ACL CABLES

QUALITY GUARANTEED
RESPONSIBILITY CERTIFIED

ACL CABLES PLC

2013 ANNUAL REPORT 2014

Our Vision and Mission

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

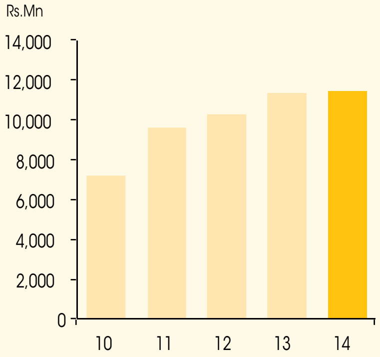
- We carry out our activities in an environment friendly manner, contributing towards a safer and healthier community.
- We maintain ethical standards.

Contents

Group Financial Highlights

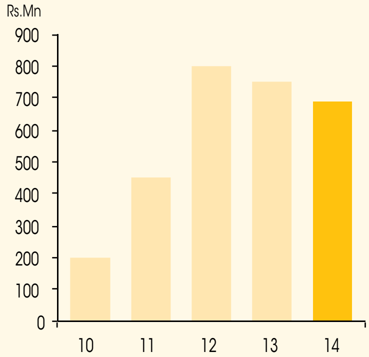
Revenue

for the year ended 31st March



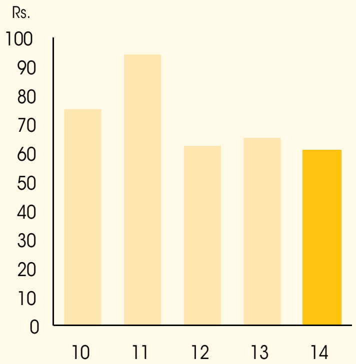
Net Profit before Tax

for the year ended 31st March



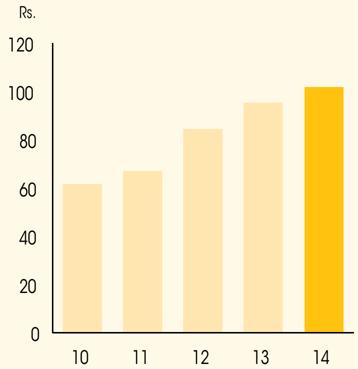
Market Value per Share

as at 31st March



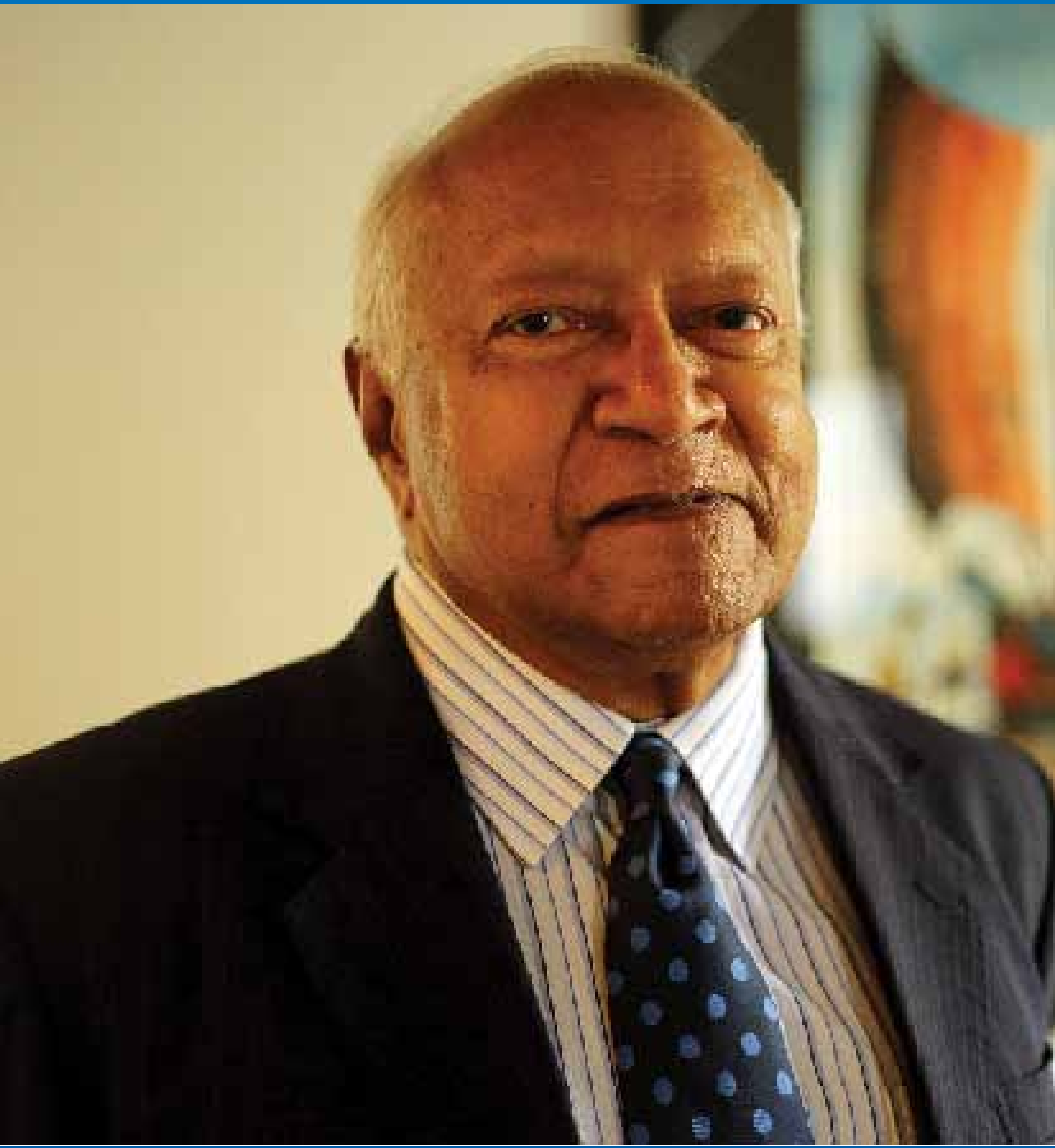
Net Assets per Share

as at 31st March



	2014 Rs.Mn	2013 Rs.Mn
Operations		
Turnover	11,447	11,327
Gross Profit	1,924	1,864
Finance Cost	284	336
Profit before Tax	688	753
Profit after Tax	511	590
Total Equity	6,845	6,402

	2014	2013
Key Financial Indicators		
Gross Profit Margin	16.81%	16.46%
Net Profit Margin before Tax	6.01%	6.65%
Interest Cover (Times)	3.42	3.24
Return on Equity	7.47%	9.22%
Current Ratio (Times)	1.85	1.90



Chairman's Message

It gives me great pleasure to welcome you to the 52nd Annual General meeting of ACL Cables PLC on behalf of the Board of Directors and present to you the Annual Report and the Audited Financial Statements for the year 2013/14. As a Group, it is our responsibility to build brands which project our position as a Supplier of Quality Electrical Products. Our vision is to continue to strengthen our dominant position in the Sri Lankan market while enhancing our reputation in the international arena.

Economic Outlook

We are reasonably satisfied that the Sri Lankan economy has shown 7.3% growth in Gross Domestic Product (GDP) despite many challenges facing the country. This compares well when one considers the growth in GDP of the World which stood at around 3%.

"It is encouraging to see that the Sri Lankan economy has achieved a total GDP of US$ 67 billion in 2013 and it is projected to be US$ 100 billion by the year 2016. These projections are really encouraging and even if they are not achieved in full"

It is encouraging to see that the Sri Lankan economy has achieved a total GDP of US$ 67 billion in 2013 and it is projected to be US$ 100 billion by the year 2016. These projections are really encouraging and even if they are not achieved in full, it gives us confidence that opportunities for growth are immense. Furthermore, the Government envisages that the total GDP figure will be around US$ 140 billion by the year 2020. Due to this projected rapid development during the next 6 years or so, the ACL Group can look forward to an increase in the demand for Cables and other electrical products since new investments and modernization programs related to infrastructure will be the first wave of the said development. These favorable predictions and proposed development of the five hubs concept of the government gives us confidence to invest in technology and capacity expansion to meet future demand.

"Lower cost of capital will help existing industries to invest more and also to create a new set of entrepreneurs, thereby widening the industrial base in Sri Lanka. These are favorable trends for our industry"

The current policy of the Government is to increase liquidity in the market by lowering of interest rates with the hope of increasing demand for consumption and Investment goods. Lower cost of capital will help existing industries to invest more and also to create a new set of entrepreneurs, thereby widening the industrial base in Sri Lanka. These are favorable trends for our industry.

As per CEB statistics we see an increase in the number of consumers by 4.5%. However, the demand for electricity by domestic consumers has decreased by 1% reflecting the energy conservation practices adopted in response to price increases by the CEB. Sales to hotels and general purpose categories have increased by 5% and 5.2% respectively reflecting continuous growth in the tourism industry and other business activities. The industrial sector has shown an increase of 1.9% in electricity consumption. We assume that even the industrial sector would have adopted conservation methods to reduce expenditure on electricity, these positive trends in demand will enhance our confidence that demand for cables by utilities and industries will continue to increase.

The IMF has predicted that the world economy will continue to show growth in the coming years 2014 to 2016 mainly based on growth of advanced economies. This is good news for developing countries like Sri Lanka since we could export more to meet the demand created by those opportunities.

Group Performance

ACL as a Group achieved a turnover of Rs 11.4 billion compared to previous year's figure of Rs 11.3 billion. Profit before tax declined from Rs. 753 million to Rs. 688 million. The decline is mainly due to intense competition with foreign suppliers for large local project. The metal prices have been relatively stable during the year and therefore, gains or losses from procurement have not been significant.

Challenges

Lowering of interest rates and the stability of exchange rates has created a stable environment conducive to business. Sustaining these conditions is important and we believe it will be very challenging if those rates move in a direction which is not favorable to the manufacturing industry.

"Since the country is currently moving from a lower middle income status to a middle income status, the low labor cost advantage is steadily diminishing"

Since the country is currently moving from a lower middle income status to a middle income status, the low labor cost advantage is steadily diminishing. This calls for investment in sophisticated machinery with more automation which requires higher investment. Such investments call for new product and market development to justify those high investments.

New Developments

ACL introduced the ACL range of high quality switches made by ACL Electric (Private) Limited while Kelani Cables PLC commenced the distribution of Kelani GLS and CFL bulbs under the Kelani brand during the year. Both launches have been successful to date and we believe that both companies have a long journey in developing a comprehensive range of products to play a major role in their respective markets.

"ACL introduced the ACL range of high quality switches made by ACL Electric (Private) Limited while Kelani Cables PLC commenced the distribution of Kelani GLS and CFL bulbs under the Kelani brand during the year"

Appreciation

I take this opportunity to thank our valued customers including the Ceylon Electricity Board for the continuous support in our journey. I wish to record here our appreciation of the Ministry of Finance, Ministry of Power & Energy, Ministry of Industry & Commerce, Sri Lanka Standards Institution and all other Government Institutions which continued to extend enormous support in facilitating a conducive business environment for a local industry like ACL.

I also wish to thank all our past and present employees for their dedication and commitment without which it would have been impossible for us to be at the helm of the Sri Lankan market for 52 years. It is my pleasant duty to thank the Board of Directors for their guidance and supporting role even in times of turbulences. I also wish to thank all other stakeholders including Banks, Suppliers and other service providers, etc. Finally I wish to thank all our shareholders, past and present, for their confidence placed in us.

Mr. U. G. Madanayake
Chairman

22 August 2014

Managing Director's Review

I am glad to present to you the Annual Report of ACL Cables PLC for the year 2013/14. The drop in profitability and turnover compared to last year is mainly due to the fact that some of the large orders which we did in the last year tailed off during the year. However, we are confident that this situation would be more than corrected from the second quarter of the year 2014/15.

Company Performance

Your Company achieved a turnover of Rs.6.3 billion compared to Rs. 6.7 billion last year. This reflects a marginal decline in revenue compared to last year. Profit after tax stood at Rs 98 million compared to Rs.161 million in the previous year. Stiff competition in the market, the slight reduction in turnover and the lower margin we earned on some of the large orders are the key reasons for the reduction in profitability.

Factors which were Favorable

Even though margins were relatively lower, many large-scale projects helped us to maintain our turnover above Rs 6 billion. A gradual reduction of interest rates during the year helped us to keep the financial costs lower compared to those of the last year. The CEB continued to remain active during the year under review which helped us to maintain a satisfactory turnover from that segment. It was encouraging to see that exports showed a growth in turnover to expected levels.

> "Even though margins were relatively lower, many large-scale projects helped us to maintain our turnover above Rs 6 billion"

Relative stability of the metal market was indeed favorable and therefore, it prevented us from losing money. Had the metal market been volatile, it would have created unexpected gains or losses.

Challenges Faced

Though primary lending rates continued to come down, it did not help to increase demand for cables in the local house construction market until the end of the financial year. Another challenge we faced was that large scale projects continued to demand higher discounts which in turn led to lower margins on sales.

> "Though primary lending rates continued to come down, it did not help to increase demand for cables in the local house construction market until the end of the financial year"

Cheaper cable manufacturers continued to remain a threat for the well-being of the cable market and safety standards of the country though their activities were less prominent in the year.

Continued Progress and Pioneering Spirit

ACL, which pioneered the introduction of Fire Rated Cables to the Sri Lankan market following its tradition of Pioneering Spirit, continued to innovate further improvements in the said range in order to cater to overseas and local markets. ACL takes pride in creating and increasing awareness of the immense safety benefits of Fire Rated Cables over normal PVC Cables. This is another contribution of ACL towards creating of a safe environment in buildings for the benefit of society.

