingness to make sacrifices for the long term benefit of the Group. I wish to express my sincere appreciation to our valued Customers, Distributors, Dealers, Bankers and Suppliers for their contributions and support.

I warmly appreciate the efforts made by Suren Madanayake and Hemantha Perera, Managing Directors of the main companies of the ACL Group and my fellow Directors of all the boards for their contributions.

In conclusion, I take this opportunity to thank our Shareholders for the continued confidence in ACL.



U G Madanayake
Chairman

9th July 2010

Managing Director's Statement on the Company

It is my privilege to present to you, the statement of operations of ACL Cables PLC for the year ended 31st March 2010.

The spillover of the global financial crisis of 2008, has impacted the Company's performance during the financial year under review as well. This resulted in a drop in the company's export sales during the year under review compared to the previous year. In addition the final impact of hedging contracts entered in year 2008 have been fully expensed during the year under review.

A hard and costly lesson was learnt, of the uncertainties of the Global Commodity Market, which was countered and put to rest through meticulous Financial Management. Countless opportunities are opening out, in the areas of Infrastructure Development & Electrification, for which the Company is geared and planning to explore as far as possible.

Financial Performance

The Company's Turnover during the financial year under review has dropped by 21% to Rs. 3.5 Bn compared to Rs 4.4 Bn in the previous year. This was mainly due to the drastic reduction in Export Turnover and lower selling prices of the main conductors during the first half of the financial year. This was partly compensated through the increased sales to Ceylon Electricity Board, with the development projects in the North and East of the country, following the end of the conflict.

As a result of the lower Turnover the company's Gross Profit reduced to Rs 323 Mn compared to Rs 503 Mn the previous year. The Gross Profit margin has also reduced to 9.3% compared to 11.4% in the previous year, mainly affected by the final and conclusive hedging cost of Rs 318 Mn expensed during the year, as against a hedging cost of Rs 228 Mn expensed last year. During

“A hard and costly lesson was learnt, of the uncertainties of the Global Commodity Market, which was countered and put to rest through meticulous Financial Management. Countless opportunities are opening out, in the areas of Infrastructure Development & Electrification, for which the Company is geared and planning to explore as far as possible.”

the first half of the year under review, low raw material cost influenced lower selling prices of our main products and the cost of raw material increased during second half of the year, causing lower margins.

Other operating income during the year under review increased to Rs. 40Mn from Rs 19Mn last year, mainly due to increased dividend income received.

During the year under review, the Distribution Expenses are lower due to lower sales volume. The Administration expenses, which includes expenses relating to the implementation of the Manufacturing Module of the ERP system, which should increase the overall productivity of the Company. During the year, the provision for doubtful debts was also increased, keeping in line with the Company's provisioning policy. The company's Other Operating Expenses during the year have reduced, mainly due to the lower exchange loss compared to the previous year.

The finance cost of the company's has reduced to Rs. 204Mn during the year, compared to Rs 216Mn, mainly as a result of the lower borrowing rates, assisted by the reduction of short term borrowings. By tightening the credit control, the Trade Receivables have reduced by the end of the Financial Year under review. However an inventory buildup was necessary in order to gear up for the large orders at hand.

During the year under review, the Company has recorded a Loss of Rs. 146Mn before tax compared to a loss of Rs. 38Mn in the previous year. The increased Loss is mainly due to the reduced Gross Profit resulting from the lower Turnover & the increased Hedging Cost. The Net Loss after Tax in 2009/10 is Rs 109Mn compared to a Net Profit of Rs. 5Mn in 2008/09. However in 2008/09 the tax provision includes a deferred tax reversal of Rs. 43Mn compared to Rs 36Mn in 2009/10.

Initiatives

Though the sales volumes reduced during the year under review, the Company continued to maintain a dominant position in the cable industry. We focused on maintaining and increasing the ACL Brand presence throughout the cable industry and the country. To enhance the export market potential, exports were done to many countries including, Australia, Mauritius and India during the year. Marketing visits were also done to new export markets paving the way for innovative product development for specific markets.

The previous year's focus on reducing cost, particularly energy, and work in progress continued into the year under review. Apart from that, reducing slow moving inventory levels have also been initiated, which will be expedited with the new Copper Rod Plant.

The attention to our Employees, our primary asset was re-in forced during the year under review. A Human Resources consultant was hired and deployed initially in the factory, to strengthen and support the various

welfare activities for our Employees. We continued our corporate social responsibility including training of electricians and participating in several social activities.

With the low market interest rates during later part of the year and capitalizing on the negligible long term gearing position of the Company, we re-arranged the capital structure by obtaining a term loan and reducing some short term borrowings, which should result in lowering of the finance cost further.

Regardless of the lower turnover and impact of the hedging cost, the Company invested Rs 45 Mn in Plant & Equipment going ahead with the expansion plans.

Future Outlook

The Company is in a strong position, with more than enough capacity to capitalize on the opportunities opening out, through the infrastructure development and electrification projects of our nation. We plan to further expand our presence in the North and the East of the country and optimize on the opportunities created through the development plans in these areas.

We will continue to maintain our dominant position in the cable industry and aggressively look for opportunities in the export market. We are planning to add few more countries to our export portfolio during the coming year, including Uganda, Kenya, and New Zealand.

The Company has reserved to purchase the last piece of land adjoining the factory in Piliyandala, which will assist future expansions of the factory. The Company is also constructing a Corporate Office in the land owned within the group in Rodney Street, Boralla. In the latter part of the ensuing year, the Head Office, the Re-Distribution Division and the Stores will be in this location, which will bring about various cost savings and operational synergies in the coming years.

Acknowledgements

I wish to express my grateful thanks to the Management Team and all Employees of ACL Cables PLC for their whole hearted support and contributions in the various initiatives. I also thank our Customers, Dealers, Distributors and other Business Associates for their continuing support. I take this opportunity to thank the Chairman and the Board of Directors, for the continuous advice and guidance given to me.



Suren Madanayake
Managing Director

9th July 2010

Board of Directors

Mr. U.G. Madanayake
Mr. Suren Madanayake
Mrs. N.C. Madanayake
Dr. S.K. Madanayake
Mr. Hemantha Perera
Mr. Ajit Jayaratne
Mr. Daya Wahalantiri
Mr. Rajiv Casie Chitty

Mr. U.G. Madanayake

Chairman

Mr. U.G. Madanayake had his early education at Ananda College, Colombo. He graduated from the University of Cambridge - England in 1958, and had his M.A. (Cantab) conferred on him in 1962. He is a Barrister-at-law (Lincoln's Inn) and an Attorney-at-law of the Supreme Court of Sri Lanka. He started his working life managing family-owned plantations until most of the lands were taken over by the State under the Land Reform Law of 1972. He still continues to have an active interest in agriculture.

He joined the Board of Associated Motorways Ltd, and subsequently became the Deputy Chairman of the Company. He became a Director of ACL Cables PLC (then Associated Cables Ltd.) in January 1963, its Managing Director in July 1978 and Chairman cum Managing Director in May 1990. He relinquished his duties as Managing Director in September 2005 after appointing Mr. Suren Madanayake as Managing Director. With the acquisition of Kelani Cables PLC. by the ACL Group in October 1999, he was appointed Chairman of Kelani Cables PLC.

Mr. Madanayake is the Chairman of Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd, ACL Plastics PLC., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd. and ACL-Kelani Magnet Wire (Pvt.) Ltd. He is a Director of Ceylon Bulbs & Electricals Limited. He has over 40 years experience in the cable industry.

Mr. Suren Madanayake

Managing Director

Mr. Suren Madanayake had his education at Royal College, Colombo and qualified as a Mechanical Engineer from the University of Texas at Austin, USA.

He was appointed to the Board of ACL Cables PLC., in June 1991 and appointed as Managing Director in September 2005. When Kelani Cables PLC was acquired in October 1999, he was appointed as Managing Director of KCL and Lanka Olex Cables (Private) Ltd. which is the holding Company of KCL. In 2003 he was appointed as Deputy Chairman of KCL.

He also serves as the Managing Director of Ceylon Bulbs and Electricals Ltd., ACL Plastics PLC and Director of ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Fab Foods (Pvt.) Ltd. and Ceylon Tapioca Limited.

He also serves as Chairman CCC Foundation of Sri Lanka, which is an approved charity.

Mrs. N.C. Madanayake

Director

Mrs. N.C. Madanayake was appointed to the Board of ACL Cables PLC in July 1980.

She is also a Director of Kelani Cables PLC, ACL Plastics PLC, Ceylon Bulbs and Electricals Ltd. and Ceylon Tapioca Limited.

Mrs. Madanayake is a pioneering Director of Fab Foods (Pvt.) Ltd. and now serves as Managing Director of the Company.

Dr. S.K. Madanayake*Director*

Dr. S.K. Madanayake had his early education at Trinity College, Kandy and Royal College, Colombo. He qualified himself as a Doctor of Medicine at Liverpool University in the U.K., after which he practiced as a physician in Sri Lanka and in England.

He was appointed to the Board of Directors of ACL Cables PLC (then Associated Cables Ltd.) in May 1980, Lanka Olex Cables (Pvt.) Ltd. in October 1999 and was a Director of ACL Plastics PLC., from its inception in 1991.

Dr. Madanayake retired from practicing medicine and lives in Sri Lanka permanently.

Mr. Hemantha Perera*Director*

Mr. Hemantha Perera had his education at Royal College, Colombo and began his career in 1984 working for John Keells Holdings Limited, as a Trainee Executive in the Tea Department. He later moved to Keells Aquariums, where he went on to become Director, Sales and Marketing.

Mr. Perera was appointed to the Board of Directors of ACL Cables PLC. and ACL-Kelani Magnet Wire (Private) Limited in 2001 and was appointed as Managing Director of Kelani Cables PLC. in 2003.

Mr. Perera holds a Masters Degree in Business Administration and is a member of the Sri Lanka Institute of Directors.

Mr. Ajit Jayaratne*Director*

Mr. Ajit M. de S. Jayaratne had his education at Royal College, Colombo.

He holds a B.Sc. (Economics) Degree from Southampton University and is a fellow of the Institute of Chartered Accountants, England & Wales and also a fellow of the Institute of Chartered Accountants, Sri Lanka.

Mr. Jayaratne was the Chairman of Forbes & Walker Limited, Colombo Stock Exchange, Ceylon Chamber of Commerce and The Finance Commission.

Mr. Jayaratne also served as the High Commissioner of Sri Lanka in Singapore sometime ago, He is now a Director of Delmege Forsyth & Co. Ltd., Singer Sri Lanka Ltd, Colombo Fort Land & Building Co. Ltd., Colonial Motors Ltd., Overseas Realty (Ceylon) Ltd. and C.W. Mackie & Co. Ltd. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Daya Wahalantiri*Director*

Mr. Daya Wahalantiri had his early education at Holy Cross College, Kalutara and Royal College, Colombo. In 1990, he obtained his Masters in Business Administration from the University of Sri Jayawardenapura.

He is a Graduate in Chemistry (Special) from the University of Ceylon, Peradeniya. Having gained sufficient exposure in marketing of industrial products to institutional customers, he joined ACL Cables PLC as its first Marketing Manager in 1982. He was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Rajiv Casie Chitty*Director*

Mr. Rajiv Casie Chitty had his education at Royal College, Colombo.

He became a fellow of the Association of Chartered Certified Accountants (ACCA), UK and Associate Member of the Chartered Institute of Management Accountants (CIMA), UK and a Chartered Financial Analyst, USA.

He obtained his Masters in Economics from the University of Colombo and won the Janashakthi Gold at the 2006 CIMA Pinnacle Awards.

Mr. Casie Chitty was appointed a Director of ACL Cables PLC. in November 2005.

He is currently the Executive Director of Ceylon Ceramics Limited, Managing Director / CEO of Ceytea Plantations Management Limited & Horana Plantations Limited and also the Managing Director of Uni Dil Packaging Limited.

Group Structure

Group Structure	ACL Cables PLC	ACL PLASTICS PLC	Ceylon Bulbs & Electricals Ltd
Registration Number	PQ 102	PQ 87	PB 1283
Date of Incorporation	10.03.1962	17.07.1991	16.10.1957
Corporate Status	Public Limited Company	Public Limited Company	Limited Company
ACL Effective Shareholding in the Company	Parent Company	65.20%	94.87%
Directors	U.G.Madanayake -Chairman Suren Madanayake. - Managing Director Mrs.N.C.Madanayake. - Director Dr.S.K.Madanayake. - Director Hemantha Perera. - Director Ajit Jayaratne. - Director Daya Wahalantantiri. - Director Rajiv Casie Chitty - Director	U.G.Madanayake -Chairman Suren Madanayake. - Managing Director Mrs.N.C.Madanayake. - Director Dr.S.K.Madanayake. - Director	U.G.Madanayake - Director Suren Madanayake. - Director Mrs.N.C.Madanayake. - Director S.E.C.Gardiner - Director
Principal Activity	Manufacturers and Selling of Power Cables & Conductors,Armoured Cables,Aerial Bundled Cables. Control Cables,Telephone Cables & Auto Cables.	Manufacturing Cable grade PVC Compound.	Trading
Total Number of Employees as at 31st March 2010	581	42	None

	Lanks Olex Cables (Pvt) Ltd	Kelani Cables PLC	ACL Kelani Magnet Wire (Pvt) Ltd	ACL Polymers (Pvt) Ltd	ACL Metal & Alloy (Pvt) Ltd
	N (PVS) 10596	PQ 117	PV 11996	PV 3371	PV 3811
	22.02.1993	18.12.1972	29.06.2000	06.09.2005	05.09.2005
	Private Limited Company	Public Limited Company	Private Limited Company	Private Limited Company	Private Limited Company
	100%	79.30%	93.79%	65.20%	100%
	U.G.Madanayake -Chairman Suren Madanayake. - Managing Director Mrs.N.C.Madanayake. - Director Dr.S.K.Madanayake. - Director	U.G.Madanayake -Chairman Suren Madanayake. -Deputy Chairman. Hemantha Perera - Managing Director Mrs.N.C.Madanayake. - Director Dr.C.T.S.B.Perera. - Director Dr.L.J.R.Cabral. - Director	U.G.Madanayake -Chairman Suren Madanayake. - Managing Director Hemantha Perera - Director Mrs.Maya Weerapura - Director	U.G.Madanayake - Director Suren Madanayake. - Director	U.G.Madanayake - Director Suren Madanayake. - Director
	Investing Company.	Manufacturing and selling of Power Cables, Telecommunication Cables & Enamelled Winding Wires.	Manufacturing and export of Enamelled Winding Wires	Manufacturing of PVC Compound.	Manufacturing and Selling Aluminium rods, Alloys of Aluminium & Other Metals.
	None	364	61	14	13

Risk Management

ACL Cables Plc has given due consideration to its risk management process in order to progress towards achievement of its goals and objectives. Risk management under the two forms of risks, namely

Financial and Business are regularly reviewed to ensure the related risks are minimised where the complete elimination is not possible.