The introduction of the ACL range of switches could be considered an effort towards filling a void in the market place which lacked a High Quality Product in line with the original international standards of the design to satisfy most demanding consumers and professionals.

Future Outlook

Judging by the interest rates prevailing in the market and the forecasts made by analysts, the consumer market should pick up favorably, creating an increased demand for cables. Government's pursuit of specific targets in income levels and its desire to modernize the country to a new era of prosperity makes us confident of the future performance of your Company. We have already received a large order for the supply of Aerial Bundled Cables and this is a result of the Government's desire to modernize the infrastructure while supporting the local industry. Whilst congratulating the Government for this initiative we sincerely believe that this trend of supporting the local industry will be a more regular feature.

"ACL Electric (Private) Limited which is a fully-owned subsidiary of ACL Cables PLC has successfully launched the ACL range of High Quality Switches which have been accepted well by consumers, engineers, electricians and other professionals"

"It is my pleasant duty to thank the Ministry of Finance, the Ministry of Industry & Commerce and the Ministry of Power & Energy for the cooperation and support extended in resolving many policy issues and supporting our work in a spirit of helping local industry"

ACL Electric (Private) Limited which is a fully-owned subsidiary of ACL Cables PLC has successfully launched the ACL range of High Quality Switches which have been accepted well by consumers, engineers, electricians and other professionals. While we are happy that we could provide another quality product to the local consumer through ACL Electric (Private) Limited, we are glad that the latter Company is performing up to its expectations. We see great potential for ACL Electric (Private) Limited due to the fact that the ACL brand is associated with a high quality image in the minds of the consumer.

Appreciation

It is my pleasure and duty to thank the Chairman and the Board of Directors for the immense support and guidance given to me in steering the Company towards its goals. I also extend my sincere appreciation to all employees past and present who worked and continue to work tirelessly towards the success of your Company.

I wish to extend my appreciation to valued customers of ACL including the Ceylon Electricity Board, without whom it would have been impossible to achieve success. It is my pleasant duty to thank the Ministry of Finance, the Ministry of Industry & Commerce and the Ministry of Power & Energy for the cooperation and support extended in resolving many policy issues and supporting our work in a spirit of helping local industry.

I also wish to thank all other stakeholders for the numerous and varied support given towards our progress.

Mr. Suren Madanayake
Managing Director

22 August 2014

Board of Directors

Left to Right :

Mr. U. G. Madanayake, Mr. Suren Madanayake, Mrs. N. C. Madanayake, Mr. Ajit Jayaratne, Mr. Hemaka Amarasuriya, Mr. Daya Wahalatantiri, 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 as Chairman of Kelani Cables PLC.

Mr. U.G Madanayake is also the Chairman of Fab Foods (Pvt) Ltd., Ceylon Tapioca Ltd., ACL Plastics PLC and Lanka Olex Cables (Pvt.) Ltd. He is also a Director of ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt) Ltd., Ceylon Copper (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., and ACL Electric (Pvt.) Ltd. He has over 50 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 Kelani Cables PLC and Lanka Olex Cables (Private) Ltd which is the holding Company of Kelani Cables PLC. In 2003 he was appointed as Deputy Chairman of Kelani Cables PLC.

He also serves as the Managing Director of ACL Plastics PLC and Director of Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., ACL Electric (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd. and Ceylon Tapioca Ltd. In 2012, he was appointed to the Board of Union Bank of Colombo PLC as an Independent Non- Executive Director. He also serves as Chairman of 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 & Electricals Ltd., Lanka Olex Cables (Pvt) Ltd. and Ceylon Tapioca Ltd. Mrs. N.C Madanayake is a pioneering Director of Fab Foods (Pvt) Ltd.

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 member of the Institute of Chartered Accountants, England & Wales and also a fellow member of the Institute of Chartered Accountants, Sri Lanka. Mr. Jayaratne was the Chairman of Forbes & Walker Limited, The Colombo Stock Exchange, The Ceylon Chamber of Commerce and The Finance Commission. Mr. Jayaratne also served as the High Commissioner of Sri Lanka in Singapore. He is now a Director of Singer Sri Lanka Ltd, Singer Industries Ltd., Colombo Fort Land & Building Co. Ltd., Colonial Motors Ltd., Overseas

Realty (Ceylon) PLC and C.W. Mackie PLC. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Hemaka Amarasuriya

Director

Mr. Hemaka Amarasuriya is currently the Chairman of the Singer Group of Companies in Sri Lanka. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka and of the Chartered Institute of Management Accountants, U.K. He also holds a Honorary Fellowship from the Chartered Institute of Marketing, U.K. and a Diploma in Marketing Strategy from the University of New York.

He is on the Directorate of other listed companies such as National Development Bank PLC, C.W. Mackie PLC and non-listed companies such as Bata Shoe Co. Ceylon, TNL Radio Network (Pvt) Limited, Amariya Resorts (Pvt) Ltd., & Micro Cars (Pvt) Ltd. Since holding the Chair of the Singer Group in Sri Lanka, he built this institution to regularly be among LMD's top 20 Corporates in Sri Lanka for an unbroken sequence of 12 years, while earning the status for Singer as the "Most Powerful Brand in Sri Lanka" and the vote as the "Most Popular Brand" for 8 consecutive years by Peoples' Choice.

He was recognized by the Asia Retails Congress 2007 with the "Retail Leadership Award" for his contribution to retailing in Asia and by the Chartered Institute of Marketing U.K. as a "Visionary Business Leader" for his invaluable contribution to the Marketing Profession in initiating revolutionary changes in the Consumer Market. His association with local industry goes back to 1992 from which time he has chaired the Regional Industry Service Committee – Southern Province of the Ministry of Industrial Development, responsible for developing Industrial Estates in the Southern Province. He is a former Chairman of the Employers' Federation of Ceylon and was previously responsible for the Human Resource Development Function of Singer Asia and for the procurement function of Singer Global and also chaired the Singer Worldwide Business Council, the policy implementation body of one of the oldest multinationals.

Mr. Daya Wahalatantiri

Director

Mr. Daya Wahalatantiri 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 Jayewardenepura. 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. In 1999, with the acquisition of Kelani Cables PLC, he was promoted as the Group Marketing Manager. 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 as a Director of ACL Cables PLC in November 2005. He is Chief Financial Officer of the Sunshine Tea Group and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC, Kalamazoo Industries PLC and Office Equipment PLC.

Senior Management Team

Left to Right :

Champika Coomasaru - *Group Financial Controller,* Rohitha Amarasekara - *General Manager Operation,* Lalith Ranatunga - *Marketing Consultant - Institutional Marketing,* Lakshman Bandaranayake - *Marketing Consultant Distribution Marketing,* Ms. Senila Rupasinghe - *Import/Export Manager,* Manohara De Zoysa - *Group Logistics Manager,* Mrs. Helen De Fonseka - *Systems Manager*

Senior Management Team

Left to Right :

Padmana Wijesundara - *Consultant - Quality Assurance,* Mrs. Shyamalee De Silva - *Credit Control Manager,*
R. Nandakumara - *Mechanical Engineer,* A.G.U.K. Abeynayake - *Electrical Engineer*
Indunil Perera - *Security Manager,* S.M. Welihinda - *Plant Manager Copper Cables Factory,*
Daham Binduhewa - *Legal Officer.*

Sustainability Report

It is a well known principle that the level of success of any entity depends on the level of respect given to all the associated stakeholders of the entity. Therefore, we constantly strive to take initiatives to add value to the community around us, so that as they develop, it would in turn benefit the country as well as our Company. ACL`s approach in this regard has been simply stated in our Vision, Mission and Values statements.

Customer Commitment

Customer satisfaction is not a new concept to ACL. Over the last few decades, ACL has spent plenty of time and resources to improve our product portfolio in an ever changing customer requirement environment. Accordingly, in 2006 ACL successfully launched fireguard cables which stop the spread of fire, for the first time in Sri Lanka which totally directed the cables industry of Sri Lanka into a new era.

We are also proud to announce that ACL has successfully launched the ACL range of high quality switches during the year. This was done through ACL's fully owned subsidiary, ACL Electric (Pvt) Ltd. We are of the view that this is the beginning of a long journey since ACL branded products are always well accepted by our consumers.

We have experienced in last few years that there are certain poor quality cables products coming into the market. Yet, a customer can choose a superior product from the market since ACL products have been always branded with SLS certifications.

Our distribution channel has made it so easy for our customers to obtain our products since our distribution channels cover the whole island.

As a reliable business partner, we always believe that having a constant dialogue with our customers is essential to identify their ever changing needs. ACL Power Pack Electricians Club is playing a vital role in this regard. As we did in the last several years, the club conducted a series of seminars throughout this year and provided a free technical advice service to electricians. ACL was the main sponsor for the AGM of the Technical Officers of Southern Province held during the year.

Launch of ACL Switches

An Electrician Seminar

Community Commitment

In ACL, we always encourage respect of communities and understand the support and contributions we can make wherever possible. Therefore, we engaged in several ongoing community projects during the year under review.

ACL conducted a Blood Donation Campaign in collaboration with the National Blood Bank Sri Lanka, and opportunity was given to all willing employees in the Group to take part in this event.

This year too, ACL sponsored the "Ridhi Vihara Aloka Poojawa" . This was the ninth consecutive year that ACL took a place in this cultural event.

Blood Donation Campaign

"Ridhi Vihara" Aloka Poojawa

People Commitment

We always believe that the success and growth of our entity solely depends on the contribution made by each and every human being of the entity. Unlike other assets of the Company, it is always a challenging task to manage human capital towards the achievement of the goals of the entity. This is purely because of they are always emotional. Therefore, we are managing areas of recruiting, training & development, performance appraisal & rewarding, grievances handling, motivation, and staff welfare very sensitively. As a result of this effort, our records very clearly show that we have succeeded in this challenge.

We always recruit quality people to the each and every vacant position of the entity. Depending on the circumstances, we have given equal weight to both internal and external recruitment. Internal recruitment is being used as a tool for motivating of current employees, while external recruitment is being used as tool for infusing new blood to the entity.

The annual performance appraisal is the key to identify various training needs of the employees. Accordingly, employees are given adequate training opportunities both internally and externally. During the year under review, training programs were conducted covering areas such as awareness on fire prevention in factory premises, benefits of energy conservation for industry and how to reduce electricity & fuel consumption, awareness for quality challenges in the next millennium, how to manage employees day to day stress in personal and professional life, and how to create a safety culture, etc. Apart from this, the Company held an outbound training program for the entire sales team of the Company with the guidance of expert HR consultants. Under this training program, a vast area related to sales and marketing was covered.

The reward system of ACL is based on performance which is a part of the annual performance appraisal. Accordingly, the employees who meet the required level of performance will become a part of the annual promotion list. There are lots of areas which are being considered in this appraisal such as meeting deadlines, cost reduction initiatives, involvement with social & cultural activities, level of absenteeism and quality of work performed, etc.

Having a working environment with various social and cultural activities will create an atmosphere of togetherness amongst members of the ACL family. With this social view, the ACL Cables Welfare Society was established several years ago. The Committee of the society has overall responsibility to identify and perform such activities with the collaboration of employees. Activities that were held during the year showed that the society has completed another successful year.

The society conducted a few Bana Preaching Ceremonies during the year covering various aspects such as balancing work life and how religious concepts apply to work life, etc. An art competition was held for the children of employees under different age categories and rewards were given to winners. The society also conducted a free eye clinic for factory employees and spectacles were granted to recommended employees on an easy payment scheme. The ACL "Bak Maha Ulela" event was successfully held this year too with various cultural events.

Training Programme for Sales Team

Eye Clinic for Factroy Employees

Art Competition

ACL "Bak Maha Ulela"

Environmental Commitments

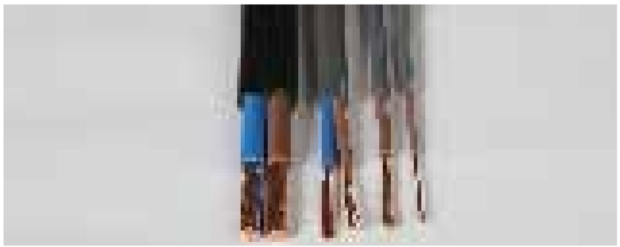
Our policy is to carry out all production processes with the objectives of prevention of pollution in accordance with socio-economic needs. Therefore, all members of the ACL family shall give their best towards achieving these objectives to build up a healthy and pleasant environment. Therefore we always,

- Comply with all applicable environmental and safety regulations and legislation.
- Minimize and control emissions, waste disposal, noise and vibration levels.
- Optimize the usage of energy and commit to reduce, reuse or recycle materials in an effort to conserve natural resources.
- Educate all employees on their responsibilities towards the betterment of the environment.
- Improve the Environmental Management System by reviewing objectives, targets and performance on a continual basis.

As a result of this enduring effort, during the year we won the Bronze Award for Recognition of Excellence in Cleaner Production Practices and Excellence Award for Material Efficiency awarded by the National Cleaner Production Centre, Sri Lanka.