Risk Exposure	Company Objectives	Company Initiatives
Financial Risk Management 1. Liquidity & Cash Management	<ul style="list-style-type: none"> To maintain liquidity position 	<ul style="list-style-type: none"> This is achieved by regular follow up of trade debts, planning production and utilization of short term borrowing facilities Company has sufficient assets to offer as collateral for future funding requirements. Ability to source funding requirements through several financial institutions.
2. Interest Rate Risk	<ul style="list-style-type: none"> To minimize adverse effects of interest rate volatility 	<ul style="list-style-type: none"> Negotiate and take supplier credit to mitigate the high cost and to avoid adverse fluctuations in local interest rates.
3. Currency Risk	<ul style="list-style-type: none"> To minimise exposure to fluctuations in foreign currency rates of foreign currency receipts and payments. 	<ul style="list-style-type: none"> Use export proceeds to settle import payments wherever possible.
Business Risk Management 1. Credit Risk	<ul style="list-style-type: none"> To minimise risk associated with debtor defaults 	<ul style="list-style-type: none"> Export sales are done on letters of credits as much as possible. Obtain bank guarantees as collateral from local distributors. Demarcate the areas of operations in local market and monitor the exposure levels of distributors regularly Appoint new distributors to reduce the exposure Follow an assessment procedure to ensure credit worthiness of customers. Company maintains a policy to adequately provide for doubtful debts.
2. Asset Risk	<ul style="list-style-type: none"> To minimise losses that can cause from machine breakdown and damages from fire or theft. 	<ul style="list-style-type: none"> Obtain comprehensive insurance covers for plant and machinery. Carry out planned preventive maintenance programs.
3. Internal Controls	<ul style="list-style-type: none"> To maintain sound system of internal controls to safeguard company assets. 	<ul style="list-style-type: none"> Carryout continuous internal audits by an independent firm.
4. Human Resources	<ul style="list-style-type: none"> To reduce labour turnover To ensure smooth flow of operations without interruptions. To ensure adaptability through training and adopting best practices 	<ul style="list-style-type: none"> Maintain an employee evaluation scheme to reward them. Maintain healthy and cordial relationship with employees at all levels through joint consultative committees. Provide various employee benefits through the Welfare Committee. Provide specific and general training wherever necessary.

Risk Exposure	Company Objectives	Company Initiatives
5. Technological and Quality related risk	<ul style="list-style-type: none"> To keep pace with current technological developments and quality standards to avoid obsolescence. To minimise production of stocks that do not meet the standards. 	<ul style="list-style-type: none"> Develop a long term plan to replace existing machines with technologically advanced machines. Obtain certifications from relevant authorities and ensure products comply with most of the local and international standards. The equipment required to test the quality of products are in place.
6. Inventory Management Risk	<ul style="list-style-type: none"> To reduce stock out situations. To reduce the accumulation of slow moving stocks. To minimise the loss on obsolete stocks. To minimise risk of sub standard material being received. To minimise inventory days. 	<ul style="list-style-type: none"> Plan monthly production based on budgets and sales forecasts at production planning meetings held monthly. Carry out sales promotions to reduce slow moving stocks. Adopt various quality standards at different stages to verify the quality and ensure this until the product is delivered. Stocks that are not up to standards are separated and disposed as scrap. Continuous stock verification systems to identify non moving stocks. Regularly monitor inventory days.
7. Risk of Competition	<ul style="list-style-type: none"> To avoid losses of market share from imported low quality products. 	<ul style="list-style-type: none"> Ensure prevailing quality standards are met. Strengthen 'ACL' brand through various advertising and promotional campaigns. Maintain product availability in various parts of the country.
8. Investment in Capital	<ul style="list-style-type: none"> To reduce the risk of loss in present and future investments. 	<ul style="list-style-type: none"> Investments in assets are properly planned and made on timely basis. Reduce the idle assets as far as possible.
9. Information Systems	<ul style="list-style-type: none"> To minimise possible risks associated with data security, hardware, software and communication systems. 	<ul style="list-style-type: none"> Data back ups are taken regularly and stored in outside locations. Mirroring of hard disks with critical data. Vendor agreements for support services and maintenance. Regular upgrading of virus scanners, firewalls and software.
10. Environmental Issues	<ul style="list-style-type: none"> To minimise adverse impact of operations to the environment 	<ul style="list-style-type: none"> Comply with the standards set by the relevant authorities and ensure the compliance.
11. Legal and Regulatory Issues	<ul style="list-style-type: none"> To minimise possible losses arising from non compliance with statutory and regulatory requirements. To minimise or take counter measures to reduce the impact arising from changes to regulatory issues. 	<ul style="list-style-type: none"> Comply with the requirements of statutory and regulatory bodies. Obtain advice from the Employees Federation when necessary.

Corporate Governance

Corporate Governance is an internal system encompassing policies, process and people, which serves the needs of shareholders and other stake holders by directing and controlling management activities with good business acumen, objectivity, accountability and integrity. Sound corporate governance is reliant on external market place commitment and legislation plus a healthy board culture which safeguards policies and procedures. Further an important element of corporate governance is to ensure the accountability of certain individuals in an organization through mechanisms that try to reduce or eliminate the cost of principal-agent problem.

The Corporate Governance Report, together with the Audit Committee Report & the Directors’ Remuneration Report, provide a description of the manner and extent to which ACL Cables PLC complies to the code of Best Practice in Corporate Governance Issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

The Board of Directors

The Board is collectively responsible for the success of the Company. Its role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company’s strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance. It also sets the Company’s values and standards and ensures that its obligations to its shareholders and others are understood and met. Specific responsibilities reserved to the Board include:

- Reviewing of Corporate objectives, budgets and forecasts.
- Reviewing of operational and functional performance.
- Approving capital investments.
- Ensuring the implementation of an effective internal control system.
- Ensuring Compliance with Highest Ethical and Legal Standards.
- Approval of the Annual and Interim Financial Statements prior to publication.
- Recommending Dividends for Approval by the Shareholders.

The Board comprises of eight Directors out of whom five Directors are Non Executive Directors. The names and profiles of the Directors are given on pages 06 and 07 of this report. The Board recognizes the need for a clear division of responsibilities in running the Board and Executive responsibilities of running the Company business. Accordingly the position of the Chairman and Managing Director are separated.

The Board Balance

The composition of the Executive and Non Executive Directors satisfies the requirements laid down in the listing rules of the Colombo Stock Exchange. The Board consists of five Non Executive Directors and Two of them are Independent Non Executive Directors. The Board has determined that the two independent non executive directors satisfy the criteria for “Independence” set out in the Listing Rules.

Directors’ attendance record

The attendance of Directors at relevant meetings of the Board and of the Audit & Remuneration Committees held during 2009/2010 was as follows.

Name of Director	Board (11 Meetings)	Audit Committee (4 meetings)	Remuneration Committee (1 meetings)
Executive Directors			
Mr. U.G Madanayake – Chairman	11		
Mr. Suren Madanayake – Managing Director	11		
Mr. Daya Wahalatatiri – Director Export	11		
Non Executive Directors			
Mrs. N.C Madanayake	07		
Dr. S.K Madanayake	-		
Mr. Hemantha Perera	09		
Independent Non Executive Directors			
Mr. Ajit Jayaratne	10	04	01
Mr. Rajiv Casie Chitty	08	04	01

Every Director should dedicate adequate time and effort to matters of the Board and the Company. Adequate time is devoted at every meeting to ensure that Board's responsibilities are discharged satisfactorily. In addition, the Executive Directors of the Board have regular meetings with the Management when required.

Training for the Directors

Every Director should receive appropriate training on the first occasion that he or she is appointed to the Board of a listed Company and subsequently as necessary. The policy on Directors training is, to provide adequate opportunities for continuous development subject to requirements and relevance for each Director.

Re- Election of Directors

All directors should be required to submit themselves for Re-election at regular intervals and at least every three years. According to Articles of Association Director Mr. Daya Wahalantantiri and Mr. Rajiv Casie Chitty retires by rotation and is required to stand for re-election by shareholders at the Annual General Meeting.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safe guard shareholders investment and the company's assets. The Board's policy is to have systems in place which optimize the Group's ability to manage risk in an effective and appropriate manner. The Board has delegated to the Audit Committee the responsibility for identifying, evaluating and monitoring the risks facing the Group and for deciding how these are to be managed. In addition to a quarterly internal audit carried out by external professional body, members of Audit Committee are expected to report to the Board as necessary the occurrence of any material control issues, serious accidents or events that have had a major commercial impact, or any significant new risks which have been identified.

A summary of those risks which could have a material impact on the performance of the Group is given within the Risk Management section in the Annual Report. The objective of the Group's risk management process is to ensure the sustainable development of ACL through the conduct of its business in a way which:

- Satisfies its customers,
- Develops environmentally friendly products,
- Provides a safe and healthy work place,
- Protects against losses from unforeseen causes,
- Minimizes the cost and consumption of increasingly scarce resources,
- Prevents pollution and waste,
- Maintains proper relationship with suppliers and contractors and

- Maintains a positive relationship with the communities in which we do business.

The Group's systems and procedures are designed to identify, manage and, where practicable reduce and mitigate the effects of the risk of failure to achieve business objectives. They are not designed to eliminate such risk, recognizing that any system can only provide reasonable and not absolute assurance against material misstatement or loss.

Accountability & Audit

The Board should present a balanced and unbiased assessment of the company's position and prospects. The Quarterly and Annual Financial statements, are prepared and presented in conformity with Sri Lanka Accounting Standards, comply with the requirements of Companies Act No. 07 of 2007.

The Report of the Directors is provided on pages 24 and 26 of this report. The Statements of Directors Responsibility for financial reporting and report of the Auditors are stated on page 29 respectively. Going Concern Declaration by Board of Directors in this regard is presented in the report of Directors on pages 22 and 23 of this Annual Report.

Availability of a Nomination Committee

A Nomination Committee should be established to make recommendations to the Board on all new Board appointments. In the absence of a Nomination Committee, the Board as a whole should annually assess Board composition to ascertain whether the combined knowledge and experience of the Board matches the strategic demands facing the Company.

The Company has not formed a specified Nomination Committee. However performance of the Board and its composition are being evaluated annually.

Remuneration Committee

The Remuneration Committee should consist exclusive of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee should be listed each year in the Board's remuneration report to the shareholders. The Remuneration Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of Committee
- Mr. Rajiv Casie Chitty

Further details of the Remuneration Committee are given on this report on page 26.

Corporate Governance contd.

Audit Committee

The Audit Committee shall comprise of a minimum of two independent Non-Executive Directors or of non executive Directors a majority of whom shall be independent, which ever is higher. One Non-Executive Director shall be appointed as Chairman of the committee by the Board of Directors.

The Audit Committee comprises of the following two Independent Non-Executive Directors.

- Mr. Ajit Jayaratne – Chairman of Committee
- Mr. Rajiv Casie Chitty

Further details of the Audit Committee are given on this report on page 27.

The table below indicates the manner and extent to which ACL Cables PLC complies with to the Code of Best Practice in Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka and the Listing Rules of the Colombo Stock Exchange.

Corporate Governance Principle	Level of Compliance
Board of Directors	The Board comprises of Nine Directors whom six Directors are Non Executive Directors. The names and profiles of the Directors are given on pages 8 to 9 of this report.
Board Balance	The composition of the Executive and Non Executive Directors satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Board has determined that two Non Executive Directors satisfy the criteria for "independence" set out in the Listing Rules.
Board Meetings	The Board meets on a monthly basis. Additional meetings are held if required. The Board has meet 11 times during the financial year under review. Matters considered at Board meetings include, Reviewing of Corporate Strategy, Budget and Forecasts Reviewing of operational and functional performance. Approving capital investments. Ensuring the implementation of an effective internal control system. Ensuring compliance with the highest ethical and legal standards. Approval of the annual and interim Financial Statement prior to publication. Approval of the sub-division of shares Recommending the final dividend for approval by the shareholders.
Access to Independent Professional Advice	The Directors seek independent professional advice, when ever required, at the Company's expense in discharging their duties.
Company Secretary	A firm of Group Management & Secretarial Services (Pvt) Ltd functions as the Secretary of the Board.
Dedication of Adequate Time & Effort	Adequate time is devoted at every meeting to ensure that Board's responsibilities are discharged satisfactorily. In addition the Executive Directors of the Board have regular meetings with management when required.
Training for the Directors	The Board policy on Directors training is to provide adequate opportunities for continuous development subject to requirement and relevance for each Director.
Availability of a Nomination Committee	The Company has not formed a specified Nomination Committee.

Corporate Governance Principle	Level of Compliance
Re-election of Directors	According to the Articles of Association Director Mr. Rajiv Casie Chitty and Mr. Daya Wahalantantiri retires by rotation and is required to stand for re-election by shareholders at the AGM.
Remuneration Committee	<p>The Remuneration Committee comprises of the following three Non-Executive Directors:</p> <p>Mr. Ajit M. De S. Jayaratne – Chairman of the Committee Mr. Rajive Casie Chitty</p> <p>If required, the Chairman, Managing Director and Group Financial Controller attend meetings on invitation. The Committee formulates and reviews remuneration packages of Executive Directors. No Directors is involved in determining his or her own remuneration. The total remuneration of the Directors is disclosed in note 5 to the Financial Statement.</p>
Relationship with Shareholders	<p>The company shareholders exercise their rights at the Annual General Meeting.</p> <p>Resolution brought before the shareholders at the annual general meeting are voted on by the Shareholders. The Company should send a copy of AGM report to every shareholder with adequate notice before the date fixed for AGM.</p> <p>The Board of Directors and Auditors of the Company are present at the AGM to answer any questions. Shareholders who are not in a position to attend the AGM in person are entitled to have their voting rights exercised by a proxy of their own choice.</p> <p>During the financial year under review there were no major transactions which materially altered the company's net asset base or the consolidated group net asset base.</p>
Accountability and Audit	<p>In the preparation of Quarterly and Annual Financial Statements, which are prepared and presented in conformity with Sri Lanka Accounting Standards and Compliant with the requirements of Companies Act No. 07 of 2007.</p> <p>Report of the Directors is provided on pages 24 to 25 in the Annual Report. The Statement of Directors' Responsibility for financial reporting and Report of the Auditors are given on page 29 respectively.</p>

Corporate Governance contd.