Award for Excellence in Cleaner Production Practices

Product Portfolio

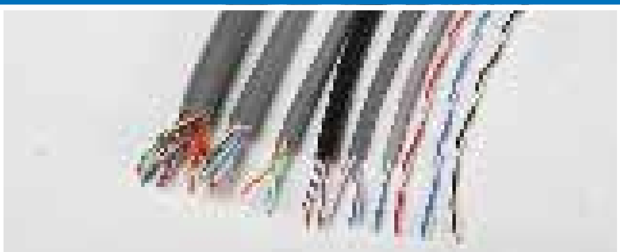


House Wiring Cables

Flexible Cables

Earth Cables

Auto Cables



Telecommunication Cables

Low Voltage – Arial Bundled Cables

Fire Resistance Circuit Integrity Power Cables.(LSHF-CI)

Fire Retardant Power Cables

33KV Covered Conductors

ACSR & AAAC Conductors

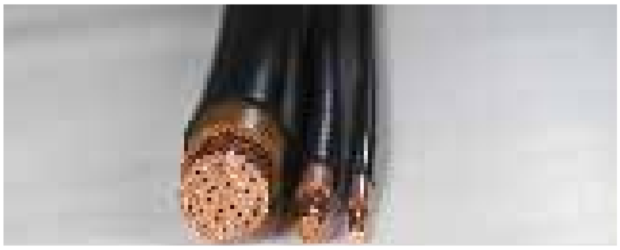
All Aluminum Conductors

Customized Cu Power Cables

Multi Core Armored Cu Power Cables

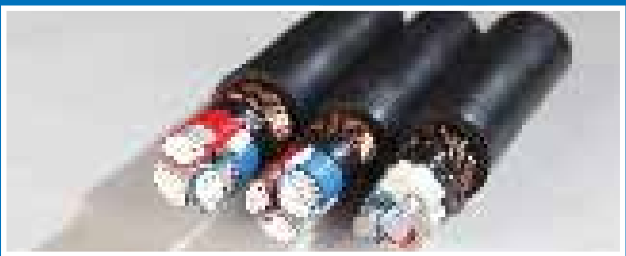
Multi Core Unarmored Al Power Cables

Single Core Armored Cu Power Cable

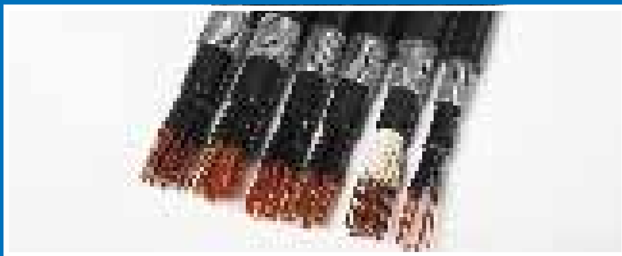


Single Core Unarmored Cu Power Cables

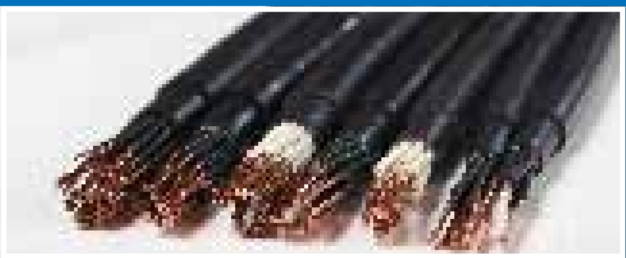
Unsheathed Cu Power Cables



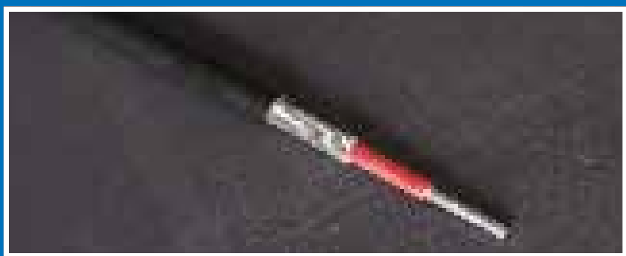
Multi Core Al Power Cables with Cu Wire Screen



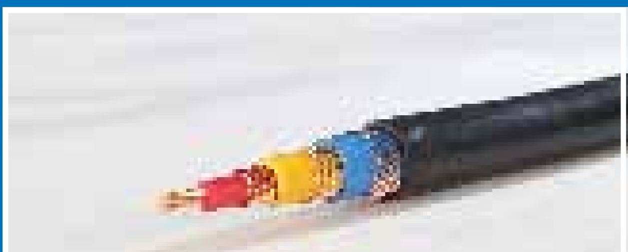
Armored Control Cables



Unarmored Control Cables



Single Phase Al Concentric Cable



Three Phase Cu Concentric Cable

Product Portfolio Cont..

One Gang One Way Switch

Two Gang One Way Switch

Three Gang One Way Switch

Four Gang One Way Switch

Five Gang One Way Switch

5A Switched Socket

5A Switched Socket with Neon

13A Switched Socket

13A Switched Socket with Neon


15A Switched Socket


15A Switched Socket with Neon


Blank Plate


Bell Press (20A, AC 250V)


Telephone Socket (4Wire, RJ11)


TV Outlet (750hm, co-axial)


Fan Speed Control (400W AC 250V)


Double Pole (20A, AC 250V)


Light Dimmer (500W)


Data Socket

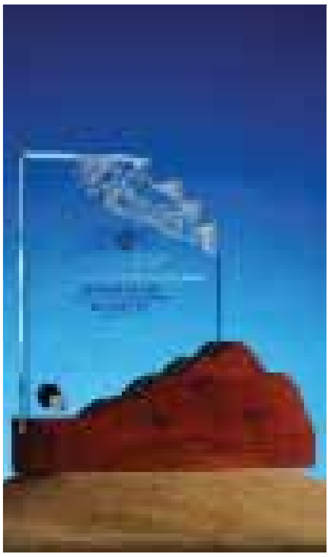
Group Structure

Description / Company	ACL Cables PLC	Kelani Cables PLC	ACL Plastics PLC	Ceylon Bulbs & Electricals Ltd
Registration Number	PQ 102	PQ 117	PQ 87	PB 1283
Date of Incorporation	10.03.1962	18.12.1972	17.07.1991	16.10.1957
Corporate Status	Public Limited Company	Public Limited Company	Public Limited Company	Limited Company
ACL Cables PLC's Effective Shareholding in the Company	Parent Company	79.30%	65.20%	95.30%
Directors	U. G. Madanayake Chairman	U. G. Madanayake Chairman	U. G. Madanayake Chairman	U.G.Madanayake Director
	Suren Madanayake Managing Director	Suren Madanayake Deputy Chairman	Suren Madanayake Managing Director	Suren Madanayake Director
	Mrs. N. C. Madanayake Director	Mrs. N. C. Madanayake Director	Mrs. N. C. Madanayake Director	Mrs. N. C. Madanayake Director
	Ajit Jayaratne Director	Dr. C. T. S. B. Perera Director	Das Miriyagalle Director	
	Hemaka Amarasuriya Director	Dr. L. J. R. Cabral Director	Dr. Kamal Weerapperuma Director	
	Daya Wahalatantiri Director			
	Rajiv Casie Chitty Director			
Principal Activity	Manufacturing and Selling of Power Cables & Conductors, Armored Cables, Aerial Bundled Cables, Control Cables, Telephone Cables & Auto Cables	Manufacturing and selling of Power Cables, Telecommunication Cables & Enameled Winding Wires	Manufacturing Cable grade PVC Compound	Dormant
Auditors	PricewaterhouseCoopers, Chartered Accountants	KPMG Ford, Rhodes, Thornton & Co. Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	A. I. Macan Marker & Co. Chartered Accountants
Secretaries	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd
Total Number of Employees as at 31st March 2014	627	453	41	None

	Lanka Olex Cables (Pvt) Ltd	ACL Kelani Magnet Wire (Pvt) Ltd	ACL Polymers (Pvt) Ltd	ACL Metals & Alloys (Pvt) Ltd	Ceylon Copper (Pvt) Ltd	ACL Electric (Pvt) Ltd
	PV 20493	PV 11996	PV 3371	PV 3811	PV 79466	PV 89241
	22.02.1993	29.06.2000	06.09.2005	05.09.2005	17.06.2011	08.11.2012
	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company
	100%	93.79%	65.20%	100%	100%	100%
	U.G.Madanayake Chairman	U.G.Madanayake Director	U. G. Madanayake Director	U. G. Madanayake Director	U. G. Madanayake Director	U. G. Madanayake Director
	Suren Madanayake Managing Director	Suren Madanayake Director	Suren Madanayake Director	Suren Madanayake Director	Suren Madanayake Director	Suren Madanayake Director
	Mrs. N. C. Madanayake Director	Mrs. Maya Weerapura Director				
	Investing Company	Manufacturing and export of Enameled Winding Wires	Manufacturing of PVC compounds	Manufacturing and Selling Aluminium rods, Alloys of Aluminium and Other Metals	Manufacturing of copper rods, bus bars, strips, profiles, catenary wires and tubes for local and export market	Manufacturing of electrical accessories
	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants	PricewaterhouseCoopers, Chartered Accountants
	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Management Applications (Pvt) Ltd	Management Applications (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd
	None	59	15	25	16	90

Awards & Certifications

Crystal Award 2009
Award 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.

"Provincial Productivity Awards - 1st Place" 2007
organized by the National Productivity Secretariat.

National Quality Award
Winner 2007

Certification	Description
ISO 9001 : 2008	Quality Management System
ISO 14001 : 2004	Environment Management System
SLS 733	"ACL" Brand PVC Insulated Non-Armored Cables With Copper Conductors
SLS 1143	"ACL" Brand PVC Insulated Flexible Cords
SLS 750	"ACL" Brand Aluminium Stranded Conductors
SLS 1186	"ACL" Brand Armored Cables

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, is regularly reviewed to ensure the related risks are minimized where the complete elimination is not possible.

Also, we have categorized each risk exposure under high, moderate or low based on the level of the significance to the entity and mitigating actions are being taken accordingly.

Risk Exposure	Company Objectives	Company Initiatives
Financial Risk Management		
1. Liquidity & Cash Management *Risk Rating – Moderate*	• To maintain liquidity position.	• 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. • Obtaining funding facilities to adequately manage liquidity position through several financial institutions.
2. Interest Rate Risk *Risk Rating – High*	• To minimize adverse effects of interest volatility.	• Negotiate with banks to obtain the best possible interest rate for Groups' borrowings and investments. • Negotiate and take supplier credit to mitigate the high cost and to avoid adverse fluctuations in local interest rates.
3. Currency Risk *Risk Rating – High*	• To minimise exposure to fluctuations in foreign currency rates of foreign currency receipts and payments.	• Use export proceeds to settle import payments wherever possible.
Business Risk Management		
1. Credit Risk *Risk Rating – Moderate*	• To minimise risk associated with debtors defaults.	• Export sales are done on letters of credit and advance TT remittances 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. • Disallowing credit sales for new customers initially. • Follow an assessment procedure to ensure credit worthiness of customers. • Company maintains a comprehensive policy to adequately review and provide for doubtful debts.

Risk Exposure	Company Objectives	Company Initiatives
2. Asset Risk *Risk Rating - Low*	• To minimise losses caused by machine breakdown and damages from fire or theft.	• Obtain comprehensive insurance covers for plant and machinery. • Carry out planned preventive maintenance programs.
3. Internal Controls *Risk Rating - Low*	• To maintain a sound system of internal controls to safeguard Company assets.	• Carry out continuous internal audits by an independent firm.
4. Human Resources *Risk Rating - Low*	• To reduce labor turnover. • To ensure smooth flow of operations without interruptions. • To ensure adaptability through training and adopting best practices	• 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 Society. • Provide specific and general training wherever necessary.
5. Technological and Quality Related Risk *Risk Rating - Low*	• To keep pace with current technological developments and quality standards to avoid obsolescence. • To minimise production of stocks that do not meet the standards.	• 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. • Already, the equipment required to test the quality of products is in place.
6. Inventory Management Risk *Risk Rating - Low*	• To reduce stock out situations. • To reduce the accumulation of slow moving stocks. • To minimise the losses on obsolete stocks. • To minimise risk of sub-standard material being received. • To minimise inventory days.	• 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 standard are separated and disposed as scrap. • Continuous stock verification systems to identify non-moving stocks. • Regularly monitor inventory days. • Review periodically and provide adequately for slow moving stocks.

Risk Exposure	Company Objectives	Company Initiatives
7. Risk of Competition *Risk Rating - Moderate*	• To avoid losses of market share from imported low quality products.	• 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 *Risk Rating - Moderate*	• To reduce the risk of loss in present and future investments.	• Investments in assets are properly planned and made on timely basis. • Reduce the idle assets as far as possible.
9. Information Systems *Risk Rating - Low*	• To minimise possible risks associated with data security, hardware, software and communication systems.	• Data backups are taken regularly and stored in external 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 *Risk Rating - Low*	• To minimise adverse impact of operations to the environment.	• Comply with the standards set by the relevant authorities and ensure compliance.
11. Legal and Regulatory Issues *Risk Rating - Low*	• 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.	• Comply with the requirements of statutory and regulatory bodies. • Obtain advice from the Employers ' Federation of Ceylon when necessary.

Corporate Governance

ACL Cables PLC is committed to best practices in the area of Corporate Governance. Corporate Governance is an internal system encompassing policies, processes and people, which serves the needs of shareholders and other stakeholders. Good governance facilitates effective management and control of the business, while maintaining a high level of business ethics and optimizing the value for all stakeholders. Sound Corporate Governance is reliant on external marketplace commitment and legislation plus a healthy Board culture which safeguards policies and processes. 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 dilemma of principal-agent.

The Corporate Governance Report, together with the Audit Committee Report and the Directors Remuneration Report, provides a description of the manner and extent to which ACL Cables PLC complies with 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 to 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:

- To enhance shareholder value.
- 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 seven Directors of whom four are Non-Executive Directors. The names and profiles of the Directors are given on pages 12 to 15 of this report. The Board recognizes the need for a clear division of responsibilities in running the Company business. Accordingly, the positions of Chairman and Managing Director have been separated.

The Board Balance

The composition of the Executive and Non-Executive Directors in the Board satisfies the requirements laid down in the Listing Rules of the Colombo Stock Exchange. The Board consists of four Non-Executive Directors and three of them are Independent Non-Executive Directors. The Board has determined that the three 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 and Remuneration Committees held during 2013/2014 was as follows.

Name of Director	Board (12 Meetings)	Audit Committee (4 meetings)	Remuneration Committee (1 meeting)
Executive Directors			
Mr. U. G Madanayake - Chairman	10		
Mr. Suren Madanayake - Managing Director	12		
Mr. Daya Wahalatantiri - Director Export	11		
Non-Executive Directors			
Mrs. N. C Madanayake	07		
Independent Non-Executive Directors			
Mr. Ajit Jayaratne	11	04	01
Mr. Hemaka Amarasuriya	10		
Mr. Rajiv Casie Chitty	12	04	01

Dedication of Adequate Time and Effort

Every Director dedicates adequate time and effort to matters of the Board and the Company. Adequate time is devoted at every meeting to ensure that the 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 receives appropriate training on the first occasion that he or she is appointed to the Board of the 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 are required to submit themselves for re-election at regular intervals and at least every three years. According to the Articles of Association, Directors Mr. Daya Wahalatantiri and Mr. Rajiv Casie Chitty retire by rotation and are required to stand for re-election by shareholders at the Annual General Meeting.

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.

Accountability and Audit

The Board presents a balanced and understandable assessment of the Company's position and prospectus.

The Quarterly and Annual Financial statements, prepared and presented in conformity with Sri Lanka Accounting Standards, comply with the requirements of the Companies Act No. 07 of 2007.

The Report of the Directors is provided on pages 42 to 44 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 45 and 49 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report of Directors on page 42 of this Annual Report.

Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal controls to safeguard shareholders' investments 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 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 an external professional body, members of the 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 Cables PLC through the conduct of its business in a way which:

- Satisfies its customers,
- Develops environmentally friendly products,
- Provides a safe and healthy workplace,
- Protects against losses from unforeseen causes,
- Minimizes the cost and consumption of increasingly scarce resources,
- Prevents pollution and wastage,
- 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 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.

Remuneration Committee

The Remuneration Committee consists exclusively of Non-Executive Directors who are Independent of Management. The members of the Remuneration Committee are 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 the Committee
- Mr. Rajiv Casie Chitty

Further details of the Remuneration Committee are given in their report on page 48.

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, whichever 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 the Committee
- Mr. Rajiv Casie Chitty

Further details of the Audit Committee are given in their report on page 46 & 47.

Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics for the Directors and members of the senior management.

The table below indicates the manner and extent to which ACL Cables PLC complies with 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 Check List

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.1(a)	Non-Executive Directors (NED)	2 or 1/3 of the total number of Directors whichever is higher.	✓	Corporate Governance
7.10.2 (a)	Independent Directors (IDS)	2 or 1/3 of NEDs, whichever is higher, should be independent.	✓	Corporate Governance
7.10.2 (b)	Independent Declaration	Each NED should submit a declaration of independence.	✓	Corporate Governance
7.10.3 (a)	Disclosures Relating to Directors	• The Board shall annually determine the independence or non-independence of each NED. • Names of IDs should be disclosed in the Annual Report (AR).	✓ ✓	Corporate Governance
7.10.3 (b)	Disclosures Relating to Directors	The basis for the Board's determination of independence, if criteria specified for independence is not met	✓	Corporate Governance
7.10.3 (c)	Disclosures Relating to Directors	A brief résumé of each Director should be included in the AR including the Director's areas of expertise.	✓	Board of Directors (profile) section in the Annual Report
7.10.3 (d)	Disclosures Relating to Directors	Provide a brief résumé of new Directors appointed to the Board with details specified in 7.10.3(a), (b) and (c) to the CSE.	✓	Corporate Governance
7.10.4 (a-h)	Criteria for Defining "Independence"	Requirements for meeting criteria.	✓	Corporate Governance

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.5	Remuneration Committee (RC)	A listed Company shall have a RC.	✓	Corporate Governance
7.10.5 (a)	Composition of Remuneration Committee (RC)	• RC shall comprise of a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher. • A NED shall be appointed as the Chairman of the Committee.	✓ ✓	Corporate Governance
7.10.5 (b)	Functions of Remuneration Committee (RC)	The RC shall recommend the remuneration of executive directors and CEO.	✓	Corporate Governance
7.10.5 (c)	Disclosure in the Annual Report Relating to Remuneration Committee (RC)	• Names of Directors comprising the RC. • Statement of Remuneration Policy • Aggregated remuneration paid to EDs and NEDs. • Corporate Governance and Remuneration Committee Report	✓ ✓ ✓ ✓	Corporate Governance and Remuneration Committee Roport
7.10.6	Audit Committee (AC)	The Company shall have an AC.	✓	Corporate Governance
7.10.6 (a)	Composition of Audit Committee (AC)	• AC shall comprise a minimum of two INEDs, or of NEDs a majority of whom shall be independent, whichever shall be higher. • A NED shall be appointed as the Chairman of the Committee. • MD and Chief Financial Officer shall attend AC meetings. • The Chairman of the AC or one member should be a member of a recognized professional accounting body.	✓ ✓ ✓ ✓	Corporate Governance and the Audit Committee Report

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
7.10.6(b)	Functions of Audit Committee (AC)	Overseeing of the – • Preparation, presentation and adequacy of disclosures in the financial statements in accordance with Sri Lanka Accounting Standards. • Compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements. • Processes to ensure that the internal controls and risk management are adequate to meet the requirements of the Sri Lanka Auditing Standards. • Assessment of the independence and performance of the external auditors. • Make recommendations to the Board pertaining to appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditor.	✓ ✓ ✓ ✓ ✓	Corporate Governance and the Audit Committee Report
7.10.6 (c)	Disclosure in Annual Report Relating to Audit Committee (AC)	• Names of Directors comprising the AC. • The AC shall make a determination of the independence of the Auditors and disclose the basis for such determination. • The AR shall contain a Report of the AC setting out the manner of compliance with their functions.	✓ ✓ ✓	Audit Committee Report

Financial Information

Financial Calendar (2013/14)

01st Quarter Interim Financial Statements (30th June 2013 – Unaudited)	–	13th August 2013
02nd Quarter Interim Financial Statements (30th September 2013 – Unaudited)	–	13th November 2013
03rd Quarter Interim Financial Statements (31st December 2013 - Unaudited)	–	13th February 2014
04th Quarter Interim Financial Statements (31st March 2014 – Unaudited)	–	26th May 2014
Annual Report 2013/14	–	22nd August 2014
52nd Annual General Meeting	–	17th September 2014
First Interim Dividends Paid (Rs. 1.00 per Share)	–	17th September 2013

Report of the Directors

The Directors have pleasure in presenting their 52nd Annual Report together with the Audited Balance Sheet, Income Statement and Consolidated Financial Statements of the Group for the year ended 31st March 2014.

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 on pages 28 to 29.

Future Developments

An overview of the future developments of the Company is given in Managing Director's Review on page 09.

Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on page 49 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 50 to 95 in this Annual Report.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 45.

Directors

Directors of the Company are listed on pages 12 to 15 and their respective shareholdings are given below.

	Number of Shares as at 31.03.2014	% Holding as at 31.03.2014	Number of Shares as at 31.03.2013	% Holding as at 31.03.2013
U. G. Madanayake - Chairman	22,837,216	38.13	22,837,216	38.13
Suren Madanayake - Managing Director	13,302,396	22.21	13,302,396	22.21
Dr. S. K. Madanayake**	4,218	0.01	160,854	0.27
Mrs. N. C. Madanayake	1,032,100	1.72	1,032,100	1.72
A. M. S. De S. Jayaratne	-	-	-	-
Hemaka Amarasuriya	-	-	-	-
D. D. Wahalatantiri	-	-	-	-
P. S. R. Casie Chitty	-	-	-	-

** Deceased

Accounting policies and changes during the year

The Company and the Group prepared the financial statements in accordance with the Sri Lanka Accounting Standards (SLFRS /LKAS). The significant accounting policies adopted in the preparation of the financial statements of the Company and the Group are given in pages 56 to 67

The accounting policies adopted by the Group are consistent with those adopted in the previous financial year

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 as at 31st March 2014 was Rs.299 million and was unchanged during the year.

Events Occurring After the Balance Sheet Date

No circumstances have arisen since the Balance Sheet date which would require adjustments to or disclosure in the Financial Statements other than those disclosed in note 40 to the Financial Statements.

Statutory Payments

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

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

Directors' Remuneration

Remuneration received by the Directors is set out in note 39 to the Financial Statements.

Directors Meetings

The details of Directors' meetings are set out on pages 34 to 39 under the Corporate Governance section of the Annual Report.

Dividends

Having satisfied the compliance of the solvency test required by the Companies Act No. 07 of 2007, an interim dividend of Rs.1.00 per share was paid on 17th September 2013 to the holders of the Ordinary Shares for the financial year 2013/14.

Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment and intangible assets of the Company and the Group amounted to Rs. 64 million and Rs. 231 million respectively, details of which are given in notes 11,12 and 14 to the Financial Statements.

Property, Plant and Equipment

Details of property, plant and equipment are given in note 11(a) and note 11(b) to the Financial Statements. The Freehold properties (land and buildings) of the Group have been revalued based on independent professional valuations and written-up in the books of account to conform to market value of such properties. Further, details of such revaluations are given in note 11 (c) and (d) to the financial statements.

Donations

Donations amounting to Rs. 3 million (Group amount) were made during the year under review.

Share Information

Information relating to earnings, dividends, net assets and market price per share is given in the Information to Shareholders on page 97 of the Annual Report.

Shareholdings

As at 31st March 2014 there were 2,205 shareholders. The distribution is indicated on page 97 of the Annual Report. The twenty largest shareholders of the Company as at 31st March 2014, together with an analysis is given on page 98 of the Annual Report.

Related Party Transactions

The Directors have also disclosed the transactions if any, that could be classified as related party transactions in terms of Sri Lanka Accounting Standard-LKAS 24 "Related Party Disclosures" which is adopted in the preparation of the Financial Statements. Those transactions disclosed by the Directors are given in note 39 to the Financial Statements forming part of the Annual Report of the Board.

Environmental Protection

The Company has used its best endeavors to comply with the relevant environmental laws and regulations. The Company has not engaged in any activity that is harmful or hazardous to the environment.

Corporate Governance

In the management of the Company, the Directors have placed emphasis in conforming to the best corporate governance practices and procedures. Accordingly, systems and structures have been introduced / improved from time to time to enhance risk management measures and to improve accountability and transparency. A separate report on corporate governance is given on pages 34 to 39 of the Annual Report.

Compliance with Laws and Regulations

The Company has at all times ensured that it complied with the applicable laws and regulations including the listing rules of the Colombo Stock Exchange as a listed Company.

Appointment of Auditors

The Company's auditors during the period under review were Messrs. PricewaterhouseCoopers, Chartered Accountants, who also were the auditors of certain subsidiaries of the Company. Audit fees/non-audit fees payable to Messrs. PricewaterhouseCoopers, by the Company and the Group amounted to Rs. 516,150/- and Rs. 1,556,775/-respectively. Audit fees / non-audit fees payable to other auditors of other subsidiaries by the Group amounted to Rs.825,037/-.

Notice of Meeting

The 52nd Annual General Meeting of the Company is convened on 17th September 2014, at 11.30 am, at the Auditorium of ACL Cables PLC, No.60, Rodney Street, Colombo – 08. The Notice of the 52nd Annual General Meeting is on page 105 of the Annual Report.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries
22 August 2014

Directors' Responsibility for Financial Reporting

The Companies Act No.7 of 2007 requires the Directors of the Company to be responsible for the preparation and presentation of the financial statements and other statutory reports.

The Board accepts responsibility for the preparation and fair presentation of Financial Statements in accordance with the Companies Act No. 7 of 2007, the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Listing Rules of the Colombo Stock Exchange. 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 circumstances.

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 of the Company's assets, maintenance of proper accounting records and the reliability of financial information.

The financial statements presented in the Annual Report for the year ended 31st March 2014, have been prepared based on the new Sri Lanka Accounting Standards (SLFRSs/ LKASs) which came into effect for the financial periods commencing after 1st January 2012. The Directors have selected the appropriate accounting policies and such policies adopted by the Group are disclosed and explained in the financial statements.

The Board of Directors confirm that the Company's and the Group's Consolidated Statements of Financial Position as at 31st March 2014 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2014 reflect a true and fair view of the Company and the Group respectively.

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 22nd August 2014.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

22 August 2014

Audit Committee Report

The Audit Committee consists of the following two Independent Non-Executive Directors, biographical details of whom are set out within the 'Profiles of the Directors' section.

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

The 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 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 sound internal controls and risk management systems. The Committee's responsibilities include monitoring and reviewing the following:

- The integrity of the Group's financial statements and the significant reporting judgments 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.
- The effectiveness of the external audit process and 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 services of Internal Audit and to the External Auditors, and may obtain outside professional advice as necessary. Comprehensive briefing papers are circulated to Committee members in advance of each meeting and made available to other Directors.

Meetings and attendance

The Committee met on four occasions in 2013/2014 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 and Group Financial Controller are invited to attend meetings whenever required.