Corporate Governance Principle	Level of Compliance
Internal Control	The board acknowledges its overall responsibility for maintaining a sound system of internal controls to safe guard shareholders investment and the Company's assets.
Audit Committee	<p>The Audit Committee comprises of the following three Non-Executive Directors:</p> <p>Mr. Ajit M. De S. Jayaratne – Chairman of the Committee Mr. Rajive Casie Chitty</p> <p>The Audit Committee is entrusted with the task of monitoring the internal controls, systems and processes of ACL Cables PLC. It serves as an effective forum for the Board of Directors in discharging their responsibilities and ensuring the quality of financial reporting and related communications to stakeholders.</p> <p>The audit committee has a responsibility for evaluating the performance of the external auditors and monitor and review the effectiveness of the Company's internal audit function.</p> <p>During the year under view, 4 Audit Committee meetings were held and reports of internal and external audits were discussed. The observations of committee meetings were made available to the Board of Directors for their information.</p>
Statutory Obligations	The Directors, to the best of their knowledge and belief are satisfied that all financial obligations due to the Government, the employees and other creditors have been either duly paid or adequately provided in the Financial Statements.
Corporate Social Responsibility	Report of Corporate Social Responsibility is provided on pages 19 to 20 in the Annual Report.

Corporate Social Responsibility contd.



Interdepartmental Cricket Tournament



Interdepartmental Cricket Tournament



Employee Poson Bathe Gee



Distribution of Books for the New Term of Schools in Year 2010.



Demonstration by GMO for the Visitors



CNCI Crystal Award being received by the Managing Director

Through these factory visits general community get an opportunity to experience the technology and work practices of a world class manufacturing plant.

Sustainability through social responsibility is not new to ACL. We have proven this in the history by winning number of prestigious International and Sri Lankan awards such as Asia Pacific Quality Award, National

Quality Award and CNCI Gold award in the past. Last year ACL achieved CNCI Crystal Award for industrial excellence. All these achievements are results of its industrial excellence and extended corporate responsibilities.

Awards



Crystal Award 2009
Awarded for the Winner of the Gold Awards over three Consecutive Years by the Ceylon National Chamber of Industries.



Asia Pacific Quality Award 2008
Won the highest award, beating participants from 46 countries and ACL recognized as a world class company.



“Achievers Gold Award for Performance Excellence” 2008, in the extra large category for the second consecutive year, organized by the Ceylon National Chamber of Industries, Sri Lanka.



Merit Award - Taiki Akimoto 5S Award 2007 All Island

Financial Information

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Report of the Directors

Directors have pleasure in presenting their 48th Annual Report together with the Audited Balance Sheet, Income Statement and Consolidated Financial Statements of the Group for the year ended 31st March 2010.

REVIEW OF THE YEAR

The Chairman's Statement and Managing Director's Review set out the state of affairs and performance of the Company during the year.

PRINCIPAL ACTIVITIES OF THE GROUP

Description of the nature of the operations and principal activities of the Company and its subsidiaries are given pages 10 to 11.

INDEPENDENT AUDITORS' REPORT

The Independent Auditors' Report on the Financial Statements is given on page 29 in this Report.

FINANCIAL STATEMENTS

The Financial Statements prepared in compliance with the requirements of Section 151 of the Companies Act No. 7 of 2007 are given on pages 30 to 55 in this Annual Report.

ACCOUNTING POLICIES

The Accounting Policies adopted in preparation of the Financial Statements are given on pages 34 to 37. There were no changes in the Accounting Policies adopted by the Company during the year.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Statement of the Directors' Responsibilities for Financial Statements is given on page 26

GOING CONCERN

The Board is satisfied that the Company will continue its operations in the foreseeable future. For this reason, the Company continues to adopt the going concern basis in preparing the Financial Statements.

STATED CAPITAL

The Stated Capital of the Company on 31st March 2010 was Rs.299,488,400/= and was unchanged during the year.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No circumstance have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in Note 35 to the Financial Statements.

STATUTORY PAYMENTS

All known statutory payments have been made or provided by the Company.

DIRECTORS

Directors of the Company are listed on pages 08 to 09 and their respective shareholdings are given below.

	No of Shares		% Holding	
	As at 31.03.2010	As at 31.03.2009	As at 31.03.2010	As at 31.03.2009
U.G. Madanayake - Chairman	22,642,116	22,642,116	37.80	37.80
Suren Madanayake - Managing Director	13,302,396	13,302,396	22.21	22.21
Dr. S.K. Madanayake	165,072	165,072	0.28	0.28
Mrs. N.C. Madanayake	1,032,100	1,032,100	1.72	1.72
Hemantha Perera	-	-	-	-
Daya Wahalantiri	-	-	-	-
A.M. De S. Jayaratne	-	-	-	-
P.S.R. Casie Chitty	-	-	-	-

INTEREST REGISTER

The Interest Register is maintained by the Company, as per the Companies Act No. 7 of 2007. All Directors have made declarations in accordance with the aforesaid Act. The Interest Register is available for inspection as required by the Companies Act.

DIRECTORS INTEREST IN CONTRACTS

Directors interests in contracts of the Company are disclosed in Note 32 to the Financial Statements and no Director of the Company is directly or indirectly interested in any other contract with the Company. The Directors retiring by rotation in terms of Article 85 will be Mr. Daya Wahalantantiri & Mr. Rajiv Casie Chitty who are eligible and are being recommended for re-election.

DIRECTORS' REMUNERATION

Remuneration received by the Directors is set out in Note 35 to the Financial Statements.

DIRECTORS MEETINGS

The details of Directors' meetings are set out on pages 14 to 18 under the Corporate Governance of the Annual Report.

DIVIDENDS

No dividend has been declared for the 2009/2010.

DONATIONS

Donation amounting to Rs. 994,710 (Group Amount) were made during the year under review.

APPOINTMENT OF AUDITORS

The Financial Statements for the year have been audited by Messers Pricewaterhousecoopers (Chartered Accountants). A resolution proposing their re-appointment as auditors of the Company will be tabled at the Annual General Meeting. The fees paid to the auditors are given on page 38 No fees were paid to the auditors during the year except for the performance of statutory audit.

By Order of the Board

(Sgd.)

Corporate Affairs (Private) Limited

Secretaries

9th July 2010

Directors' Responsibility for Financial Reporting

The Board accepts responsibility for the preparation and fair presentation of Financial Statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal controls 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 circumstance.

In discharging this responsibility, the Directors have instituted a system of internal financial controls and a system for monitoring its effectiveness. The system of controls provides reasonable and not absolute assurance of safeguarding the Company's assets, maintenance of proper accounting records and the reliability of financial information.

The Financial Statements reflect a true and fair view of the state of affairs of the Company and the Group as at 31st March 2010 and provide the information required by the Companies Act No. 7 of 2007. The Financial Statements have been prepared on the going concern basis as the Board is satisfied that the Company will continue its operations in the foreseeable future.

Approval of Financial Statements

The directors' report and the financial statements of the Company and of the Group were approved by the Board of Directors on 9th July 2010.

By Order of the Board

(Sgd.)

Corporate Affaires (Private) Limited

Secretaries

9th July 2010

Audit Committee Report

The Audit Committee consists of following two Independent Non – Executive Directors, biographical details of whom are set out within the profiles of the Directors.

- Mr. Ajit Jayaratne – Chairman of the Committee
- Mr. Rajiv Casie Chitty

Above members have significant recent and relevant financial experience as required by the Code of Best Practice in Corporate Governance, issued by the Institute of Chartered Accountants of Sri Lanka and as per the Listing Rules of the Colombo Stock Exchange.

Role

The primary role of the Audit Committee, which reports its findings to the Board of Directors, is to ensure the integrity of the financial reporting and audit processes and the maintenance of a sound internal control and risk management system. The Committee is responsible for monitoring and reviewing:

- the integrity of the Group's financial statements and the significant reporting judgements contained in them;
- the activities and effectiveness of the internal audit function
- the effectiveness of the Group's internal control and risk management systems
- the appropriateness of the Group's relationship with the external auditors, including auditor independence, fees and provision of non-audit services; and
- the effectiveness of the external audit process, making recommendations to the Board of Directors on the appointment of the external auditors.

In the performance of its duties, the Committee has independent access to the the services of Internal Audit and to the External Auditors, and may obtain outside professional advice as necessary. Comprehensive briefing papers and circulated to Committee members in advance of each meeting and made available to other Directors.

Meetings & attendance

The Committee met on four occasions in 2009/2010 timed to coincide with the financial and reporting cycles of the Company. Members' attendance at these meetings is set out in the Corporate Governance Report. The Chairman, Managing Director & Group Financial Controller are invited to attend meetings when required.

Financial Reporting

The Audit Committee considered a wide range of financial reporting and related matters in respect of 2009/2010 published Financial Statements. Quarterly, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure the adequacy, clarity and completeness of the Interim Financial Statements.

External Auditors

The Audit Committee is responsible for the development, implementation and monitoring of the Company's policies on external audit. The policies, designed to maintain the objectivity and independence of the external auditors, regulate the appointment of former employees of the external audit firm to positions in the Group and set out the approach to be taken when using the external auditors for non audit work.

As a general principle the external auditors are excluded from consultancy work and cannot be engaged by ACL for other non audit work unless there are compelling reason to do so. Any proposal to use the external auditors for non audit work must be submitted to the Managing Director, via the Group Financial Controller, for approval prior to appointment.

The Audit Committee having evaluated the performance of the external auditors and decided to recommend to the Board of ACL Cables PLC, the re-appointment of Messrs Pricewaterhouse Coopers., as auditors of the Company, subject to the approval of the shareholders at the Annual General Meeting. . Details of the fees payable to external auditors for 2009/2010 can be found in Note 05 to the financial statements.

Internal Control System

In 2009/2010 the Committee reviewed the results of the audits undertaken by Internal Auditors, Messrs Ernest & Young Advisory Services (Pvt) Ltd and considered the adequacy of management's response to the matters raised, including the implementation of any recommendations made. It also reviewed and approved the 2010/2011 Internal Audit Programme.

On behalf of the Committee

(Sgd.)

Ajit Jayaratne

Chairman of the Audit Committee

9th July 2010

Remuneration Committee Report

The Remuneration Committee comprises of the two Non-Executive Directors, namely

- Mr. Ajit Jayaratne – Chairman of the Committee
- Mr. Rajiv Casie Chitty

The members of the Committee and the chairman of the Committee shall be appointed from time to time by a resolution of the Board, from amongst the non executive directors. The Remuneration Committee formally met once in the last financial year.

Role

The Remuneration Committee formulates the Group's policy for the remuneration of the executive Directors of ACL Cables PLC. It reviews the policy annually and recommends any changes to the Board for formal approval. The Group policy on remuneration packages is to attract and retain the best professional and managerial talent to the Group and also to motivate and encourage them to perform at the highest possible level. The Group has a structured and professional methodology in evaluating the performance of employees.

The Remuneration Committee determined the Company's Remuneration Policy of Executive Directors, having regard to performance standard and existing industry practice. No executive director is involved in deciding his own remuneration package.

Activities

The Committee considered a range of issues including,

- A review of the Directors' remuneration and severance policies
- Determining the fees of directors and
- A formal evaluation of its own performance.

Members' attendance at meetings of the Remuneration Committee in 2009/2010 is set out in the table in the Corporate Governance Report.

Executive Directors

ACL's remuneration policy for executive Directors is designed to attract, retain and motivate them to ensure that the Group is managed successfully to the benefit of shareholders.

In setting remuneration levels the Committee takes into consideration the remuneration practices found in other leading companies and also ensures that the remuneration arrangements for executive Directors are compatible with those for executives throughout the Group.

In conclusion, my sincere thanks to Mr. Rajiv Casie Chitty, member of the committee, for his valuable contribution to the work of the Committee.

On behalf of the Committee

(Sgd.)

Ajit Jayaratne

Chairman of the Remuneration Committee

9th July 2010

Independent Auditor's Report



PricewaterhouseCoopers
P.O. Box 918
100, Braybrooke Place
COLOMBO 2
SRI LANKA
Telephone: 94-11-4719838 (Hunting)
Facsimile: 94-11-2303197

To the Members of ACL Cables PLC Report on the financial statements

1 We have audited the accompanying financial statements of ACL Cables PLC, the consolidated financial statements of ACL Cables PLC and its subsidiaries which comprise the balance sheet as at 31 March 2010, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 55.

Management's Responsibility for the Financial Statements

2 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

3 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 principles 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

- 4 In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2010 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2010 and of its loss and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.
- 5 In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at 31 March 2010 and of the consolidated profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards, of the Group dealt with thereby, so far as concerns the shareholders of the Company.