Financial Reporting

The Audit Committee considered a wide range of financial reporting and related matters in respect of the 2013/2014 published Financial Statements. For quarterly statements, the Committee reviewed any significant areas of judgment that materially impacted reported results, key points of disclosure and presentation to ensure 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 Cables PLC for other non-audit work unless there are compelling reasons 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, decided to recommend to the Board of ACL Cables PLC, the re-appointment of Messrs. PricewaterhouseCoopers 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 2013/2014 can be found in note 5 to the financial statements.

Internal Control System

In 2013/2014 the Committee reviewed the results of the audits undertaken by Internal Auditors, Messrs. Ernst & Young Advisory Services (Pvt) Ltd., and considered the adequacy of management's response to the matters raised, including the implementation of any recommendations made.

On behalf of the Committee

(Sgd.)
Mr. Ajit Jayaratne
Chairman of the Audit Committee
22 August 2014

Remuneration Committee Report

The Remuneration Committee comprises of the two Independent 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 Remuneration Committee determines the Company's Remuneration Policy of Executive Directors, with 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 Director's 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 2013/2014 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. To achieve this, a competitive package of incentives and rewards linked to performance is provided.

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.)
Mr. Ajit Jayaratne
Chairman of the Remuneration Committee
22 August 2014

Independent Auditor's Report

pwc

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 Company), the consolidated financial statements of ACL Cables PLC and its subsidiaries (the Group) which comprise the balance sheets as at 31 March 2014, and the income statements, statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 95.

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 2014 and the financial statements give a true and fair view of the Company's state of affairs as at 31 March 2014 and of its profit 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 2014 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 153 (2) to 153 (7) of the Companies Act, No. 07 of 2007.

CHARTERED ACCOUNTANTS

COLOMBO

22 August 2014

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Income Statements

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March 2014	Group 31 March 2013	Company 31 March 2014	Company 31 March 2013
Revenue	3	11,446,862	11,326,520	6,328,771	6,734,982
Cost of sales	5	(9,522,924)	(9,462,168)	(5,636,344)	(5,962,857)
Gross profit		1,923,938	1,864,352	692,427	772,125
Other income	4	27,565	15,963	68,027	53,647
Distribution costs	5	(636,653)	(492,347)	(263,545)	(209,442)
Administrative costs	5	(342,776)	(298,176)	(157,936)	(127,910)
Operating profit		972,074	1,089,792	338,973	488,420
Net finance costs	7	(284,449)	(336,354)	(220,838)	(284,804)
Profit before income tax		687,625	753,438	118,135	203,616
Income tax expenses	8	(176,412)	(162,954)	(19,891)	(42,434)
Profit for the year		511,213	590,484	98,244	161,182
Profit attributable to :					
Owners of the parent		441,495	534,645	98,244	161,182
Non-controlling interests		69,718	55,839	-	-
		511,213	590,484	98,244	161,182
Earnings per share	9	7.37	8.93	1.64	2.69
Dividends per share	10	1.00	1.00	1.00	1.00

The notes on pages 56 to 95 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statements of Comprehensive Income

(all amounts in Sri Lanka Rupees thousands)

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Profit for the year	511,213	590,484	98,244	161,182
Other comprehensive income;				
Net (loss) / gain on re-measuring available-for-sale financial assets	(1,516)	(1,172)	(596)	1,068
Other comprehensive income for the year, net of tax	(1,516)	(1,172)	(596)	1,068
Total comprehensive income for the year, net of tax	509,697	589,312	97,648	162,250
Attributable to;				
Owners of the parent	440,299	534,253	97,648	162,250
Non-controlling interests	69,398	55,059	-	-
Total comprehensive income for the year, net of tax	509,697	589,312	97,648	162,250

The notes on pages 56 to 95 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statements of Financial Position

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March 2014	Group 31 March 2013	Company 31 March 2014	Company 31 March 2013
ASSETS					
Non-current assets					
Property, plant and equipment	11	3,136,216	3,104,485	1,410,398	1,434,508
Work in progress	12	49,764	37,952	8,028	4,015
Investment property	13	130,000	130,000	-	-
Intangible assets	14	14,060	5,994	8,066	-
Prepaid lease rentals	15	1,732	1,754	-	-
Investment in subsidiaries	16	-	-	611,472	621,472
Available for sale financial assets	17	25,832	26,925	10,689	10,861
		3,357,604	3,307,110	2,048,653	2,070,856
Current assets					
Inventories	18	3,940,054	3,230,029	1,722,317	1,610,490
Trade and other receivables	19	3,985,324	3,356,419	2,649,321	2,337,708
Prepaid lease rentals	15	22	22	-	-
Cash and cash equivalents	20	765,469	1,015,585	281,372	393,775
		8,690,869	7,602,055	4,653,010	4,341,973
Total assets		12,048,473	10,909,165	6,701,663	6,412,829
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	33	299,488	299,488	299,488	299,488
Capital reserve	34	1,439,891	1,443,836	658,340	658,340
General reserve	35	1,123,825	1,123,825	680,266	680,266
Available for sale reserve	36	(3,739)	(2,543)	(9,981)	(9,385)
Retained earnings		3,240,245	2,853,755	1,316,826	1,278,476
Equity attributable to owners of the parent		6,099,710	5,718,361	2,944,939	2,907,185
Non-controlling interests		745,123	683,959	-	-
Total equity		6,844,833	6,402,320	2,944,939	2,907,185
Non-current liabilities					
Provision for payment in lieu of employee share issue scheme	25	1,969	2,223	-	-
Defined benefit obligations	26	227,933	209,928	145,613	141,834
Deferred income tax liabilities	27	210,260	201,232	99,594	98,356
Borrowings	22	77,841	100,000	-	100,000
		518,003	513,383	245,207	340,190
Current liabilities					
Trade and other payables	21	1,379,723	876,960	1,417,380	1,093,340
Current income tax liabilities	24	294,440	202,014	84,369	97,788
Finance lease obligations	23	-	53	-	53
Borrowings	22	3,011,474	2,914,435	2,009,768	1,974,273
		4,685,637	3,993,462	3,511,517	3,165,454
Total liabilities		5,203,640	4,506,845	3,756,724	3,505,644
Total equity and liabilities		12,048,473	10,909,165	6,701,663	6,412,829

It is certified that these financial statements have been prepared in compliance with the requirements of the Companies Act, No. 7 of 2007.

Champika Coomasaru
Group Financial Controler

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 22 August 2014.

U.G.Madanayake
Chairman

Suren Madanayake
Managing Director

The notes on pages 56 to 95 form an integral part of these financial statements. Figures in brackets indicate deductions.

Statement of Changes in Equity - Group

(all amounts in Sri Lanka Rupees thousands)

	Note	Attributable to owners of the parent						Non-controlling interest	Total equity
		Stated capital	Capital reserve	General reserve	Available for sale reserve	Retained earnings	Total		
Balance at 1 April 2012		299,488	1,447,781	1,123,825	(2,151)	2,374,115	5,243,058	634,877	5,877,935
Profit for the year		-	-	-	-	534,645	534,645	55,839	590,484
Fair value adjustment for financial assets									
- available for sale	36	-	-	-	(392)	-	(392)	(780)	(1,172)
Total comprehensive income for the year		-	-	-	(392)	534,645	534,253	55,059	589,312
Transfer from revaluation reserve	34	-	(4,889)	-	-	4,889	-	-	-
Deferred tax on transfer	34	-	944	-	-	-	944	-	944
Dividends		-	-	-	-	(59,894)	(59,894)	(5,977)	(65,871)
Balance at 31 March 2013		299,488	1,443,836	1,123,825	(2,543)	2,853,755	5,718,361	683,959	6,402,320
Balance at 01 April 2013		299,488	1,443,836	1,123,825	(2,543)	2,853,755	5,718,361	683,959	6,402,320
Profit for the year		-	-	-	-	441,495	441,495	69,718	511,213
Fair value adjustment for financial assets									
- available for sale	36	-	-	-	(1,196)	-	(1,196)	(320)	(1,516)
Total comprehensive income for the year		-	-	-	(1,196)	441,495	440,299	69,398	509,697
Transfer from revaluation reserve	34	-	(4,889)	-	-	4,889	-	-	-
Deferred tax on transfer	34	-	944	-	-	-	944	-	944
Dividends		-	-	-	-	(59,894)	(59,894)	(8,233)	(68,127)
Balance at 31 March 2014		299,488	1,439,891	1,123,825	(3,739)	3,240,245	6,099,710	745,123	6,844,833

The notes on pages 56 to 95 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statement of Changes in Equity - Company

(all amounts in Sri Lanka Rupees thousands)

	Note	Stated capital	Capital reserve	General reserve	Available for sale reserve	Retained earnings	Total
Balance at 1 April 2012		299,488	658,340	680,266	(10,453)	1,177,188	2,804,829
Profit for the year		-	-	-	-	161,182	161,182
Fair value adjustment for financial assets							
- available for sale	36	-	-	-	1,068	-	1,068
Total comprehensive income for the year		-	-	-	1,068	161,182	162,250
Dividends		-	-	-	-	(59,894)	(59,894)
Balance at 31 March 2013		299,488	658,340	680,266	(9,385)	1,278,476	2,907,185
Balance at 1 April 2013		299,488	658,340	680,266	(9,385)	1,278,476	2,907,185
Profit for the year		-	-	-	-	98,244	98,244
Fair value adjustment for financial assets							
- available for sale	36	-	-	-	(596)	-	(596)
Total comprehensive income for the year		-	-	-	(596)	98,244	97,648
Dividends		-	-	-	-	(59,894)	(59,894)
Balance at 31 March 2014		299,488	658,340	680,266	(9,981)	1,316,826	2,944,939

The notes on pages 56 to 95 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Statements of Cash Flows

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March 2014	Group 31 March 2013	Company 31 March 2014	Company 31 March 2013
Operating activities					
Cash generated from / (used in) operations	37	346,601	208,833	285,114	(49,199)
Interest paid	7	(302,044)	(361,831)	(222,912)	(292,366)
Defined benefit obligations paid	26	(27,243)	(13,845)	(21,950)	(7,917)
Payment in lieu of employee share issue scheme	25	(254)	(310)	-	-
Income tax paid less refund received	24	(66,650)	(107,770)	(32,072)	(43,191)
WHT on dividend paid by subsidiary	8	(6,934)	(3,420)	-	-
Net cash (used in) / generated from operating activities		(56,524)	(278,343)	8,180	(392,673)
Investing activities					
Interest received	7	17,595	25,477	2,074	7,562
Purchase of property, plant and equipment	11	(207,449)	(204,982)	(49,699)	(59,702)
Purchase of intangible assets	14	(8,318)	-	(8,318)	-
Cost incurred on capital work in progress	12	(15,397)	(24,133)	(6,285)	(21,513)
Dividends received	4	690	145	60,787	52,523
Investment in other companies		(424)	-	(424)	-
Investments in subsidiary companies		-	-	-	(100,000)
Proceeds on disposal of property, plant and equipment		13,012	3	5,734	-
Proceeds on disposal of capital work in progress		-	-	-	24,320
Net cash (used in) / generated from investing activities		(200,291)	(203,490)	3,869	(96,810)
Financing activities					
Lease installment paid		(53)	(625)	(53)	(625)
Short term borrowings net of payments		258,762	913,261	69,351	529,118
Long term borrowings net of payments		(22,159)	(100,000)	(100,000)	(100,000)
Dividends paid by the Company		(59,894)	(59,894)	(59,894)	(59,894)
Dividends paid by subsidiaries to minorities		(8,233)	(5,977)	-	-
Net cash generated from/ (used in) financing activities		168,423	746,765	(90,596)	368,599
Movement in cash and cash equivalents					
At the beginning of the year		402,278	137,346	54,360	175,244
(Decrease) / increase		(88,393)	264,932	(78,547)	(120,884)
At the end of the year	20	313,885	402,278	(24,187)	54,360

The notes on pages 56 to 95 form an integral part of these financial statements.

Figures in brackets indicate deductions.

Notes to the Consolidated Financial Statements

(In the notes all amounts are shown in Sri Lanka Rupees thousands 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 Limited. 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. 60, Rodney Street, Colombo 08.

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

The Company's and the Group's financial statements were authorised for issue by the Board of Directors on 22 August 2014.

2 Basis of preparation and summary of significant accounting policies

2.1.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, which comprise Sri Lanka Financial Reporting Standards (SLFRSs), Sri Lanka Accounting Standards (LKASs), relevant interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC). These financial statements have been prepared under the historical cost convention except for financial assets and liabilities which are measured at fair value. The preparation of financial statements in conformity with Sri Lanka Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in note 2.2 to the financial statements.

2.1.2 Changes in accounting policies and disclosures

(a) New accounting standards, amendments and interpretations issued and adopted in 2014.

Amendments to LKAS 19, 'Employee Benefit', the Company and the Group adopted the amendment to LKAS 19 which is effective from the financial year beginning on or after 1 April 2013.

Amendments include additional disclosures to explain the characteristics of the Company's and the Group's defined benefit plans, the amounts recognised in the financial statements and the risks arising from defined benefit plans as disclosed in note 23 to the financial statements.

(b) New accounting standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2014 and not yet adopted.

(i) SLFRS 13, 'Fair Value Measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Sri Lanka Accounting Standards. This standard will be effective from 1 April 2014.

(ii) SLFRS 10, 'Consolidated Financial Statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent Company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company and the Group are yet to assess SLFRS 10's full impact. This standard will be effective from 1 April 2014.

(iii) SLFRS 12, 'Disclosures of Interests in Other Entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Company and the Group are yet to assess SLFRS 12's full impact. This standard will be effective from 1 April 2014.

(iv) "SLFRS 11, 'Joint Arrangements', focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operators account for its share of the assets, liabilities, revenue and expenses. Joint ventures are accounted for under equity method. Proportional consolidation of joint arrangements is no longer permitted. The Company and the Group are yet to assess the SLFRS 11's full impact. This standard will be effective from 1 April 2014."

(v) SLFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the areas of LKAS 39 which relate to classification and measurement of financial instruments. SLFRS 9 requires financial assets to be classified into two measurement categories at initial recognition which are financial assets measured at fair value and financial assets measured at amortised cost. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains majority of the LKAS 39 requirements. The main change being the fair value option taken as financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income in the statement of comprehensive income, unless this creates an accounting mismatch. The Company and the Group are yet to assess SLFRS 9's full impact. This standard will be effective from 1 January 2015.

2.1.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights.

"The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc."

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

"If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the statement of comprehensive income."

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or a liability is recognised in accordance with LKAS 39, in the statement of comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes directly attributable costs of investment.

Inter-company transactions, balances, income and expenses on transactions between the Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. The financial periods of the subsidiary undertakings are same as that of the Company.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss in the statement of comprehensive income.

The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised as other comprehensive income in the statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit.

A listing of the Group's principal subsidiaries is set out in note 16 to the financial statements.

(b) Associates

Associates are companies, partnerships or other entities in which the Group exercises significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is power to participate in financial and operating policy decisions of the associates, but not power to exercise control or jointly control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the post-acquisition results and changes of the associate's reserves in the consolidated statement of comprehensive income after the date of acquisition and net off with any accumulated impairment loss, if any. The Group's investment in associates includes goodwill identified on acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Profits and losses resulting from transactions between the Group and its associates are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Equity accounting is discontinued when the Group ceases to have significant influence over the associates. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income in the consolidated statement of comprehensive income is reclassified to profit or loss in the consolidated statement of comprehensive income where appropriate. The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured. Dilution gains and losses arising in investments in associates are recognised in the consolidated statement of comprehensive income. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference in the consolidated statement of comprehensive income.

2.1.4 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entities operate ('The functional currency'). The consolidated financial statements are presented in Sri Lankan Rupees, which is the Company's and the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'Finance income or cost'.

2.1.5 Statement of compliance

The Company and the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards.

2.1.6 Going concern

The Directors have made an assessment of the Company's and the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

2.2 Significant accounting judgements

The Group's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with SLFRS are best estimates undertaken in accordance with the applicable standards.

Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events. Accounting policies and management's judgements for certain items are especially critical for the Group's results and financial situation due to their materiality.

(a) Impairment of available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates among other factors, the volatility in share price. In addition, objective evidence of impairment may be deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Had all the declines in fair value below cost been considered significant or prolonged, the Group would have recognised an additional loss in its financial statements.

(b) Fair value of financial instruments

The fair values of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(d) Income tax

The Group is subject to income taxes and other taxes. Significant judgement was required to determine the total provision for current, deferred and other taxes.

(e) Useful life-time of the property, plant and equipment

The Group reviews the residual values, useful lives and methods of depreciation of assets at each reporting date. Judgement of the management estimates these values, rates, methods and hence they are subject to uncertainty.

(f) Defined benefit plans

The cost of defined benefit plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates etc. All assumptions are reviewed at each reporting date.

2.3 Summary of significant accounting policies

2.3.1 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets that take a substantial period of time to get ready for its intended use or sale, are capitalized as part of the respective assets. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.3.2 Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the reporting date.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the relevant tax legislations.

2.3.3 Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and the carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

2.3.4 Financial assets and liabilities

In accordance with LKAS 39, all financial assets and liabilities – which include derivative financial instruments – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.3.4.1 Financial assets

The Group allocates financial assets to the following LKAS 39 categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. Management determines the classification of its financial instruments at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise of financial assets held for trading. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Financial assets held for trading consist of equity instruments. They are recognised in the statement of financial position as 'Financial assets held for trading'.

Financial instruments included in this category are recognised initially at fair value; transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement and are reported as 'Net gains/(losses) on financial instruments classified as held for trading'. Interest income and expenses and dividend income and expenses on financial assets held for trading are included in 'Net interest income' or 'Dividend income', respectively. The instruments are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership and the transfer qualifies for derecognising. Financial assets for which the fair value option is applied are recognised in the statement of financial position as 'Financial assets designated at fair value'. Fair value changes relating to financial assets designated at fair value through profit or loss are recognised in 'Net gains on financial instruments designated at fair value through profit or loss'.

(b) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

(i) those that the Group intends to sell immediately or in the short term, which are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss;

(ii) those that the Group upon initial recognition designates as available- for- sale; or

(iii) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Trade and other receivables are initially recognised at fair value. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of trade and other receivables and recognised in the income statement.

(c) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity, other than:

(i) those that the Group upon initial recognition designates as at fair value through profit or loss;

(ii) those that the Group designates as available for sale; and

(iii) those that meet the definition of trade and other receivables.

These are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

Interest on held-to-maturity investments is included in the statement of comprehensive income statement and reported as 'Interest and similar income'. In the case of an impairment, the impairment loss is been reported as a deduction from the carrying value of the investment and recognised in the statement of comprehensive income statement as 'Net gains/(losses) on investment securities'.

The Group does not have any "Held to Maturity investments" at the year end.

(d) Available-for-sale financial assets

Available-for-sale investments are financial assets that are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, or equity prices or that are not classified as loans and receivables, held-to- maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are initial recognised at fair value, which is the cash consideration including any transaction costs, and measured subsequently at fair value with gains and losses being recognised as a part of equity, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised. If an available-for-sale financial asset is determined to be impaired, the cumulative gain or loss previously recognised in the statement of comprehensive income is recognised in the statement of comprehensive income statement. However, interest is calculated using the effective interest method, and foreign currency gains and losses on monetary assets classified as available for sale are recognised in the statement of comprehensive income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income in 'Dividend income' when the Group's right to receive payment is established.

2.3.4.2 Reclassification of Financial assets

The Group may reclassify financial assets within the framework of LKAS 39 at the election of management.

(1) Reclassify Fair Value Through Profit & Loss (FVTP&L) financial assets other than those designated as FVTP&L upon initial recognition, only in limited circumstances as per para 50B or 50D of LKAS 39 out of the FVTP&L category and into the avialable for sale, loans and receivable or held to maturity.

(2) As per para 50E of LKAS 39, a financial asset classified as avaiable for sale may be reclassified out of the avaiable for sale category to loans and receivable if the entity has the intention and ability to hold the financial asset for the foreseeable future.

2.3.4.3 Financial liabilities

The Group's holding in financial liabilities is at amortised cost. Financial liabilities are derecognised when extinguished.

(a) Other liabilities measured at amortised cost

Financial liabilities that are not classified as at fair value through profit or loss fall into this category and are measured at amortised cost. Financial liabilities measured at amortised cost are loans from banks, debt securities in issue for which the fair value option is not applied.

(b) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

For more complex instruments, the Group uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk.

Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair value for loans and advances as well as liabilities to banks and customers are determined using a present value model on the basis of contractually agreed cash flows, taking into account credit quality, liquidity and costs.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.3.4.4 Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.3.4.5 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or a Group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a Group of debtors is experiencing significant financial difficulty, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortised cost

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

(b) Write off of trade and other receivables

The Group writes offs certain trade and other receivables when they are determined to be uncollectible.

(c) Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a Group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement is removed from other comprehensive income and recognised in arriving at the net income for the period. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairments are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

2.3.5 Property, plant and equipment

Property, plant and equipment of the Company includes both owned assets and leased hold assets;

2.3.5.1 Initial recognition

(a) Owned assets

Property, plant & eqiupment are recognised if it is probable that future economic benfits associated with the asset will flow to the entity and the cost of the asset can be measured reliably in accordance with LKAS 16 on property, plant and equipment. Initially property, plant and equipment are measured at cost excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment losses. Where an item of property, plant & equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant & equipment.

(b) Leased assets

Property, plant & equipment on finance leases, which effectively transfer to the Group substantially all of the risk and benefits incidental to ownership of the leased item are capitalised at the inception of the lease at the fair value of the leased property, plant & equipment, or if lower, at the present value of the minimum lease payments. Capitalised leased assets are disclosed as property,plant and equipment and depreciated consistently with that of owned assets.The corresponding principal amount payable to the lessor together with the interest payable over the period of the lease is shown as a liability. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

2.3.5.2 Subsequent measurement

Expenditure incurred to replace a component of an item of property, plant and equipment is accounted for separately, including major inception & overhaul expenditure and capitalized only when it increases the future economic benefits embodied in the item of property, plant & equipment. All other expenditure is recognized in the income statement as an expense incurred.

2.3.5.3 Depreciation

Depreciation is calculated on a straight line basis over the useful lives of the assets using the following rates.

Asset	Years
Factory buildings	25 - 40
Plant, machinery and accessories	8 - 45
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 assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date and adjusted prospectively, if appropriate.

2.3.5.4 Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

2.3.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of 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 acquisitions of subsidiaries is included under intangible assets. Goodwill acquired in a business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired and carried at less than costs less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Goodwill is allocated to 'Cash-Generating Units' (CGU) for the purpose of impairment testing. Each CGU or a Group of CGUs represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination.

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life of 4 years.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These directly attributable costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed 2 years.

Costs relating to development of software are carried in capital work in progress until the software is available for use.

Other development expenditures that do not meet the relevant criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.3.7 Investment properties

Properties held to earn rental income or properties held for capital appreciation or both and are not occupied substantially for the supply of goods or services or in administration, and are 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 Group 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 LKAS - 16, Property, plant and equipment.

2.3.8 Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any 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 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.

2.3.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks other short term highly liquid investments with original maturities of three months or less. For the purpose of cash flow statement, cash and cash equivalents includes, cash in hand and investments with original maturities of three months or less net of outstanding bank overdrafts.

2.3.10 Goodwill

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.

2.3.11 Investments in subsidiaries

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.

2.3.12 Inventories

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 Group 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.

2.3.13 Trade and other receivables

Trade and other receivables are stated at the amounts estimated to realise, net of provision for impairments.

2.3.14 Interest bearing loans

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

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

2.3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and where appropriate, the risks specific to the liability. Where discounting is used the increase in the provision due to the passage of time is recognised as an interest expense.

2.3.16 Defined benefit plans - gratuity

All the employees of the Group are eligible for gratuity under the Gratuity Act No. 12 of 1983. The Group measures the present value of the promised retirement benefits of gratuity which is a defined benefit plan with the advice of an actuary using the Projected Unit Credit Method. The actuarial valuation involves making assumptions about discount rate, expected rates of return on assets, future salary increases and mortality rates. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. All assumptions are reviewed at each reporting date. Accordingly, the employee benefit liability is based on the actuarial valuation carried out by Messrs Actuarial & Management Consultants (Pvt) Ltd.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are charged or credited to comprehensive income in the year in which they arise.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case the past service costs are amortised on straight line basis over the vesting period.

The liability is not externally funded.

2.3.17 Defined contribution plans-Employees' Provident Fund & Employees' Trust Fund

Employees are eligible for Employees' Provident Fund contribution and Employees Trust Fund contribution in line with respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.18 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 outflow of resources and a reliable estimate can be made of the quantum of the outflow.

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.

2.3.19 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 an accrual basis. Dividend income is recognised when the shareholder's 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.

2.3.20 Dividends on ordinary shares

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the shareholders. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.3.21 Comparatives

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

2.3.22 Segment Reporting

A segment is a distinguishable component of the 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.

2.3.23 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.

2.3.24 Statement of cash flows

The statement of cash flows is prepared using the indirect method as stipulated in LKAS 7 Statement of Cash Flows.

Cash and cash equivalents for the purpose of statement of cash flows comprise cash in hand, balances at banks, short term deposits with a maturity of three months or less net of outstanding bank overdrafts, if any.

2.4 Directors' responsibilities statement

Directors acknowledge the responsibilities for the true and fair presentation of the financial statements in accordance with the books of accounts and the Sri Lanka Accounting Standards and the requirements of the Companies Act No. 7 of 2007.