Report on Other Legal and Regulatory Requirements

- 6 These financial statements also comply with the requirements of Section 151 (2) and 153 (2) to 153 (7) of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS

Colombo
09th July 2010

Income Statement

(all amounts in Sri Lanka Rupees)

Year Ended 31 March	Notes	Group		Company	
		2010	2009	2010	2009
Revenue	3	7,242,947,358	7,838,590,857	3,495,236,520	4,424,585,647
Cost of sales		(6,098,280,574)	(6,691,269,190)	(3,172,153,423)	(3,921,345,410)
Gross profit		1,144,666,784	1,147,321,667	323,083,098	503,240,237
Other income	4	13,096,703	24,771,811	40,666,873	19,818,880
Distribution cost		(425,496,678)	(388,942,047)	(183,931,252)	(205,780,399)
Administration cost		(265,836,132)	(308,899,336)	(122,570,818)	(139,266,666)
Operating profit	5	466,430,677	474,252,095	57,247,901	178,012,052
Finance cost	7	(270,145,662)	(312,843,836)	(204,101,165)	(216,062,578)
Profit/ (loss) before tax		196,285,015	161,408,259	(146,853,263)	(38,050,526)
Income tax	8	(141,203,109)	(3,348,531)	36,980,638	43,351,132
Profit/ (loss) after tax		55,081,906	158,059,728	(109,872,625)	5,300,606
Share of profit attributable to minority		(59,870,523)	(27,051,577)	-	-
Net profit/(loss) attributable to shareholders of the Company		(4,788,618)	131,008,151	(109,872,625)	5,300,606
Earnings/(Loss) per share (Rs)	9	(0.08)	2.19	(1.83)	0.09
Dividend per share (Rs)	10	-	0.50	-	0.50

The notes on pages 34 to 55 form an integral part of these financial statements

Consolidated Balance Sheet

(all amounts in Sri Lanka Rupees)

As at 31 March	Notes	Group		Company	
		2010	2009	2010	2009
ASSETS					
Non current assets					
Property, plant and equipment	11	1,854,664,461	1,519,824,236	795,182,703	816,877,170
Work in progress	12	102,233,873	107,214,830	41,081,510	24,834,814
Investment property	13	120,000,000	120,000,000	-	-
Intangible assets	14	5,993,702	5,993,702	-	-
Leasehold properties	15	1,820,647	1,842,582	-	-
Investment in subsidiaries	16	-	-	538,247,906	522,842,021
Investment in other companies	17	23,398,647	23,184,897	8,010,873	7,936,713
		2,108,111,330	1,778,060,247	1,382,522,992	1,372,490,718
Current assets					
Inventories	18	2,781,361,513	2,081,219,133	1,504,369,218	1,233,261,125
Receivables and prepayments	19	2,261,421,544	2,406,914,886	1,306,009,247	1,590,527,482
Leasehold properties	15	21,935	21,935	-	-
Cash and cash equivalents	20	884,882,123	608,688,399	559,183,594	409,257,645
		5,927,687,115	5,096,844,353	3,369,562,060	3,233,046,252
Total assets		8,035,798,445	6,874,904,600	4,752,085,051	4,605,536,970
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	30	299,488,400	299,488,400	299,488,400	299,488,400
Capital reserve	31	799,786,664	441,223,100	330,855,735	330,855,734
General reserve	32	1,123,825,080	1,123,825,080	680,265,800	680,265,800
Retained earnings		1,497,428,600	1,501,308,728	887,304,997	997,177,623
Total equity attributable to equity holders of the Company		3,720,528,744	3,365,845,308	2,197,914,932	2,307,787,557
Minority interest		455,626,521	426,976,320	-	-
Total equity		4,176,155,265	3,792,821,628	2,197,914,932	2,307,787,557
Non current liabilities					
Provision for payment in lieu of employee share issue scheme	25	2,920,369	3,098,880	-	-
Defined benefit obligations	26	124,859,610	100,902,792	86,970,681	69,009,608
Deferred tax liability	27	45,173,907	75,592,289	3,110,592	40,091,230
Borrowings	22	400,000,000	21,271,477	400,000,000	10,791,667
Finance lease obligations	23	980,695	1,451,430	980,695	1,451,430
		573,934,581	202,316,868	491,061,968	121,343,935
Current liabilities					
Trade and other payables	21	525,001,723	677,902,230	459,860,446	424,446,707
Income tax payable	24	240,785,758	177,568,734	51,829,742	117,158,474
Finance lease obligations	23	489,095	311,690	489,095	311,690
Dividend payable		4,698,206	-	-	-
Borrowings	22	2,514,733,816	2,023,983,450	1,550,928,868	1,634,488,607
		3,285,708,598	2,879,766,104	2,063,108,151	2,176,405,478
Total liabilities		3,859,643,180	3,082,082,972	2,554,170,119	2,297,749,413
Total equity and liabilities		8,035,798,445	6,874,904,600	4,752,085,051	4,605,536,970

The notes on pages 34 to 55 form an integral part of these financial statements

It is certified that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 07 of 2007.



Roschen Perera
Group Financial Controller

The Board of Directors is responsible for the preparation and presentation of these financial statements. These financial statements were authorised for issue by the Board of Directors on 9th July 2010.



U.G. Madanayake
Chairman



Suren Madanayake
Managing Director

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees)

Group	Stated Capital	Capital Reserve	General Reserve	Retained Earnings	Minority Interest	Total
Balance at 1 April 2008	299,488,400	404,711,840	1,124,510,232	1,400,247,417	386,796,643	3,615,754,532
Revaluation surplus	-	45,087,818	-	-	24,065,277	69,153,095
Deferred tax on revaluation surplus	-	(8,576,558)	-	-	(4,577,672)	(13,154,230)
Net profit	-	-	-	131,008,151	27,051,577	158,059,728
Dividend paid	-	-	-	(29,946,840)	(6,180,657)	(36,127,497)
Government grant	-	-	-	-	-	-
written back (Note 32)	-	-	(685,152)	-	(178,848)	(864,000)
Balance at 31 March 2009	299,488,400	441,223,100	1,123,825,080	1,501,308,728	426,976,320	3,792,821,628
Balance at 1 April 2009	299,488,400	441,223,100	1,123,825,080	1,501,308,728	426,976,320	3,792,821,628
Net profit/(loss)	-	-	-	(4,788,618)	59,870,523	55,081,906
Right Issues acquired by minority interest	-	-	-	-	354,700	354,700
Revaluation surplus (Note 31)	-	367,340,918	-	-	-	367,340,918
Deferred tax on revaluation (Note 27)	-	(8,191,605)	-	-	-	(8,191,605)
Transfer from revaluation reserve (Note 31)	-	(908,490)	-	908,490	-	-
Deferred tax on transfer (Note 31)	-	322,741	-	-	-	322,741
Acquisition of shares by parent	-	-	-	-	(21,670,983)	(21,670,983)
Dividend paid	-	-	-	-	(9,904,040)	(9,904,040)
Balance at 31 March 2010	299,488,400	799,786,664	1,123,825,080	1,497,428,600	455,626,521	4,176,155,265

The notes on pages 34 to 55 form an integral part of these financial statements

Company	Stated Capital	Capital Reserves	General Reserve	Retained Earnings	Total
Balance at 1 April 2008	299,488,400	330,855,735	680,265,800	1,021,823,857	2,332,433,792
Net profit	-	-	-	5,300,606	5,300,606
Dividend paid	-	-	-	(29,946,840)	(29,946,840)
Balance at 31 March 2009	299,488,400	330,855,735	680,265,800	997,177,623	2,307,787,558
Balance at 1 April 2009	299,488,400	330,855,735	680,265,800	997,177,623	2,307,787,558
Net loss	-	-	-	(109,872,625)	(109,872,625)
Balance at 31 March 2010	299,488,400	330,855,735	680,265,800	887,304,997	2,197,914,932

The notes on pages 34 to 55 form an integral part of these financial statements

Consolidated Cash Flow Statement

(all amounts in Sri Lanka Rupees)

Year Ended 31 March	Notes.	Group		Company	
		2010	2009	2010	2009
Operating activities					
Cash (used in) / generated from					
Operations	33	(94,722,781)	795,299,417	138,588,095	126,445,302
Interest paid	7	(281,051,647)	(327,774,357)	(207,827,579)	(222,805,814)
Gratuity paid	26	(5,221,054)	(6,251,671)	(3,514,540)	(2,196,069)
Payment in lieu of employee share issue scheme	25	(178,511)	(393,283)	-	-
Income tax paid less refund received	24	(111,436,077)	(109,945,106)	(65,328,732)	(60,945,446)
WHT on dividend paid by subsidiary	8	(4,835,536)	(2,516,584)	-	-
Net cash (used in) / generated from operating activities		(501,781,141)	348,418,416	(138,082,756)	(159,502,027)
Investing activities					
Interest received	7	11,244,423	15,272,759	3,726,414	6,743,236
Purchase and construction of property, plant and equipment		(83,628,687)	(247,283,167)	(45,516,614)	(140,121,509)
Dividend received	4	1,971,295	1,241,758	39,923,684	19,593,563
Investment in other Companies		(15,619,635)	-	(74,160)	-
Investments in subsidiary Companies		-	-	(15,405,885)	-
Proceed on disposal of investments		-	1,718,685	-	-
Proceed on disposal of property, plant and equipment		35,714	1,531,870	-	-
Net cash used in investing activities		(85,996,890)	(227,518,095)	(17,346,561)	(113,784,710)
Financing activities					
Lease installment paid		(293,330)	(579,118)	(293,330)	(579,118)
Proceeds from share issue of subsidiary		354,700	-	-	-
Short term borrowings net of payments		437,049,658	(258,473,914)	(105,303,213)	234,522,911
Long term borrowings net of payments		378,728,523	(80,463,841)	389,208,335	(59,125,000)
Dividend paid		-	(28,786,610)	-	(28,786,610)
Dividend paid by subsidiary to minorities		(9,904,040)	(5,898,186)	-	-
Net cash generated from/ (used in) financing activities		805,935,511	(374,201,669)	283,611,792	146,032,183
Increase/ (decrease) in cash and cash equivalents		222,493,016	(253,301,348)	128,182,475	(127,254,554)
Movement in cash and cash equivalents					
At the beginning of the year		(122,635,358)	130,665,990	42,000,036	169,254,590
Increase/ (decrease)		222,493,016	(253,301,348)	128,182,475	(127,254,554)
At the end of the year	20	99,857,658	(122,635,358)	170,182,511	42,000,036

The notes on pages 34 to 55 form an integral part of these financial statements

Notes to the Consolidated Financial Statements

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

1 General Information

ACL Cables PLC was incorporated on 1 March 1962 under the Companies Ordinance No. 51 of 1938 as Associated Cables Ltd and on 8 January 1991 the name was changed to ACL Cables PLC. At present, ACL Cables PLC is a Public Limited Liability Company listed on the Colombo Stock Exchange and domiciled in Sri Lanka. The registered office and the principal place of business of the Company is located at No. 21, Norris Canal Road, Colombo 10.

The principal activities of ACL Cables PLC were manufacturing cables and conductors.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

The consolidated financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The consolidated financial statements are prepared under the historical cost convention except that investment property is carried at fair value.

2.2 Consolidation

Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal. All inter company transactions, balances and unrealised surplus and deficits on transactions between Group companies have been eliminated in the preparation of financial statements.

2.3 Foreign Currency Transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at exchange rates prevailing at balance sheet date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward contracts are used.

2.4 Taxation

2.4.1 Provision for income tax is based on the elements of income and expenditure as reported in the financial statements and is computed in accordance with the provisions of the relevant tax statutes.

2.4.2 Deferred income tax is provided in full, using the liability method, for all the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, provisions for retirement benefit obligations and tax losses carried forward.

Tax rates enacted by the balance sheet date are used to determine deferred income tax.

2.4.2 Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.5 Valuation of Assets and their Bases of Measurement

2.5.1. Property, plant and equipment is stated at cost or fair value less accumulated depreciation and any impairment in value.

All items of property, plant and equipment are initially recorded at cost. Where items of property, plant and equipment are subsequently revalued, the entire class of such assets are revalued at fair value.

When an asset is revalued, any increase in the carrying amount is credited directly to a revaluation reserve, except that it is credited to the income statement to the extent that it reverses a previous deficit recognised as an expense. Any revaluation deficit that offsets previous surplus in the same asset is directly offset against the surplus in the revaluation reserve and any excess recognised as an expense. Upon disposal, any revaluation reserve relating to the asset sold is transferred to retained earnings. The difference between depreciation based on the assets original cost and the depreciation based on the revalued amount is transferred from revaluation reserve to retained earnings.

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

The estimated useful life of the assets are as follows;

Asset	Years
Factory buildings	25 - 40
Plant, machinery and accessories	8 - 10
Factory equipment	8 - 10
Electrical fittings	8 - 10
Furniture, fixtures and fittings	4 - 10
Office equipment	4 - 10
Motor vehicles	4 - 5
Tools and implements	4 - 10

The Group's policy up to 31.03.2006 was not to provide depreciation on Property, Plant and Equipment purchased during the year while full year's depreciation was charged in the year of disposal.

Commencing from 1st April 2006, depreciation is provided on all Property, Plant & Equipment from the month the assets are available for use up to the month of disposal.

The useful life and residual value of assets are reviewed and adjusted if required, at the end of each financial year.

2.5.2 Leases where the Company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges are included in other long term payables. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts is depreciated over the useful life of the asset.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

2.5.3 Properties held to earn rental income or properties held for capital appreciation or both and is not occupied substantially for the supply of goods or services or in administration, and is not intended for sale in the ordinary course of business have been classified as investment property. Investment properties are initially recognised at cost. Subsequent to initial recognition the investment properties are stated at fair value, which reflects market conditions as at balance sheet date.

Gains or losses arising from changes in fair value are included in the income statement in the year in which they arise.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on retirement or disposal are recognised in the income statement in the year of retirement or disposal.

Where the Company occupies a significant portion of the investment property such investment properties are treated as property, plant and equipment in the financial statements and accounted for as per SLAS - 18 (Revised 2005), Property, Plant and Equipment.

2.5.4 Goodwill represents the excess or the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill acquired in a business combination is tested annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired and carried at cost less accumulated impairment losses.

Negative goodwill arising on an acquisition represents the excess of the fair value of the net assets acquired over the cost of acquisition. Negative goodwill is recognised immediately in the income statement.

2.5.5 All quoted and unquoted securities, which are held as Non-Current Investments, are valued at cost less impairment losses. The cost of investment is the cost of acquisition inclusive of brokerage and costs of transaction. The carrying amounts of long term investments are reduced to recognise a decline which is considered other than temporary, in the value of investments, determined on an individual investment basis.

In the Company's Financial Statements, Investments in Subsidiaries have been accounted for at cost, net of any impairment losses which are charged to the Income Statement. Income from these investments is recognised only to the extent of dividends received.

2.5.6 The Group assesses at each reporting date whether there is an indication that an Asset may be impaired. If any such indication exists, or when annual impairment testing for an Asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

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 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. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates

used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. Previously recognised impairment losses, are reversed only if there has been an increase in the recoverable amount of the asset. Such increase is recognised to the extent of the carrying amount had no impairment losses been recognised previously.

For goodwill, recoverable amount is estimated at each Balance Sheet date or as and when an indication of impairment is identified.

Impairment losses are recognised in respect of subsidiaries acquired, are allocated first to reduce the carrying amount of any goodwill allocated to the entity and then to reduce the carrying amount of the other assets in the entity on a pro rata basis.

Impairment losses are recognised in the income statement.

2.5.7 Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of the inventory comprises purchase price, taxes (other than those subsequently recoverable by the Company from the tax authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods. It excludes the borrowing costs. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase. Net realisable value is the estimate of the selling price in the ordinary course of business, less

the costs of completion and selling expenses.

2.5.8 Trade and other receivables are stated at the amounts estimated to realise, net of provision for bad and doubtful debts.

Amounts due from related Companies are stated at cost.

2.5.9 "Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows."