3 . Revenue

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Geographical segment turnover				
Local	9,450,052	9,908,797	5,406,328	6,016,203
Export	1,996,810	1,417,723	922,443	718,779
Net revenue	11,446,862	11,326,520	6,328,771	6,734,982

4. Other income

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Dividend income	690	145	60,787	52,523
Profit / (loss) on disposal of property, plant and equipment	12,573	(353)	5,734	(356)
Sundry income	14,302	16,171	1,506	1,480
	27,565	15,963	68,027	53,647

5. Expenses by nature

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

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Directors emoluments	30,180	28,640	28,140	27,150
Auditors remuneration				
- audit	2,100	2,099	486	463
- non audit	281	397	30	60
Legal fees	3,370	1,422	2,647	725
Depreciation on property, plant and equipment (Note 11)	178,864	163,894	76,081	68,996
Amortization charge on intangible assets (Note 14)	252	-	252	-
Cost of raw material consumed	7,849,158	7,605,891	4,684,486	4,986,913
Repairs and maintenance	110,592	126,103	61,950	60,695
Donations	2,798	2,133	2,647	2,044
Inventory provision	63,631	-	45,774	-
Impairment of investment - ACL Kelani Magnet Wire (Pvt) Limited	-	-	10,000	-
Amortisation of leasehold properties (Note 15)	22	22	-	-
Bad debts written off [Note 19(a)]	-	1,248	-	-
Staff costs (Note 6)	967,709	858,634	465,968	452,323
Inventories written off [Note 18(a)]	1,488	-	-	-
Other expenses	1,291,908	1,462,208	679,364	700,840
Total cost of sales, distribution costs and administrative costs	10,502,353	10,252,691	6,057,825	6,300,209
Classified as:				
Cost of sales	9,522,924	9,462,168	5,636,344	5,962,857
Distribution costs	636,653	492,347	263,545	209,442
Administrative costs	342,776	298,176	157,936	127,910
Total	10,502,353	10,252,691	6,057,825	6,300,209

6. Staff costs

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Salaries, wages and related cost	857,901	756,871	406,550	392,156
Defined contribution plan	64,560	56,018	33,689	31,996
Defined benefit plan (Note 26)	45,248	45,745	25,729	28,171
	967,709	858,634	465,968	452,323
Average number of employees during the year	1,326	1,238	627	627

7. Net finance costs

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Interest income	(17,595)	(25,477)	(2,074)	(7,562)
Interest expenses	302,044	361,831	222,912	292,366
	284,449	336,354	220,838	284,804

8. Income tax

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Current tax	159,076	159,588	18,653	51,815
Under/ (over) provision in respect of prior years	-	236	-	-
Unclaimed ESC written-off	430	1,027	-	-
Deferred tax charge/(release) (Note 27.1)	9,972	(1,317)	1,238	(9,381)
WHT on dividend paid by subsidiaries	6,934	3,420	-	-
	176,412	162,954	19,891	42,434

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

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Profit before tax	687,625	753,438	118,135	203,616
Tax calculated at effective tax rate of 28%	192,535	210,962	33,078	57,012
Tax effect of income liable at concessionary rate	(9,710)	(7,697)	(1,695)	(3,365)
Tax effect of income not subject to tax	(27,438)	(95,885)	(18,907)	(16,919)
Tax effect of expenses not deductible	90,658	76,499	47,764	36,839
Tax effect of allowable deductions	(71,763)	(56,238)	(41,587)	(21,752)
Utilisation of previously unrecognised tax losses	(36)	(730)	-	-
Unclaimed ESC written-off	430	1,027	-	-
Adjustments in respect of prior years	-	236	-	-
WHT on dividend paid by subsidiaries	6,934	3,420	-	-
Deferred tax charge / (reversal)	9,972	(1,317)	1,238	(9,381)
Tax effect of adjustment on consolidation	(15,170)	32,677	-	-
Tax charge	176,412	162,954	19,891	42,434

9. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Net profit attributable to equity holders	441,495	534,645	98,244	161,182
Weighted average number of ordinary shares in issue	59,893,680	59,893,680	59,893,680	59,893,680
Basic earning per share	7.37	8.93	1.64	2.69

10. Dividends per share

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Dividends paid	59,894	59,894	59,894	59,894
Weighted average number of ordinary shares in issue	59,893,680	59,893,680	59,893,680	59,893,680
Dividends per share	1.00	1.00	1.00	1.00

11. Property, plant and equipment

(a) Group	Land and buildings	Plant, machinery and accessories	Equipment tools and implements	Furniture fittings and office equipment	Motor vehicles	Total
At 31 March 2012						
Cost / valuation	2,343,021	1,498,457	107,533	89,226	85,644	4,123,881
Accumulated depreciation	(83,028)	(826,631)	(64,634)	(67,788)	(62,703)	(1,104,784)
Net book amount	2,259,993	671,826	42,899	21,438	22,941	3,019,097
Year ended 31 March 2013						
Opening net book amount	2,259,993	671,826	42,899	21,438	22,941	3,019,097
Additions	52,685	94,540	8,463	18,381	30,913	204,982
Transfer from WIP (Note 12)	33,872	10,784	-	-	-	44,656
Disposal / transfers						
- Cost	-	(79,519)	-	(55)	-	(79,574)
- Depreciation	-	79,163	-	55	-	79,218
Depreciation charge (Note 05)	(39,412)	(102,696)	(3,170)	(7,420)	(11,196)	(163,894)
Closing net book amount	2,307,138	674,098	48,192	32,399	42,658	3,104,485
At 31 March 2013						
Cost / valuation	2,429,578	1,524,262	115,996	107,552	116,557	4,293,945
Accumulated depreciation	(122,440)	(850,164)	(67,804)	(75,153)	(73,899)	(1,189,460)
Net book amount	2,307,138	674,098	48,192	32,399	42,658	3,104,485
Year ended 31 March 2014						
Opening net book amount	2,307,138	674,098	48,192	32,399	42,658	3,104,485
Additions	100,931	51,045	13,842	9,673	31,958	207,449
Transfer from WIP (Note 12)	3,071	-	-	-	514	3,585
Disposal / transfers						
- Cost	-	-	(131)	-	(11,715)	(11,846)
- Depreciation	-	-	131	-	11,276	11,407
Depreciation charge (Note 05)	(41,926)	(109,258)	(6,048)	(7,859)	(13,773)	(178,864)
Closing net book amount	2,369,214	615,885	55,986	34,213	60,918	3,136,216
At 31 March 2014						
Cost / valuation	2,533,580	1,575,307	129,707	117,225	137,314	4,493,133
Accumulated depreciation	(164,366)	(959,422)	(73,721)	(83,012)	(76,396)	(1,356,917)
Net book amount	2,369,214	615,885	55,986	34,213	60,918	3,136,216

11. Property, plant and equipment (Contd)

(b) Company	Land and buildings	Plant, machinery and accessories	Equipment tools and implements	Furniture fittings and office equipment	Motor vehicles	Total
At 31 March 2012						
Cost / valuation	1,056,391	743,646	10,872	46,251	38,456	1,895,616
Accumulated depreciation	-	(395,659)	(8,699)	(36,653)	(34,890)	(475,901)
	1,056,391	347,987	2,173	9,598	3,566	1,419,715
Year ended 31 March 2013						
Opening net book amount	1,056,391	347,987	2,173	9,598	3,566	1,419,715
Additions	3,428	20,557	1,407	15,497	18,813	59,702
Transfer from WIP (Note 12)	24,443	-	-	-	-	24,443
Disposals / transfers						
- Cost	-	(508)	-	-	-	(508)
- Depreciation	-	152	-	-	-	152
Depreciation charge (Note 05)	(18,848)	(42,249)	(378)	(3,565)	(3,956)	(68,996)
Closing net book amount	1,065,414	325,939	3,202	21,530	18,423	1,434,508
At 31 March 2013						
Cost / valuation	1,084,262	763,695	12,279	61,748	57,269	1,979,253
Accumulated depreciation	(18,848)	(437,756)	(9,077)	(40,218)	(38,846)	(544,745)
Net book amount	1,065,414	325,939	3,202	21,530	18,423	1,434,508
Year ended 31 March 2014						
Opening net book amount	1,065,414	325,939	3,202	21,530	18,423	1,434,508
Additions	478	29,629	840	4,978	13,774	49,699
Transfer from WIP (Note 12)	2,272	-	-	-	-	2,272
Disposals / transfers						
- Cost	-	-	-	-	(10,757)	(10,757)
- Depreciation	-	-	-	-	10,757	10,757
Depreciation charge (Note 05)	(19,518)	(45,348)	(530)	(5,637)	(5,048)	(76,081)
Closing net book amount	1,048,646	310,220	3,512	20,871	27,149	1,410,398
At 31 March 2014						
Cost / valuation	1,087,012	793,324	13,119	66,726	60,286	2,020,467
Accumulated depreciation	(38,366)	(483,104)	(9,607)	(45,855)	(33,137)	(610,069)
Net book amount	1,048,646	310,220	3,512	20,871	27,149	1,410,398

11. Property, plant and equipment (Contd)

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

Company			
Assets	**Valued on**	**Name of the valuer**	**Valued amount**
Land	31 March 2012	Mr J M Senanayaka Bandara	596,400
Buildings	31 March 2012	Mr J M Senanayaka Bandara	459,992
Group			
Land			
ACL Cables PLC	31 March 2012	Mr J M Senanayaka Bandara	596,400
Kelani Cables PLC	31 March 2012	Mr H W Wimalasena	126,828
ACL Plastics PLC	31 March 2012	Mr J M Senanayaka Bandara	72,025
Ceylon Bulbs and Electricals Limited	31 March 2012	Mr J M Senanayaka Bandara	487,000
ACL Kelani Magnet Wire (Private) Limited	31 March 2012	Mr J M Senanayaka Bandara	76,000
Buildings			
ACL Cables PLC	31 March 2012	Mr J M Senanayaka Bandara	459,992
Kelani Cables PLC	31 March 2012	Mr H W.Wimalasena	103,672
ACL Plastics PLC	31 March 2012	Mr J M Senanayaka Bandara	74,475
ACL Kelani Magnet Wire (Private) Limited	31 March 2012	Mr J M Senanayaka Bandara	107,500
ACL Metals and Alloys (Private) Limited	31 March 2012	Mr J M Senanayaka Bandara	67,860
Ceylon Bulbs and Electricals Limited	31 March 2012	Mr J M Senanayaka Bandara	36,848

(d) If revalued assets were stated on the historical cost basis, the amounts would be as follows:

Company			31 March 2014	
			Accumulated	Net book
	Valued on	Cost	depreciation	value
Land	31 March 2012	250,972	-	250,972
Building	31 March 2012	207,024	79,094	127,930

Group			31 March 2014	
			Accumulated	Net book
	Valued on	Cost	depreciation	value
Land				
ACL Cables PLC	31 March 2012	250,972	-	250,972
Kelani Cables PLC	31 March 2012	56,447	-	56,447
ACL Plastics PLC	31 March 2012	16,410	-	16,410
Ceylon Bulbs and Electricals Limited	31 March 2012	296	-	296
ACL Kelani Magnet Wire (Private) Limited	31 March 2012	38,227	-	38,227
Buildings				
ACL Cables PLC	31 March 2012	207,024	79,094	127,930
Kelani Cables PLC	31 March 2012	40,162	18,918	21,244
ACL Plastics PLC	31 March 2012	41,084	21,376	19,708
Ceylon Bulbs and Electricals Limited	31 March 2012	1,625	1,625	-
ACL Kelani Magnet Wire (Private) Limited	31 March 2012	57,518	19,812	37,706
ACL Metals & Alloys (Private) Limited	31 March 2012	33,298	7,634	25,664

11. Property, plant and equipment (Contd)

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

	31 March 2014	31 March 2013
ACL Cables PLC	120,642	126,333
ACL Plastics PLC	44,161	41,503
Kelani Cables PLC	85,068	79,335
Ceylon Bulbs & Electricals Limited	14,064	14,064
ACL Kelani Magnet Wire (Private) Limited	20,178	5,176

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

	Group 31 March 2014	Group 31 March 2013
Cost - capitalised finance lease	100	2,000
Accumulated depreciation	(100)	(1,900)
Net book amount	-	100

12. Work in progress

	Group 31 March 2014	Group 31 March 2013	Company 31 March 2014	Company 31 March 2013
Balance at 1 April	37,952	58,475	4,015	31,265
Cost incurred during the year	15,397	24,133	6,285	21,513
Amount transferred to property, plant and equipment (Note 11)	(3,585)	(44,656)	(2,272)	(24,443)
Disposal of Capital Work in Progress	-	-	-	(24,320)
Balance at 31 March	49,764	37,952	8,028	4,015

13. Investment property

	Group 31 March 2014	Group 31 March 2013
Balance at 1 April	130,000	130,000
Change in fair value of investment property	-	-
Balance at 31 March	130,000	130,000

Location	Extent	Carrying value of investment property
Ekala	13A .00R .02P	130,000

Market Value

The value was determined on fair value basis using market evidence. This valuation was carried out by an independent professional Valuer, Mr. H. W. Wimalasena, an Associate Member of Institute of Valuers of Sri Lanka, as at 31 March 2012.

Based on an internal assessment carried out during the year, the Board of Directors is of the view that the fair value of investment property has not changed significantly as at the reporting date.