2.6 Liabilities and Provisions

Liabilities are recognised in the Balance Sheet when there is a present obligation arising from past event, the settlement of which is expected to result in an outflow of resources embodying economic benefits. Obligations payable at the demand of the creditor or within one year of the Balance Sheet date are treated as current liabilities in the Balance Sheet. Liabilities payable after one year from the Balance Sheet date are treated as non-current liabilities in the Balance Sheet.

2.6.1 Defined Benefit Plan – Gratuity

Provision has been made in the Financial Statements for retiring gratuities. This has been based on an actuarial valuation carried out on a Projected Unit Credit (PUC) method as recommended by Sri Lanka Accounting Standard No. 16 "Employee Benefits". The actuarial valuation was carried out by a professionally qualified firm of actuaries as at March 31, 2009. The Group expects to carry out actuarial valuation once a year.

The actuarial valuation involves making assumptions about discount rate, salary increment rate and balance service period of employees. Due to the long – term nature of the plan such estimates are subject to significant uncertainty.

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

Based on the revised Sri Lanka Accounting Standard 16 (SLAS16) which became effective from the financial year commencing after July 01, 2007, the Group has adopted the actuarial valuation method from April 01, 2008.

The liability is not externally funded.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

2.6.2 Defined Contribution Plans

All employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective Statutes and regulations. The Company & Group contributes 12% of gross emoluments of employees to an approved Employees' Provident Fund and 3% of gross emoluments of employees to the Employees' Trust Fund which are externally funded.

2.6.3 Provisions, Contingent Assets and Contingent Liabilities

Provisions are made for all obligations existing as at the Balance Sheet date when it is probable that such an obligation will result in an out flow of resources and reliable estimate can be made of the quantum of the out flow.

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

All contingent assets are disclosed where inflow of economic benefits is probable.

2.7 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue and 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 value added taxes. The following specific criteria are used for recognition of revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer with the Group retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

Interest Income is recognised on accrual basis.

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

Net gains and losses of a revenue nature arising from the disposal of Property, Plant and Equipment and other non current assets, including investments, are accounted for in the Income Statement, after deducting from the proceeds on disposal, the carrying amount of such assets and the related selling expenses. Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a

group of similar transactions which are not material are aggregated, reported and presented on a net basis.

Other income is recognised on an accrual basis.

2.8 Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case it is capitalised as part of the cost of the asset.

2.9 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.10 Segment Reporting

A segment is a distinguishable component of Group that is engaged either in providing products or services (business / industry segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The segment information has been prepared in accordance with the accounting policies adopted for preparing and presenting the Financial Statements.

2.11 Earnings Per Share

The Group presents basic Earnings per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
3 Revenue				
Gross revenue	7,245,829,606	7,846,541,089	3,497,576,080	4,431,404,627
Turnover tax	(1,618,235)	(1,850,475)	(1,075,547)	(1,363,028)
Nation Building Tax	(1,264,012)	(6,099,757)	(1,264,012)	(5,455,952)
Net revenue	7,242,947,358	7,838,590,857	3,495,236,520	4,424,585,647
3.1 Geographical segment turnover				
Local	6,312,037,722	5,630,880,159	3,106,677,560	3,310,283,600
Export	933,791,884	2,215,660,930	390,898,520	1,121,121,027
	7,245,829,606	7,846,541,089	3,497,576,080	4,431,404,627
4 Other income				
Dividend income	1,971,295	1,241,758	39,923,684	19,593,563
Profit on disposal of property, plant and equipment	35,714	1,531,870	-	-
Profit on sale of shares	-	1,171,865	-	-
Change in fair value of investment property (Note 13)	-	16,000,000	-	-
Sundry income	4,824,596	3,360,161	743,189	225,317
Negative goodwill (Note 14)	6,265,098	-	-	-
Others and scrap sales	-	1,466,157	-	-
	13,096,703	24,771,811	40,666,873	19,818,880

5 Operating profit

The following items have been charged / (credited) in arriving at operating profit:

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Directors emoluments	20,557,667	20,466,666	13,440,000	13,000,000
Auditors Remuneration				
- audit	1,913,013	1,671,850	796,093	517,500
- non audit	823,865	668,241	341,056	346,000
Legal fees	1,937,479	323,707	1,937,479	323,707
Depreciation on property, plant and equipment (Note 11)	121,110,337	116,512,924	50,964,385	52,303,192
Donations	994,710	922,200	492,970	805,200
Net foreign exchange (gain)/ loss	4,492,895	29,896,455	3,332,660	14,049,928
Amortisation of leasehold properties (Note 15)	21,935	21,935	-	-
Bad debt written off	8,613,696	177,520	-	-
Change in fair value of investment property (Note 13)	-	16,000,000	-	-
Staff cost (Note 6)	538,423,557	439,565,344	302,316,598	259,089,968
6 Staff cost				
Salaries, wages and related cost	468,137,628	401,456,673	257,412,850	240,658,104
Defined contribution plan	41,108,057	37,449,094	23,428,136	21,995,681
Defined benefit plan (Note 26)	29,177,872	659,577	21,475,613	(3,563,817)
	538,423,557	439,565,344	302,316,598	259,089,968
Average number of employees during the year	1,075	1,086	581	577
7 Finance cost				
Interest income	(11,244,423)	(15,272,759)	(3,726,414)	(6,743,236)
Interest expense	281,051,647	327,774,357	207,827,579	222,805,814
Lease interest	338,438	342,238	-	-
	270,145,662	312,843,836	204,101,165	216,062,578

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
8 Income tax				
Current tax (Note 24)	175,014,780	53,764,000	-	-
Over provision in respect of prior year	(359,961)	(5,602,171)	-	-
Deferred tax release (Note 27)	(38,287,246)	(47,329,882)	(36,980,638)	(43,351,132)
WHT on dividend paid by subsidiary	4,835,536	2,516,584	-	-
	141,203,109	3,348,531	(36,980,638)	(43,351,132)

The tax on the Company's profit/ (loss) before tax differs from the theoretical amount that would arise using the effective tax rate applicable to profits of the Company as follows :

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Profit/ (loss) before tax	196,285,015	161,408,259	(146,853,263)	(38,050,526)
Adjustment on consolidation	66,939,344	31,817,573	-	-
Tax calculated at effective tax rate of 35.525%	78,725,585	61,385,196	(52,169,622)	(13,517,449)
Tax calculated at effective tax rate of 15.225%	8,007,224	3,110,692	-	-
Tax effect of income not subject to tax	(29,269,544)	(48,154,322)	(15,770,715)	(10,652,529)
Tax effect of expenses not deductible	63,949,346	28,963,856	7,962,169	38,671,028
Tax effect of expenses deductible	(9,680,567)	(37,065,950)	-	(57,852,182)
Utilisation of previously unrecognised tax losses	24,995,491	(1,805,354)	22,997,530	-
Adjustments in respect of prior years	(359,961)	(5,602,171)	-	-
WHT on dividend paid by subsidiary	4,835,535	2,516,584	-	-
Tax charge	141,203,109	3,348,531	(36,980,638)	(43,351,132)

9 Earnings/(Loss) per share

Basic earnings per share is calculated by dividing the net profit/ (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Net (loss)/ profit attributable to shareholders	(4,788,618)	131,008,151	(109,872,625)	5,300,606
Weighted average number of ordinary shares in issue	59,893,680	59,893,680	59,893,680	59,893,680
Basic earnings/ (loss) per share	(0.08)	2.19	(1.83)	0.09
10 Dividend per share				
	2010	2009	2010	2009
Interim dividend - 2007 / 2008	-	29,946,840	-	29,946,840
Weighted average number of ordinary shares in issue	59,893,680	59,893,680	59,893,680	59,893,680
Dividend per share	-	0.50	-	0.50

Notes to the Consolidated Financial Statements contd.

*(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)***11 Property, plant and equipment**

(a) Group	Land and buildings	Plant machinery and accessories	Equipment tools and implements	Fittings Furniture and office equipment	Motor vehicles	Total
At 31 March 2008						
Cost/ Valuation	988,133,088	1,137,366,607	87,988,372	85,132,837	55,319,596	2,353,940,500
Accumulated depreciation	(50,377,816)	(802,820,137)	(52,535,836)	(48,934,385)	(39,998,986)	(994,667,160)
	937,755,272	334,546,470	35,452,536	36,198,452	15,320,610	1,359,273,340
Year ended 31 March 2009						
Opening net book amount	937,755,272	334,546,470	35,452,536	36,198,452	15,320,610	1,359,273,340
Additions	42,099,354	133,848,600	7,256,186	3,242,069	15,991,917	202,438,126
Revaluation surplus	69,153,095	-	-	-	-	69,153,095
Transfer from WIP (Note 12)	5,472,599	-	-	-	-	5,472,599
Depreciation charge (Note 5)	(21,959,076)	(73,647,118)	(4,003,426)	(9,696,925)	(7,206,379)	(116,512,924)
Closing net book amount	1,032,521,244	394,747,952	38,705,296	29,743,596	24,106,148	1,519,824,236
At 31 March 2009						
Cost / Valuation	1,090,542,294	1,271,215,207	95,244,558	88,374,906	71,311,513	2,616,688,478
Accumulated depreciation	(58,021,050)	(876,467,255)	(56,539,262)	(58,631,310)	(47,205,365)	(1,096,864,242)
Net book amount	1,032,521,244	394,747,952	38,705,296	29,743,596	24,106,148	1,519,824,236
Year ended 31 March 2010						
Opening net book amount	1,032,521,244	394,747,952	38,705,296	29,743,596	24,106,148	1,519,824,236
Additions	986,243	49,281,626	4,486,069	2,934,283	3,796,339	61,484,560
Revaluation surplus (Note 31)	367,340,918	-	-	-	-	367,340,918
Disposal - cost	-	-	(156,522)	-	-	(156,522)
- depreciation	-	-	156,522	-	-	156,522
Transfer from WIP (Note 12)	790,748	26,334,336	-	-	-	27,125,084
Depreciation charge (Note 5)	(23,695,119)	(73,247,908)	(5,348,095)	(10,042,879)	(8,776,336)	(121,110,337)
Closing net book amount	1,377,944,034	397,116,006	37,843,270	22,635,000	19,126,151	1,854,664,461
At 31 March 2010						
Cost / Valuation	1,459,660,203	1,346,831,169	99,574,105	91,309,189	75,107,852	3,072,482,518
Accumulated depreciation	(81,716,169)	(949,715,163)	(61,730,835)	(68,674,189)	(55,981,701)	(1,217,818,057)
Net book amount	1,377,944,034	397,116,006	37,843,270	22,635,000	19,126,151	1,854,664,461

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

(b) Company

	Land and buildings	Plant machinery and accessories	Equipment tools and implements	Fittings Furniture and office equipment	Motor vehicles	Total
At 31 March 2008						
Cost/ Valuation	629,664,000	566,323,875	8,789,845	49,917,871	27,328,486	1,282,024,077
Accumulated depreciation	(6,325,378)	(471,177,634)	(7,628,622)	(25,931,829)	(19,841,947)	(530,905,410)
	623,338,622	95,146,241	1,161,223	23,986,042	7,486,539	751,118,667

Year ended 31 March 2009

Opening net book amount	623,338,622	95,146,241	1,161,223	23,986,042	7,486,539	751,118,667
Additions	630,000	102,779,527	942,636	2,269,532	11,440,000	118,061,695
Depreciation charge (Note 5)	(11,343,206)	(28,484,103)	(238,091)	(8,225,587)	(4,012,205)	(52,303,192)
Closing net book amount	612,625,416	169,441,665	1,865,768	18,029,987	14,914,334	816,877,170

At 31 March 2009

Cost / Valuation	630,294,000	669,103,402	9,732,481	52,187,403	38,768,486	1,400,085,772
Accumulated depreciation	(17,668,584)	(499,661,737)	(7,866,713)	(34,157,416)	(23,854,152)	(583,208,602)
Net book amount	612,625,416	169,441,665	1,865,768	18,029,987	14,914,334	816,877,170

Year ended 31 March 2010

Opening net book amount	612,625,416	169,441,665	1,865,768	18,029,987	14,914,334	816,877,170
Additions	Nil	26,995,265	Nil	1,842,653	432,000	29,269,918
Depreciation charge (Note 5)	(11,345,306)	(25,884,703)	(266,430)	(8,503,348)	(4,964,598)	(50,964,385)
Closing net book amount	601,280,110	170,552,227	1,599,338	11,369,292	10,381,736	795,182,703

At 31 March 2010

Cost / Valuation	630,294,000	696,098,667	9,732,481	54,030,056	39,200,486	1,429,355,690
Accumulated depreciation	(29,013,890)	(525,546,440)	(8,133,143)	(42,660,764)	(28,818,750)	(634,172,987)
Net book amount	601,280,110	170,552,227	1,599,338	11,369,292	10,381,736	795,182,703

(c) Property plant and equipment includes assets at valuation as follows.

Company

Assets	Valued on	Name of the valuer	Valued amount
Land	1 September 2007	Mr J M Senanayaka Bandara	236,962,350
Buildings	1 September 2007	Mr J M Senanayaka Bandara	271,087,650
Plant and equipment	30 June 1977		1,542,100

Group

Land

ACL Cables PLC	1 September 2007	Mr J M Senanayaka Bandara	236,962,350
Kelani Cables PLC	31 March 2007	Mr H W Wimalasena	76,900,000
ACL Plastic PLC	20 March 2009	Mr J M Senanayaka Bandara	44,975,000
Ceylon Bulbs and Electricals Ltd.	25 July 1988	Mr B G Jayathilake	13,674,500
- do -	6 September 2009	Mr J M Senanayaka Bandara	338,125,000
Kelani Cables PLC	31 March 2010	Mr H W Wimalasena	114,500,000

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Assets	Valued on	Name of the valuer	Valued amount
Buildings			
ACL Cables PLC	1 September 2007	Mr J M Senanayaka Bandara	271,087,650
Kelani Cables PLC	31 March 2007	Mr H W Wimalasena	75,100,000
ACL Plastic PLC	20 March 2009	Mr J M Senanayaka Bandara	58,025,000
Kelani Cables PLC	31 March 2010	Mr H W Wimalasena	88,500,000

Plant and machinery

ACL Cables PLC	30 June 1977		1,542,100
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(d) If revalued assets were stated on the historical cost basis, the amounts would be as follows:

Company

at 31 March	Cost	Accumilated depreciation	Net book value
Asset	2010	2010	2010
Land	33,367,145	-	33,367,145
Building	85,322,918	45,434,659	39,888,259

Group

at 31 March	Cost	Accumilated depreciation	Net book value
	2010	2010	2010
Land			
ACL Cables PLC	33,367,145	-	33,367,145
Kelani Cables PLC	8,530,505	-	8,530,505
ACL Plastic PLC	3,478,925	-	3,478,925
Ceylon Bulbs and Electricals Limited	13,970,450	-	13,970,450
Kelani Cables PLC	63,298,505	-	63,298,505
Buildings			
ACL Cables PLC	85,322,918	45,434,659	39,888,259
Kelani Cables PLC	28,397,188	12,890,574	15,506,614
ACL Plastic PLC	35,312,748	16,081,479	19,231,269
Kelani Cables PLC	33,594,356	12,945,145	21,415,595

(e) The initial cost of fully depreciated property, plant and equipment which are still in use at the balance sheet date are as follows;

At 31 March	2010	2009
ACL Cables PLC	118,132,952	231,783,140
ACL Plastic PLC	54,092,407	52,911,291
Kelani Cables PLC	233,911,659	218,800,017

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

(f) Group motor vehicles include the following amounts where the group is a lessee under a finance lease

Year Ended 31 March	Group	
	2010	2009
Cost - Capitalised finance lease	2,000,000	2,000,000
Accumulated depreciation	(700,000)	(300,000)
Net book amount	1,300,000	1,700,000

12 Work in progress

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Balance at 1 April	107,214,830	65,842,388	24,834,814	24,834,814
Cost incurred during the year	22,144,127	47,527,566	16,246,696	-
Amount transferred to property, plant and equipment (Note 11)	(27,125,084)	(5,472,599)	-	-
Amount transferred to income statement	-	(682,525)	-	-
Balance at 31 March	102,233,873	107,214,830	41,081,510	24,834,814
13 Investment property				
Balance at 1 April	120,000,000	104,000,000		
Change in fair value of investment property (Note 5)	-	16,000,000		
Balance at 31 March	120,000,000	120,000,000		

Investment property represents the land owned by the Company and situated in Ekala. The value was determined on fair value basis using market evidence.

A valuation was carried out by an independent professional valuer, Mr H W Wimalasena, an Associate Member of Valuers of Sri Lanka, as at 31 March 2009 and the change in fair value of investment property Rs 16,000,000 was credited to income statement. The fair value of investment property as at 31 March 2010 is Rs 120,000,000.

14 Intangible assets

Year Ended 31 March	Group	
	2010	2009
Balance at 1 April	38,945,423	38,945,423
Balance on 31 March	38,945,423	38,945,423
Accumulated amortization		
Balance at 1 April	32,951,721	32,951,721
Balance at 31 March	32,951,721	32,951,721
Net book amount	5,993,702	5,993,702

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Goodwill arising on consolidation of subsidiaries are as follows;

Year	Subsidiary Company	Goodwill on consolidation
1994/95	ACL Plastic PLC	6,090,495
1995/96	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	26,035,049
1997/98	Ceylon Bulbs and Electricals Limited	459,455
2004/05	ACL Kelani Magnet Wire (Private) Limited	916,805
2006/07	Ceylon Bulbs and Electricals (Private) Limited	5,441,533
2007/08	Ceylon Bulbs and Electricals (Private) Limited	2,086

Goodwill arising from business combinations after 1 June 2005, is no longer amortised but tested for impairment annually as per SLAS 25 (Revised 2005).

Negative goodwill arising on consolidation of subsidiaries and amounts are as follows;

Year	Subsidiary Company	Negative goodwill on consolidation
1998/99	ACL Plastic PLC	5,127,592
1999/00	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	17,502,019
1999/00	Ceylon Bulbs and Electricals Limited	1,738
2009/10	Ceylon Bulbs and Electricals Limited	6,265,098

Negative goodwill arising from business combinations after 1 June 2005, is no longer amortised but charged to Income Statement fully in the year of acquisition.

15 Leasehold properties

Year Ended 31 March	Group	
	2010	2009
Balance at 1 April	1,864,517	1,886,452
Amortisation during the year (Note 5)	(21,935)	(21,935)
Balance at 31 March	1,842,582	1,864,517
Amount to be amortised within one year	21,935	21,935
Amount to be amortised after one year	1,820,647	1,842,582
	1,842,582	1,864,517

Property on operating lease:	Victoria Golf Course and Country Resort in Kandy
Land extent:	R 01 - P9
Lease period:	92 years from 24 January 2002
Lease rentals:	
from 2002 to 2011	Rs 21,935 per annum
from 2012 to 2094	Rs 22,203 per annum

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

16 Investment in subsidiaries

Company

	2010			2009		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Quoted						
ACL Plastics PLC	2,746,969	33,300,217	323,455,600	2,746,969.00	33,300,217	71,421,194
Kelani Cables PLC	466,879	10,752,498	49,489,174	466,879.00	10,752,498	22,877,022
Total investment in quoted Companies		44,052,715	372,944,774		44,052,715	94,298,216
Unquoted						
Ceylon bulbs and Electriclas Limited	1,051,345	58,514,700		986,804	43,108,815	
Lanka Olex Cables (Private) Limited						
"A" Class ordinary shares	99	291,180,491		99	291,180,491	
"B" Class ordinary shares	3,065,610			3,065,610		
Preference shares	161,818			161,818		
ACL Kelani Magnet Wire (Private) Limited	11,950,000	119,500,000		11,950,000	119,500,000	
ACL Metals and Alloys (Private) Limited	2,500,000	25,000,000		2,500,000	25,000,000	
Total investment in unquoted Companies		494,195,191			478,789,306	
Total cost of investments in subsidiaries		538,247,906			522,842,021	

ACL Cables PLC acquired a controlling interest in Lanka Olex Cables (Private) Limited in October 1999. Kelani Cables PLC and Kelani Electrical Accessories (Private) Limited are subsidiaries of Lanka Olex Cables (Private) Limited.

The percentages of ownership held by the Company in each quoted and unquoted subsidiary as at balance sheet date are as follows;

	2010	2009
Quoted		
ACL Plastics PLC	65.20%	65.20%
Kelani Cables PLC	79.30%	79.30%
Unquoted		
Ceylon bulbs and Electriclas Limited	94.87%	89.33%
Lanka Olex Cables (Private) Limited		
"A" Class ordinary shares	99.00%	99.00%
"B" Class ordinary shares	100.00%	100.00%
Preference shares	100.00%	100.00%
ACL Kelani Magnet Wire (Private) Limited	93.79%	93.79%
ACL Metals and Alloys (Private) Limited	100.00%	100.00%

Notes to the Consolidated Financial Statements contd.

*(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)***17 Investment in other companies**

Company 31 March	Number of shares	2010 Cost	Market value	Number of shares	2009 Cost	Market value
Banking finance and insurance						
Merchant Bank of Sri Lanka PLC	18,379	1,546,083	358,391	12,199	1,471,923	109,791
Nations Trust Bank PLC	18,613	221,215	642,149	18,613	221,215	442,059
- Share Warrants - 2010	4,653	46,530	37,224	4,653	46,530	16,286
- Share Warrants - 2011	2,326	23,260	18,608	2,326	23,260	9,071
Chemicals and pharmaceuticals						
Chemical Industries (Colombo) PLC	432	2,976	29,376	432	2,976	13,608
Land and properties						
Kelsey Development PLC	1,687	29,163	21,931	1,687	29,163	11,387
Colombo Fort Land and Building Co. PLC	14	252	924	14	252	55
Beverage food and tobacco						
Ceylon Tobacco Co. PLC	1,862	39,585	465,966	1,862	39,585	178,752
Footwear and textiles						
Asian Cotton Mills PLC (ASCOT)	67	1,938	2,546	67	1,938	1,407
Manufacturing						
Caltex Lubricants Lanka PLC	55,200	5,236,144	9,273,600	55,200	5,236,144	5,823,600
Diversified holdings						
John Keells Holdings PLC	11,819	857,542	2,174,696	11,819	857,542	741,642
Trading						
Singer (Sri Lanka) PLC	332	6,185	6,284	332	6,185	10,707
Motors						
United Motors (Lanka) PLC	71	-	6,284	71	-	2,379
Total cost of investments by the Company		8,010,873	13,037,977		7,936,713	7,360,744

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Investments by subsidiary Companies	2010			2009		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
31 March						
Banking finance and insurance						
National Development Bank	22,500	4,005,229	4,725,000	22,500	4,005,229	2,002,500
Asia Capital PLC	20,000	294,112	260,000	20,000	294,112	110,000
Nations Trust Bank Ordinary shares	23,266	407,335	814,310	18,613	221,215	442,059
Share warrants - 2010	-	-	-	4,653	46,530	16,286
Share warrants - 2011	2,326	23,260	81,410	2,326	23,260	9,071
DFCC Bank	13	2,000	2,346	13	2,000	884
Plantation						
Maskeliya Plantations PLC	8,200	374,258	243,950	8,200	374,258	112,750
Watawala Plantations PLC	20,000	1,252,041	3,520,000	20,000	1,252,041	1,075,000
Hapugastenna Plantations PLC	5,000	233,275	190,000	5,000	233,275	97,500
Kegalle Plantations PLC	20,000	1,014,000	940,000	20,000	1,014,000	380,000
Kotagala Plantations PLC	10,000	476,580	447,500	10,000	476,580	160,000
Diversified holdings						
Hayleys PLC	96,268	7,305,684	21,660,300	96,268	7,305,684	8,664,120
Total cost of investments by subsidiaries		15,387,774	32,884,816.00		15,248,184.00	13,070,170
Total cost of investment by Group		23,398,647	45,922,793		23,184,897	20,430,914

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009.
18 Inventories				
Raw materials	734,693,742	397,515,923	500,269,937	226,507,951
Work-in-progress	519,956,056	381,442,320	256,232,439	277,543,759
Finished goods	1,279,377,259	1,205,130,391	717,963,243	701,456,235
Goods in transit	174,917,236	38,352,202	-	-
Other stocks	134,798,868	115,588,669	59,903,600	57,753,180
	2,843,743,161	2,138,029,505	1,534,369,218	1,263,261,125
Provision for obsolete stock				
Balance at 1 April	56,810,372	45,417,633	30,000,000	20,000,000
Provision during the year	5,571,276	12,900,337	-	10,000,000
Written off inventories (Note 5)	-	(1,507,598)	-	-
Balance at 31st March	62,381,648	56,810,372	30,000,000	30,000,000
Net book amount	2,781,361,513	2,081,219,133	1,504,369,218	1,233,261,125

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
19 Receivables and prepayments				
Trade receivables	1,759,754,057	1,892,296,564	857,267,049	1,103,108,333
Provision for doubtful debts [Note 19 (i)]	(118,325,227)	(66,003,054)	(70,000,000)	(40,000,000)
Receivable from related companies [Note 35.8(ii)]	1,641,428,830	1,826,293,510	64,527,999	110,853,574
Loan given to related companies [Note 35.8(iii)]	-	-	63,259,924	63,259,924
Advances and prepayments	26,129,250	132,612,932	18,834,652	16,025,910
Other receivables	593,863,464	448,008,444	372,119,623	337,279,741
	2,261,421,544	2,406,914,886	1,306,009,247	1,590,527,482

Value of book debts of ACL Cables PLC and Kelani Cables PLC have been pledged as security for bank facilities obtained.

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
19 (i) Provision for doubtful debts				
Balance at 1 April	66,003,054	48,800,762	40,000,000	30,000,000
Provision for the year	52,322,173	17,202,292	30,000,000	10,000,000
Balance at 31 March	118,325,227	66,003,054	70,000,000	40,000,000
20 Cash and cash equivalents				
Cash at bank and in hand	340,753,935	313,463,836	22,022,707	114,033,082
Short term deposits	544,128,188	295,224,563	537,160,888	295,224,563
	884,882,123	608,688,399	559,183,594	409,257,645

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Cash at bank and in hand	884,882,123	608,688,399	559,183,594	409,257,645
Bank overdraft (Note 22)	(785,024,465)	(731,323,757)	(389,001,083)	(367,257,609)
	99,857,658	(122,635,358)	170,182,511	42,000,036
21 Trade and other payables				
Trade payables	357,814,248	139,799,303	13,990,991	Nil
Payables to related parties [Note 35.8(i)]	-	-	223,584,975	165,185,507
Loans from related parties [Note 35.8(iv)]	-	-	123,193,100	82,193,100
Accrued expenses and other payables	167,187,475	538,102,927	99,091,380	177,068,101
	525,001,723	677,902,230	459,860,446	424,446,707

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
22 Borrowings				
Long term borrowings				
Interest bearing loans	400,000,000	21,271,477	400,000,000	10,791,667
	400,000,000	21,271,477	400,000,000	10,791,667
Short term borrowings				
Bank borrowings	457,590,152	89,116,196	222,884,147	1,203,543,498
Short term loans	1,272,119,199	1,203,543,497	939,043,638	63,687,500
Bank overdraft (Note 20)	785,024,465	731,323,757	389,001,083	367,257,609
	2,514,733,816	2,023,983,450	1,550,928,868	1,634,488,607

Group long term borrowings are secured by a fixed deposit amounting to USD 260,000

23 Finance lease obligations

Lease liabilities are effectively secured as the rights to the leased assets which reverts to the lessor in the event of default.

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Gross finance lease liabilities	1,947,935	2,579,702	1,947,935	2,579,702
Future finance charge on finance lease	(478,145)	(816,582)	(478,145)	(816,582)
Present value of finance lease liabilities	1,469,790	1,763,120	1,469,790	1,763,120
Present value of finance lease liabilities				
Not later than 1 year	489,095	311,690	489,095	311,690
Later than 1 year	980,695	1,451,430	980,695	1,451,430
	1,469,790	1,763,120	1,469,790	1,763,120
24 Income tax payable				
Balance at 1 April	177,568,734	239,352,011	117,158,474	178,103,920
Provision for the current year (Note 8)	175,014,780	53,764,000	-	-
Under provision in respect of previous years (Note 8)	(359,961)	(5,602,171)	-	-
	352,221,835	287,513,840	117,158,474	178,103,920
Payments made during the year	(111,436,077)	(109,945,106)	(65,328,732)	(60,945,446)
Balance at 31 March	240,785,758	177,568,734	51,829,742	117,158,474
25 Provision for payment in lieu of employee share issue scheme				
Balance at 1 April	3,098,880	3,492,163		
Payments made during the year	(178,511)	(393,283)		
Balance at 31 March	2,920,369	3,098,880		

In view of the transfer of ownership from Pacific Dunlop Cables Group to ACL Group, the employees were allocated a fixed sum as compensation for the share ownership scheme which was proposed earlier. The employees who were in employment as at 11 September 1999 are eligible for the payment which will be made at the time of resignation or retirement.

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

26 Defined benefit obligations

The amounts recognised in the balance sheet are determined as follows:

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Balance at 1 April	100,902,792	106,494,886	69,009,608	74,769,495
Current service cost/(reversal of excess provision (Note 6))	29,177,872	659,577	21,475,613	(3,563,817)
	130,080,664	107,154,463	90,485,221	71,205,678
Payments made during the year	(5,221,054)	(6,251,671)	(3,514,540)	(2,196,070)
Balance at 31 March	124,859,610	100,902,792	86,970,681	69,009,608

The Company maintains a non-contributory defined benefit plan providing for gratuity benefits payable to employees expressed in term of final monthly salary and service.

As at 31 March 2010, the gratuity liability was actuarially valued under the Project Unit Credit (PCU) method by a professionally qualified actuary firm, Actuarial & Management Consultants (Private) Limited.

The key assumptions used by the actuary include the following :

Year Ended 31 March	Group / Company	
	2010	2009
Rate of discount	12%	12%
Salary increment rate	10%	10%
Retirement age	55 years	55 years

27 Deferred income tax

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 35% (2009 - 35%) .

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Deferred tax liability				
Balance at 1 April	75,592,289	109,767,941	40,091,230	83,442,362
Reversal during the year (Note 8)	(38,287,246)	(47,329,882)	(36,980,638)	(43,351,132)
Tax effect on surplus on revaluation reserve (Note 31)	8,191,605	13,154,230	-	-
Deferred tax on transfer from retained earnings (Note 31)	(322,741)	-	-	-
Balance on 31 March	45,173,907	75,592,289	3,110,592	40,091,230

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

28 Contingent Liabilities

Company

The Company has guaranteed a credit facility of Rs 24 Mn obtained by Ceylon Bulbs and Electricals Limited from Hatton National Bank PLC.

The Company has guaranteed a credit facility of Rs 55 Mn obtained by ACL Plastics PLC from Standard Chartered Bank.

The Company has guaranteed a credit facility of Rs 375 Mn obtained by ACL Metal and Alloys (Private) Limited from Standard Chartered Bank.

Group

There are no contingent liabilities as at 31 March 2010 which would require adjustments to or disclosure, in the financial statements other than those disclosed under the Company.

29 Commitments

Financial commitments

There were no material financial commitments outstanding at the balance sheet date.

Capital commitments

The Company is planning to acquire a land at Pliyandala to expand the factory premises which is expected to cost Rs. 55 Mn.

The Company is planning to build a new office complex which is estimated to cost Rs. 20 Mn.

30 Stated capital

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Number of ordinary shares issued and fully paid				
Balance at 31 March	59,893,680	59,893,680	59,893,680	59,893,680
Stated capital				
Balance at 1 April	299,488,400	299,488,400	299,488,400	299,488,400
Balance at 31 March	299,488,400	299,488,400	299,488,400	299,488,400

31 Capital reserve

Capital reserve comprises of profit on sale of property, plant and equipment and investments, Capital Redemption Reserve Fund (CRRF) created consequent to redemption of shares and revaluation surplus arising from net surplus on revaluation of property plant and equipment in 2008.

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Note 31 Capital reserve (Contd.) Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Balance at 1 April 2009	441,223,100	404,711,840	330,855,735	330,855,734
Revaluations during the year (Note 11)	367,340,918	45,087,818	-	-
Deferred tax on revaluation (Note 27)	(8,191,605)	(8,576,558)	-	-
Transfer to retained earnings from revaluation reserve	(908,490)	-	-	-
Deferred tax at transfer (Note 27)	322,741	-	-	-
Balance on 31 March	799,786,664	441,223,100	330,855,735	330,855,734

Group capital reserve as at balance sheet date consists as follows;

Capital redemption reserve fund	2,625,000	2,625,000
Surplus on revaluation of property, plant and equipment	795,351,146	436,787,582
Profit on sale of property, plant and equipment and investment	1,810,518	1,810,518
	799,786,664	441,223,100

32 General reserve

General reserve consists of such amounts that have been from time to time transferred from retained earnings as resolved at General Meetings of the Company for general applications.

Year Ended 31 March	Group		Company	
	2010	2009	2010	2009
Balance at 1 April	1,123,825,080	1,124,510,232	680,265,800	680,265,800
Transferred to income statement	-	(685,152)	-	-
Balance at 31 March	1,123,825,080	1,123,825,080	680,265,800	680,265,800

33 Cash generated from operations

Reconciliation of profit/ (loss) before tax to cash generated from operations:

Profit/ (loss) before tax	196,285,015	161,408,259	(146,853,263)	(38,050,526)
Adjustments for:				
Depreciation of property, plant and equipment (Note 11)	121,110,337	116,512,924	50,964,385	52,303,192
Dividend income (Note 4)	(1,971,295)	(1,241,758)	(39,923,684)	(19,593,563)
Interest expense (Note 7)	281,051,647	327,774,357	207,827,579	222,805,814
Interest income (Note 7)	(11,244,423)	(15,272,759)	(3,726,414)	(6,743,236)
Negative goodwill on acquisition of minority shares (Note 4)	(6,265,098)	-	-	-
Change in fair value of investment property (Note 13)	-	(16,000,000)	-	-
Government grant written back	-	(864,000)	-	-
Profit on disposal of property, plant and equipment (Note 4)	(35,714)	(1,531,870)	-	-
Profit on disposal of investment (Note 4)	-	(1,171,865)	-	-
Amortization of leasehold properties (Note 15)	21,935	21,935	-	-
Changes in working capital:				
Inventories	(700,142,380)	328,530,691	(271,108,093)	117,422,056
Receivables and prepayments	145,493,342	698,353,777	284,518,235	228,036,974
Trade and other payables	(148,204,018)	(801,879,851)	35,413,739	(426,171,592)
Defined benefit obligations (Note 26)	29,177,872	659,577	21,475,613	(3,563,817)
Cash (used in)/ generated from operations	(94,722,781)	795,299,417	138,588,095	126,445,302

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

34 Segment information

	Manufacturing Cables	Manufacturing PVC	Manufacturing Rods Compound	Total	
	2010	2010	2010	2010	2009
Revenue					
Total revenue	7,449,272,169	631,822,039	492,661,010	8,573,755,218	9,228,220,493
Inter-segment sales	(290,054,036)	(548,092,814)	(492,661,010)	(1,330,807,860)	(1,389,629,636)
External sales	7,159,218,133	83,729,225	-	7,242,947,358	7,838,590,857
Results					
Profit before other income and finance cost	250,703,705	101,479,751	84,015,890	436,199,346	449,480,284
Other income	17,008,565	891,346	1,362,704	19,262,615	40,044,570
Finance cost	(239,119,953)	(4,184,122)	(20,468,974)	(263,773,049)	(328,116,595)
Taxation	(102,697,154)	(33,909,852)	-	(136,607,006)	(3,348,531)
Profit after taxation				55,081,906	158,059,728
Assets					
Segment assets	6,995,976,634	595,034,112	108,547,528	7,699,558,274	6,575,940,045
Unallocated corporate assets				336,240,171	298,964,555
Total assets				8,035,798,445	6,874,904,600
Liabilities					
Segment liabilities	3,163,481,112	180,654,382	142,164,112	3,486,299,606	2,770,889,460
Unallocated corporate liabilities				370,343,574	311,193,512
Total liabilities				3,856,643,180	3,082,082,972
Capital expenditure					
Segment capital expenditure	207,910,725	10,015,467	13,021,293	230,947,485	249,965,692
Total capital expenditure				230,947,485	249,965,692
Depreciation and amortisation					
Segment depreciation	103,828,774	7,608,849	9,672,714	121,110,337	116,512,924
Total depreciation and amortisation				121,110,337	116,512,924

Geographical segment information

Geographical segment turnover is given in Note 3.

Notes to the Consolidated Financial Statements contd.

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

35 Directors' interests in contracts and related party transactions

- 35.1** Mr. U.G. Madanayake, Mr. H.A.S. Madanayake, Dr. S.K. Madanayake and Mrs. N.C. Madanayake who are Directors of the Company, are also Directors of which is 65.2% owned subsidiary of ACL Cables PLC.
- 35.2** Mr. U.G. Madanayake, Mr. H.A.S. Madanayake, Dr. S.K. Madanayake and Mrs. N.C. Madanayake who are Directors of the Company are also the Directors of Lanka Olex Cables (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 35.3** Mr. U.G. Madanayake, Mr. H.A.S. Madanayake, Dr S.K.Madanayake, Mrs.N.C.Madanayake and Mr. Hemantha Perera who are Directors of the Company are also the Directors of Kelani Cables PLC which is a 79.2% owned subsidiary of ACL Cables PLC .
- 35.4** Mr. U.G. Madanayake, Mr. H.A.S. Madanayake who are Directors of the Company are also the Directors of ACL Kelani Magnet Wire (Private) Limited which is a 93.79% owned subsidiary of ACL Cables PLC.
- 35.5** Mr. U.G. Madanayake, Mr. H.A.S. Madanayake who are Directors of the Company are also the Directors of ACL Metals and Alloys (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 35.6** Mr. U.G. Madanayake, Mr. H.A.S. Madanayake who are Directors of the Company are also the Directors of ACL Polymers (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.
- 35.7** The Company had the following business transactions in the ordinary course of business during the year :

Year Ended 31 March	Company	
	2010	2009
(a) Sales of goods		
Kelani Cables PLC	62,695,342	49,036,783
ACL Kelani Magnet Wire (Private) Limited	-	29,007,022
ACL Metal and Alloys (Private) Limited	15,430,641	-
	78,125,983	78,043,805
(b) Purchase of goods		
ACL Plastics PLC	325,028,498	396,064,446
Kelani Cables PLC	20,002,400	93,654,474
Ceylon Bulbs and Electricals Limited	1,498,844	1,503,957
ACL Metal and Alloys (Private) Limited	551,693,323	615,124,521
	898,223,065	1,106,347,398
(c) Loans to related party		
ACL Metal and Alloys (Private) Limited	-	31,184,703
ACL Kelani Magnet Wire (Private) Limited	-	32,075,221
	-	63,259,924
(d) Loans from related party		
ACL Plastics PLC	16,000,000	39,745,055
Kelani Cables PLC	-	41,854,000
Lanka Olex Cables (Private) Limited	-	594,044
	16,000,000	82,193,099

(In the notes all amounts are shown in Sri Lanka Rupees unless otherwise stated)

Year Ended 31 March	Company	
	2010 Rs.	2009 Rs.
(e) Interest on loans from related party		
ACL Plastics PLC	3,939,425	6,978,238
Kelani Cables PLC	4,541,154	7,348,518
ACL Polymers (Private) Limited	1,863,360	-
	10,343,939	14,326,756

Year Ended 31 March	Group		Company	
	2010 Rs.	2009 Rs.	2010 Rs.	2009 Rs.
(f) Key management compensation				
Short term benefits	20,551,667	20,466,666	13,440,000	13,000,000
	20,551,667	20,466,666	13,440,000	13,000,000

35.8 Balances arising from above related party transactions as at the balance sheet date are as follows;

Year Ended 31 March	Company	
	2010 Rs.	2009 Rs.
(i) Payable to related parties		
Kelani Cables PLC	5,336,508	2,727,487
ACL Metal and Alloys (Private) Limited	150,542,580	92,631,908
ACL Polymers (Private) Limited	503,757	Nil
ACL Plastic PLC	66,822,870	69,446,852
Ceylon Bulbs and Electricals Limited	379,260	379,260
	223,584,975	165,185,507
(ii) Receivable from related parties		
Kelani Cables PLC	27,266,288	16,542,065
ACL Kelani Magnet Wire (Private) Limited	21,394,522	35,134,290
Ceylon Bulbs and Electricals Limited	7,253,730	7,867,004
ACL Plastic PLC	2,662,161	22,633,194
ACL Metal and Alloys (Private) Limited	5,951,298	28,677,021
	64,527,999	110,853,574
(iii) Loans receivable		
ACL Metal and Alloys (Private) Limited	31,184,703	31,184,703
ACL Kelani Magnet Wire (Private) Limited	32,075,221	32,075,221
	63,259,924	63,259,924
(iv) Loans payable		
Kelani Cables PLC	41,854,000	41,854,000
ACL Plastics PLC	55,745,056	39,745,055
ACL Polymers (Private) Limited	25,000,000	Nil
Lanka Olex Cables (Private) Limited	594,044	594,044
	123,193,100	82,193,100

There were no other related parties or related party transactions during the year ended 31 March 2010 other than those disclosed above.

36 Post Balance Sheet Events

No circumstances have arisen since the balance sheet date, which would require adjustments to, or disclosure in, the financial statements.

Information to Shareholders

Distribution of Shareholders as at 31st March 2010

SHARE RANGE	Category shareholders	No of Ordinary shares	% of Holdings
01 to 1000	1,916	731,981	1.22%
1001 to 5000	739	1,884,654	3.15%
5001 to 10000	159	1,262,113	2.11%
10001 to 50000	152	3,482,988	5.82%
50001 to 100000	32	2,476,914	4.14%
100001 to 500000	24	5,544,290	9.26%
500001 to 1000000	1	767,520	1.28%
over 1000000	6	43,743,220	73.03%
Total	3,029	59,893,680	100.00%

Analysis report of shareholders as at 31st March 2010

	No of Shares	Total Holding
Institutional	13,859,356	23%
Individuals	46,034,324	77%
Totals	59,893,680	100%

	31- 03- 2010	31- 03- 2009
a) Earnings per share (Rs.)	(1.83)	0.09
b) Dividend per share (Rs.)	-	0.50
c) Net Assets value per share (Rs.)	36.70	38.58
d) Market Value per share		
- Highest Value (Rs.)	86.25	34.00
- Lowest Value (Rs.)	75.00	24.25
- Value as at the end of Financial Year (Rs.)	75.00	24.25
e) No. of shares Traded	4,445	5,507
f) Total No of Shares Traded	6,019,300	8,309,900
g) Total Turnover (Rs.)	485,738,050	308,855,500
h) Percentage of shares held by the public	37.40%	35.85%
i) No of Foreign Shareholders	51	43
CONSOLIDATED		
a) Earnings per share (Rs.)	(0.08)	2.19
b) Net Assets value per share (Rs.)	69.73	63.33

Twenty Largest Shareholder List as at 31st March 2010

Share Holder Name	AS AT 31/03/2010		AS AT 31/03/2009	
	No. Shares	%	No. Shares	%
1 MADANAYAKE U.G.	22,642,116	37.80	22,642,116	37.80
2 MADANAYAKE H.A.S.	13,302,396	22.21	13,302,396	22.21
3 EMPLOYEES PROVIDENT FUND	3,228,712	5.39	1,702,112	2.84
4 SRI LANKA INSURANCE CORPORATION LTD-LIFE FUND C/O LIFE FUND, 1292-LC,	2,188,900	3.65	2,796,600	4.67
5 EMPLOYEES TRUST FUND BOARD	1,366,000	2.28	1,198,700	2.00
6 MADANAYAKE N.C.	1,032,100	1.72	1,032,100	1.72
7 FAB FOODS (PRIVATE) LIMITED	767,520	1.28	767,520	1.28
8 DEUTSCHE BANK AG AS TRUSTEE FOR NAMAL ACUITY VALUE	500,000	0.83	-	-
9 NATIONAL SAVINGS BANK	495,300	0.83	-	-
10 SUBASINGHE D.K. & SUBASINGHE S.N.	442,200	0.74	442,200	0.74
11 BANK OF CEYLON-NO2 A/C	364,000	0.61	-	-
12 PERERA R.D.M.	350,932	0.59	409,932	0.68
13 Sir Cyril De Zoysa Trust	341,036	0.57	341,036	0.57
14 DEUTSCHE BANK AG-NATIONAL EQUITY FUND	325,000	0.54	-	-
15 ALCHEMY HEAVY METALS (PVT) LTD,	240,100	0.40	1,650,000	2.75
16 NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	212,900	0.36	20,000	0.03
17 JAYARATNE P.S.	198,472	0.33	198,472	0.33
18 AVIVA NDB INSURANCE PLC A/C NO. 3	192,600	0.32	-	-
19 PERERA V.A.D.L.W.	188,500	0.31	-	-
20 THE CEYLON CHAMBER OF COMMERCE ACCOUNT NO 02	188,000	0.31	-	-

Five Year Summary - Group

Year Ended 31st March	2010 Rs.'000	2009 Rs.'000	2008 Rs.'000	2007 Rs.'000	2006 Rs.'000
Turnover	7,242,947	7,838,591	8,773,581	7,820,083	4,460,458
Profit Before Tax	196,285	161,408	524,295	1,368,196	760,542
Taxation	141,203	(3,348)	(200,293)	(484,293)	205,893
Profit After Tax	55,082	158,060	324,002	883,903	554,649
BALANCE SHEET					
As At 31st March	2010 Rs.'000	2009 Rs.'000	2008 Rs.'000	2007 Rs.'000	2006 Rs.'000
Stated Capital	299,488	299,488	299,488	299,488	149,734
Capital Reserve	799,787	441,223	404,712	151,048	134,325
Revenue Reserve	2,621,254	2,625,133	2,524,758	2,336,043	1,706,622
	3,720,529	3,365,844	3,228,958	2,786,579	1,990,681
Minority Interest	455,626	426,976	386,796	374,917	270,230
Non Current Liabilities	573,934	202,317	327,748	350,649	386,183
	4,750,089	3,995,137	3,943,502	3,512,145	2,647,094
Property, Plant & Equipment Leasehold	1,854,665	1,519,824	1,359,273	918,058	854,179
Properties-Prepayments	1,820	1,842	1,864	1,886	1,930
Capital Work In Progress	102,235	107,215	65,842	152,147	7,522
Intangible Assets	5,993	5,993	5,993	5,992	550
Investment Property	120,000	120,000	104,000	104,000	-
Investments	23,398	23,185	23,732	23,499	23,244
Current Assets	5,927,687	5,096,844	6,356,635	5,214,013	3,545,312
Current Liabilities	(3,285,709)	(2,879,766)	(3,973,837)	(2,907,450)	(1,785,643)
Capital Employed	4,750,089	3,995,137	3,943,502	3,512,145	2,647,094

Glossary of Financial Terms

Accounting Policies

The specific principles, bases, conventions, rules and practices adopted by an enterprise in preparing and presenting Financial Statements.

Amortization

The systematic allocation of the depreciable amount of an intangible assets over its useful life.

Basic earnings per share

Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the period.

Borrowings

All interest bearing liabilities.

Capital employed

Total equity, minority interest and interest bearing borrowings.

Capital reserves

Reserves identified for specific purposes and considered not available for distribution.

Cash equivalents

Liquid investments with original maturity period of three months or less.

Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-Occurrence of one or more uncertain future events not wholly within control of the enterprise.

Credit rating

An evaluation of a corporate's ability to repair its obligations or the likelihood of not defaulting, carried out by an independent rating agency.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of the entity, the supervision of executive action and accountability to owners and others.

Current Ratio

Current assets divided by current liabilities. A measure of liquidity.

Debit /Equity

Debt as a percentage of total equity less minority interest if any.

Deferred taxation

The tax effect of timing differences deferred to/from other period, which would only qualify for inclusion on a tax return at a future date.

Earnings per Ordinary Share (EPS)

Profits attributable to ordinary shareholders divided by the weighted average numbers of ordinary shares in issue during the period.

Effective tax rate

Income tax expenses divided by profit from ordinary activities before tax.

Equity

Shareholders' funds.

Dividends

Distribution of profits to holders of equity investment.

Dividend cover

Profit attribute to ordinary shareholders divided by dividend. Measures the number of times dividend is cover by distributable profit.

Dividend yield

Dividend per share as a percentage of the market price. A measure of return on investment

Gearing

Proportion of total interest bearing borrowings to capital employed.

Interest cover

Profit before tax plus net finance cost divided by net finance cost. Measure of an entity's debt service ability.

Market capitalization

Number of shares in issue multiplied by the market value of a share at the report date.

Net assets

Total Assets minus Current Liabilities minus Long Term Liabilities minus Minority Interests.

Net assets per share

Net Assets over weighted average number of ordinary share in issue

Glossary of Financial Terms contd.

Net Worth

Total equity less minority interest if any.

Operating profit

Profit before tax, share of profit of associates and net finance cost.

Price earnings ratio

Market price of a share divided by earnings per share as reported at that date.

Prudence

Inclusion of a degree of caution in the exercise of judgment needed in marking the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.

Related parties

Parties who could control or significant influence the financial and operating policies of the business.

Return on Equity

Profit before tax divided by total equity less minority interest, if any.

Return on Total Assets

Profit before tax plus finance cost divided by total average assets.

Revenue reserves

Reserves considered as being available for distributions and investments.

Revenue Reserves

Reserves considered as being available for distribution and investments.

Segments

Constituent business units grouped in terms of similarity of operations.

Stated Capital

The total amount received by the company or due and payable to the company in respect of issue and calls of shares are referred to as stated capital.

Value addition

The quantum of wealth generated by the activities of the group measured as the difference between turnover and the cost of material and services bought in.

Working capital

Capital required to finance day-to-day operations computed as the excess of current assets over current liabilities.

Milestones

1962

In March 1962, Associated Motorways Ltd (AMW) incorporated Associated Cables Ltd as a Subsidiary for the manufacture of electric cables.

1963

Within a period of one year, manufacture of electric cables commenced in Sri Lanka for the first time with Japanese technical assistance within the AMW Industrial complex at Kalutara.

1976

The Company became a public quoted company under the rules of Colombo Brokers Association.

1978

Facilities for drawing of Copper wires were added.

1980

The Company moved out of AMW Group.

Aluminum Conductor plant was set up for the manufacture of AAC and ACSR.

1981

Joint Venture with Aluminum Industries Ltd, India for the manufacture 1400 M/Ts of Aluminium conductors.

1982

Establishment of own distribution network island wide.

1986

Production of Armoured cable commenced at Piliyandala Factory.

1988

Company entered into a technical collaboration agreement with Nokia Cables Finland, for manufacturing of Aerial Bundled Cables and XLPE Insulated Cables.

1990

The name of the company was changed from Associated Cables Ltd. to ACL Cables Ltd, in order to establish an independent identity for the Company.

1991

ACL Plastics Limited was incorporated for the manufacture of PVC compound.

1993

Second technical collaboration agreement with NOKIA Cables of Finland for drawing and ageing Aluminum Alloy conductors.

Commenced manufacturing of PVC compound at ACL Plastics Ltd, Ekala.

1995

Export of Cables commenced to Bangladesh and Maldives.

Acquisition of Ceylon Bulbs & Electricals Ltd.

1999

Acquisition of Kelani Cables Ltd.

Introduction of Power - X and Flexi cables.

2006

Incorporation of ACL Metals & Alloys (Private) Ltd and ACL Polymers (Private) Ltd.

Introduction of Fireguard and other fire rated range of Products.

2007

Winning the Achievers Gold Award for Performance Excellence awarded by the Ceylon National Chamber of industries Sri Lanka, National Quality Award and Taiki Akimoto Award on 5S.

2008

ACL Cables PLC awarded the highest award of Asia Pacific Quality Organisation beating participants from 46 countries. Recognised as a world class company.

Awarded Super Brand status for ACL brand.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Forty Eighth Annual General Meeting of ACL Cables PLC will be held at the Auditorium of the Association of Accounting Technicians of Sri Lanka, at 540, Thimbirigasyaya Road, Colombo – 05, on Friday the 30th July 2010, at 10.00am for the following purposes.

- 01 To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2010 with the report of the Auditors thereon.
- 02 To re-elect as Directors Mr. Daya Wahalantiri and Mr. Rajiv Casie Chitty who retire by rotation.
- 03 To re-appoint Pricewaterhouse Coopers, as Auditors of the Company and authorize the Directors to determine their remuneration.
- 04 To consider and if thought fit to pass the following Ordinary Resolution, of which special notice has been given by a Shareholder of the Company.
 - (a) “that Mr. U.G Madanayake, who has passed the age of 70 years in May 2006, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No 07 of 2007 shall not apply to him”
 - (b) “that Dr. S.K Madanayake, who has passed the age of 70 years in February 1999, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No 07 of 2007 shall not apply to him”
 - (c) “that Mr. Ajit Jayaratne, who has passed the age of 70 years in April 2010, be and is hereby appointed a Director of the Company and that the age limit of 70 years referred to in Section 210 of Companies Act No 07 of 2007 shall not apply to him”
- 05 To authorize the Directors to determine donation to charities.

Note:

- (a) A shareholder is entitled to appoint a Proxy to attend and vote in his stead and a Form of Proxy is attached to this Report for that purpose. A Proxy need not be a Shareholder of the Company.
- (b) Shareholders are kindly requested to bring duly perfected and signed Attendance Slip along with them when attending the Meeting and handover for registration.

BY ORDER OF THE BOARD

(Sgd.)

Corporate Affairs (Private) Limited
Secretaries

9th July 2010

Form of Proxy

ACL CABLES PLC

I/We of
 being a Shareholder/ Shareholders of the above Company hereby appoint
or failing him/ her of

 as my/ our Proxy to vote for me/ us on my/ our behalf at the Annual General Meeting of the Company to be held on the
 30th of July 2010 at 10.00 a.m. and at any adjournment thereof.

	IN FAVOUR	NOT IN FAVOUR
01 To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2010 with the report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
02 (a) To re-elect as Director Mr Daya Wahalantantiri who retires by rotation.	<input type="checkbox"/>	<input type="checkbox"/>
(b) To re-elect as Director Mr Rajiv Casie Chitty who retires by rotation	<input type="checkbox"/>	<input type="checkbox"/>
03 To re-appoint PricewaterhouseCoopers as Auditors of the Company and authorize the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
04 (a) Ordinary Resolution (a) relating to the appointment of Mr. U G Madanayake.	<input type="checkbox"/>	<input type="checkbox"/>
(b) Ordinary Resolution (b) relating to the appointment of Dr. S K Madanayake.	<input type="checkbox"/>	<input type="checkbox"/>
(c) Ordinary Resolution (b) relating to the appointment of Mr. Ajit Jayaratne	<input type="checkbox"/>	<input type="checkbox"/>
05 To authorized the Directors to determine donation to charities.	<input type="checkbox"/>	<input type="checkbox"/>

Signed this day of 2010

.....
 SIGNATURE

ACL CABLES PLC – ATTENDANCE AT ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Forty Eighth Annual General meeting of ACL CABLES PLC

01. NAME OF SHARE HOLDER :
- NAME OF PROXY (if applicable) :
02. SHAREHOLDER'S NIC NUMBER :
- PROXY'S NIC NUMBER (if applicable) :
03. SIGNATURE OF SHEREHOLDER :
- SIGNATURE OF PROXY(if applicable) :

SHAREHOLDERS ARE KINDLY REQUESTED TO BRING THIS ATTENDANCE SLIP WITH THEM WHEN ATTENDING THE MEETING AND HAND OVER FOR REGISTRATION.

Form of Proxy contd.

INSTRUCTION FOR COMPLETION

- 01 The instrument appointing a Proxy shall in the case of an individual be signed by the appointer or by his Attorney and in the case of a Corporation be either under its Common Seal or signed by its Attorney or by an Officer on behalf of the Corporation.
- 02 A Proxy need not be a Shareholder of the Company.
- 03 The full name and address of the Proxy and the Shareholder appointing the Proxy should be entered legibly in the Form of Proxy.
- 04 The completed Form of Proxy should be deposited at No.21, Norris Canal Road, Colombo 10, not less than 48 hours before the scheduled starting time of the Meeting.

Corporate Information

COMPANY NAME

ACL Cables PLC

REGISTRATION NUMBER

PQ 102

BOARD OF DIRECTORS

U.G. Madanayake - *Chairman*

Suren Madanayake - *Managing Director*

Dr. S.K. Madanayake

Mrs. N.C. Madanayake

Hemantha Perera

D.D Wahalatantri

A.M.S. De S. Jayaratne

P.S.R. Casie Chitty

SECRETARIES

Messrs. Corporate Affairs (Private) Limited

No. 68/1, Dawson Street, Colombo 02

GROUP FINANCIAL CONTROLLER

Roschen Perera MBA, FCMA, FCA

REGISTERED OFFICE

21, Norris Canal Road,

Colombo 10.

E-mail: info@acl.lk

Website: www.acl.lk

AUDITORS

Messrs. PricewaterhouseCoopers

Chartered Accountants

100, Braybrooke Place,

Colombo 02.

BANKERS

Standard Chartered Bank

Hatton National Bank

National Development Bank

Sampath Bank

Nation Trust Bank

Hongkong & Shanghai Banking Corporation

People's Bank

Commercial Bank

Citi Bank

Deutsche Bank



everywhere

ACL Cables PLC

No. 21, Norris Canal Road, Colombo 10

T: 2697652 E: info@acl.lk

www.acl.lk