14. Intangible assets

(a) Group	31 March 2014			31 March 2013		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
At 31 March 2013						
Balance at 1 April	38,945	17,795	56,740	38,945	17,795	56,740
Additions	-	8,318	8,318	-	-	-
Balance at 31 March	38,945	26,113	65,058	38,945	17,795	56,740
Accumulated amortization						
Balance at 1 April	32,951	17,795	50,746	32,951	17,795	50,746
Amortization charge	-	252	252	-	-	-
Balance at 31 March	32,951	18,047	50,998	32,951	17,795	50,746
Net book amount	5,994	8,066	14,060	5,994	-	5,994

(b) Company	31 March 2014			31 March 2013		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
At 31 March 2013						
Balance at 1 April	-	14,045	14,045	-	14,045	14,045
Additions	-	8,318	8,318	-	-	-
Balance at 31 March	-	22,363	22,363	-	14,045	14,045
Accumulated amortization						
Balance at 1 April	-	14,045	14,045	-	14,045	14,045
Amortization charge	-	252	252	-	-	-
Balance at 31 March	-	14,297	14,297	-	14,045	14,045
Net book amount	-	8,066	8,066	-	-	-

Goodwill arising on consolidation of subsidiaries is as follows;

Year	Subsidiary Company	Goodwill on consolidation
1994/95	ACL Plastics PLC	6,090
1995/96	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	26,035
1997/98	Ceylon Bulbs and Electricals Limited	459
2004/05	ACL Kelani Magnet Wire (Private) Limited	917
2006/07	Ceylon Bulbs and Electricals Limited	5,441
2007/08	Ceylon Bulbs and Electricals Limited	2

Goodwill arising from business combinations after 1 June 2005, is no longer amortised but tested for impairment annually as per SLFRS 3

14. Intangible assets (Cond.)

Negative goodwill arising on consolidation of subsidiaries is as follows;

Year	Subsidiary Company	Negative goodwill on consolidation
1998/99	ACL Plastics PLC	5,127
1999/00	Lanka Olex Cables (Private) Limited and Kelani Cables PLC	17,502
1999/00	Ceylon Bulbs and Electricals Limited	2
2009/10	Ceylon Bulbs and Electricals Limited	6,265

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. Prepaid lease rentals

	Group 31 March	
	2014	**2013**
Balance at 1 April	1,776	1,798
Amortisation during the year	(22)	(22)
Balance at 31 March	1,754	1,776
Amount to be amortised within one year	22	22
Amount to be amortised after one year	1,732	1,754
	1,754	1,776

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 2094Rs 22,203 per annum

16. Investment in subsidiaries

Company	31 March 2014 Number of shares	Cost	Market value	31 March 2013 Number of shares	Cost	Market value
Quoted						
ACL Plastics PLC	2,746,969	33,300	227,998	2,746,969	33,300	271,675
Kelani Cables PLC	933,756	10,752	74,700	933,756	10,752	59,854
Total investment in quoted companies		44,052	302,698		44,052	331,529
Unquoted						
Ceylon Bulbs and Electricals Limited	1,051,345	58,515		1,051,345	58,515	
Lanka Olex Cables (Private) Limited						
"A" Class ordinary shares	99			99		
"B" Class ordinary shares	3,065,610	291,181		3,065,610	291,181	
Preference shares	161,818			161,818		
ACL Kelani Magnet Wire (Private) Limited	11,950,000	119,500		11,950,000	119,500	
ACL Metals and Alloys (Private) Limited	2,500,000	25,000		2,500,000	25,000	
Ceylon Copper (Private) Limited	3,000,001	30,000		3,000,001	30,000	
ACL Electric (Private) Limited	10,000,001	100,000		10,000,001	100,000	
Total investment in unquoted companies		624,196			624,196	
Provision for impairment [16(a)]		(56,776)			(46,776)	
Total investment in unquoted companies		567,420			577,420	
Total cost of investments in subsidiaries		611,472			621,472	

ACL Cables PLC acquired a controlling interest in Lanka Olex Cables (Private) Limited in October 1999. Kelani Cables PLC is a subsidiary of Lanka Olex Cables (Private) Limited.

16. (a) Provision for impairment of investment

	Company 31 March 2014	2013
Balance at 1 April	46,776	46,776
Provision for the year	10,000	-
Balance at 31 March	56,776	46,776

The provision for impairment has been made for the investment made in ACL Kelani Magnet Wire (Pvt) Ltd due to the carrying amount of the investment is being higher than its recoverable value as evidenced by the lower net asset base.

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

16. Investment in subsidiaries (Contd.)

Quoted	2014	2013
ACL Plastics PLC	65.20%	65.20%
Kelani Cables PLC	79.30%	79.30%
Unquoted		
Ceylon Bulbs and Electricales Limited	95.30%	95.30%
Lanka Olex Cables (Private) Limited		
"A" Class ordinary shares	99%	99%
"B" Class ordinary shares	100%	100%
Preference shares	100%	100%
ACL Kelani Magnet Wire (Private) Limited	93.79%	93.79%
ACL Metals and Alloys (Private) Limited	100%	100%
Ceylon Copper (Private) Limited	100%	100%
ACL Electric (Private) Limited	100%	100%

17. Financial assets - available for sale

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Equity securities at fair value - listed	25,832	26,925	10,689	10,861
	25,832	26,925	10,689	10,861

17.1 Company

	31 March 2014			31 March 2013		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Banking finance and insurance						
Merchant Bank of Sri Lanka PLC	18,379	1,546	248	18,379	1,546	296
Nations Trust Bank PLC	18,432	450	1,196	18,432	450	1,124
Telecommunication						
Dialog Axiata PLC	390,000	4,143	3,510	390,000	4,143	3,510
Diversified holdings						
John Keells Holdings PLC	18,182	1,281	4,127	15,758	857	3,892
Lanka Century Investments PLC	130,700	13,250	1,608	130,700	13,250	2,039
Total cost of investments by the Company		20,670	10,689		20,246	10,861

17. Financial assets - available for sale (Contd.)

17.2 Investments by subsidiary companies

	31 March 2014			31 March 2013		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Banking, finance and insurance						
Nations Trust Bank PLC	25,592	512	1,661	25,592	512	1,561
DFCC Bank	13	2	2	13	2	2
Plantation						
Maskeliya Plantations PLC	8,200	375	82	8,200	375	99
Watawala Plantations PLC	200,000	1,252	1,960	200,000	1,252	2,240
Kotagala Plantations PLC	10,000	477	350	10,000	477	540
Diversified holdings						
Hayleys PLC	38,907	2,953	11,088	38,907	2,953	11,622
Total cost of investments by subsidiaries		5,571	15,143		5,571	16,064
Total cost of investment by Group		26,241	25,832		25,817	26,925

18. Inventories

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Raw materials	1,353,361	862,410	453,757	455,019
Work-in-progress	685,932	709,590	436,583	403,778
Finished goods	1,750,481	1,501,464	832,473	727,333
Goods in transit	101,799	69,264	797	245
Other stocks	210,237	186,914	94,481	74,115
	4,101,810	3,329,642	1,818,091	1,660,490
Provision for obsolete stock [18(a)]	(161,756)	(99,613)	(95,774)	(50,000)
Net book amount	3,940,054	3,230,029	1,722,317	1,610,490

18 (a) Provision for obsolete stock

Balance at 1 April	99,613	69,604	50,000	30,000
Provision during the year	63,631	30,009	45,774	20,000
Inventories written off	(1,488)	-	-	-
Balance at 31 March	161,756	99,613	95,774	50,000

19. Trade and other receivables

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Trade receivables	3,241,817	2,837,634	1,928,737	1,706,014
Provision for impairment of trade and other receivables [Note 19 (a)]	(148,633)	(136,580)	(89,780)	(83,926)
	3,093,184	2,701,054	1,838,957	1,622,088
Receivable from related companies [Note 39.12(b)]	6,213	4,996	325,756	327,162
Loan given to related companies [Note 39.12(c)]	-	-	32,075	32,075
Advance and prepayments	155,417	102,134	21,168	23,772
Other receivables	730,510	548,235	431,365	332,611
	3,985,324	3,356,419	2,649,321	2,337,708

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

19. Trade and other receivables (Contd.)

19. (a) Impairment of trade and other receivables

	Group		Company	
	31 March		31 March	
	2014	2013	2014	2013
Balance at 1 April	136,580	134,385	83,926	83,944
Provision for the year	12,053	3,443	5,854	(18)
Debts written-off	-	(1,248)	-	-
Balance at 31 March	148,633	136,580	89,780	83,926

20. Cash and cash equivalents

	Group		Company	
	31 March		31 March	
	2014	2013	2014	2013
Cash at bank and in hand	88,982	110,610	33,108	44,523
Short term deposits	676,487	904,975	248,264	349,252
	765,469	1,015,585	281,372	393,775

For the purposes of the statements of cash flows, the year end cash and cash equivalents comprise the following:

	Group		Company	
	31 March		31 March	
	2014	2013	2014	2013
Cash at bank and in hand	765,469	1,015,585	281,372	393,775
Bank overdraft (Note 22)	(451,584)	(613,307)	(305,559)	(339,415)
	313,885	402,278	(24,187)	54,360

21. Trade and other payables

	Group		Company	
	31 March		31 March	
	2014	2013	2014	2013
Trade payables	1,175,908	660,615	422,517	100,751
Payables to related parties [Note 39.12 (a)]	77	-	790,942	769,555
Loans from related parties [Note 39.12 (d)]	-	-	123,193	123,193
Accrued expenses and other payable	203,738	216,345	80,728	99,841
	1,379,723	876,960	1,417,380	1,093,340

22. Borrowings

	Group		Company	
	31 March		31 March	
	2014	2013	2014	2013
Long term borrowings				
Interest bearing loans	77,841	100,000	-	100,000
	77,841	100,000	-	100,000
Short term borrowings				
Bank borrowings	1,648,000	1,124,000	1,630,000	1,124,000
Short term loans	911,890	1,177,128	74,209	510,858
Bank overdraft (Note 20)	451,584	613,307	305,559	339,415
	3,011,474	2,914,435	2,009,768	1,974,273

22 Borrowings (Contd)

22.1 Analysed by lenders

		Group 31 March		
		2014	2013	
Lender	**Interest Rate**			**Security**
Hatton National Bank PLC	Linked to AWPLR	77,841	-	Land
Nations Trust Bank PLC	Linked to AWDR	-	100,000	Stocks and book debts
Total long term borrowings		77,841	100,000	
Standard Chartered Bank	Linked to AWPLR	1,679,212	1,673,521	Stocks and Book Debts/ Lien over call account funds
Hatton National Bank PLC	Linked to AWPLR	983,761	361,206	Demand promissory note/ Stocks and book debts
Nations Trust Bank PLC	Linked to AWPLR	114,396	494,147	Stocks and book debts
National Development Bank PLC	Linked to AWPLR	232,336	3,289	No assets pledged
Hongkong & Shanghai Banking Cor.	Linked to AWPLR	1,558	382,272	No assets pledged
Peoples Bank	Linked to AWPLR	211	-	No assets pledged
Total short term borrowings		3,011,474	2,914,435	
Total borrowings		3,089,315	3,014,435	

		Company 31 March		
		2014	2013	
Lender	**Interest Rate**			**Security**
Nations Trust Bank PLC	Linked to AWDR	-	100,000	Stocks and book debts
Total long term borrowings		-	100,000	
Standard Chartered Bank	Linked to AWPLR	976,410	1,321,240	Stocks and Book Debts/ Lien over call account funds
Hatton National Bank PLC	Linked to AWPLR	686,626	155,597	Demand promissory note/ Stocks and book debts
Nations Trust Bank PLC	Linked to AWPLR	114,396	494,147	Stocks and book debts
National Development Bank PLC	Linked to AWPLR	232,336	3,289	No assets pledged
Total short term borrowings		2,009,768	1,974,273	
Total borrowings		2,009,768	2,074,273	

23. Finance lease liabilities

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

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Gross finance lease liabilities	-	55	-	55
Future finance charge on finance lease	-	(2)	-	(2)
Present value of finance lease liabilities	-	53	-	53
Present value of finance lease liabilities				
Not later than 1 year	-	53	-	53
Later than 1 year	-	-	-	-
	-	53	-	53

24. Income tax payable

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	202,014	149,961	97,788	89,164
Provision for the current year	159,076	159,587	18,653	51,815
Under provision in respect of previous years	-	236	-	-
Payments made during the year	(66,650)	(107,770)	(32,072)	(43,191)
Balance at 31 March	294,440	202,014	84,369	97,788

25. Provision for payment in lieu of employee share issue scheme

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	2,223	2,533	-	-
Payments made during the year	(254)	(310)	-	-
Balance at 31 March	1,969	2,223	-	-

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.

26. Defined benefit obligations

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

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	209,928	178,028	141,834	121,580
Current service cost	45,248	45,745	25,729	28,171
	255,176	223,773	167,563	149,751
Payments made during the year	(27,243)	(13,845)	(21,950)	(7,917)
Balance at 31 March	227,933	209,928	145,613	141,834

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 2014, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary firm, Actuarial & Management Consultants (Private) Limited.

The key assumptions used by the actuary include the following :

	Group / Company 31 March	
	2014	2013
Rate of discount	11%	11%
Salary increment rate	10%	10%
Retirement age	55 years	55 years

27. Deferred income tax liability

Deferred income taxes are calculated on temporary differences under the liability method using a principal tax rate of 28%.

		Group 31 March		Company 31 March	
		2014	2013	2014	2013
27.1	**Movement in deferred income tax liability**				
	Balance at the beginning of the year	201,232	203,493	98,356	107,737
	Origination/(reversal) of temporary differences	9,972	(1,317)	1,238	(9,381)
	Deferred tax on transfer from retained earnings	(944)	(944)	-	-
	Balance at the end of the year	210,260	201,232	99,594	98,356
27.2	**Composition of deferred income tax liability/(assets)**				
	On property, plant and equipment	314,413	298,651	179,069	175,569
	On defined benefit obligations	(62,800)	(58,295)	(40,337)	(39,714)
	On general provision for inventories	(15,665)	(15,003)	(14,000)	(14,000)
	On general provision for trade receivables	(25,137)	(23,499)	(25,138)	(23,499)
	On provision for payment in lieu of employee share issue scheme	(551)	(622)	-	-
		210,260	201,232	99,594	98,356

28. Financial risk management

Objectives and policies

The Board of Directors of the Company regularly reviews its exposure to various kinds of risk factors with the ultimate objective to deliver superior shareholder value between risk and return. The Board oversees market risk, operational risk, credit risk and liquidity risk giving special consideration in broader aspects to the Company's exposure to interest rate fluctuations and exchange rate fluctuations in the market. The Board is also involved in monitoring of credit risk by analyzing the credit risk using several measurement criteria like 20 largest exposures, 10 largest 3-6 months arrears and sectorial exposure, etc. For some of these measures the Company has a stipulated risk tolerance level and continually monitors the credit exposure in order to ensure superior credit quality. Based on the economic outlook and the Company's exposure to these risks, the Board of the Company approves various risk management strategies from time to time.

The Company's principal financial liabilities comprise short term borrowings, trade & other payables and bank overdrafts. The main purpose of these financial liabilities is to raise finances for the Company's operations. The Company has various financial assets such as trade & other receivables, other investments, loans & cash balances, which arise directly and indirectly from its operations.

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's profit, equity or value of its holding of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimizing return.

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's financial assets and liabilities with floating interest rates.

28. Financial risk management (Contd.)

Market risk - Equity price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of directors reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity of the cumulative changes in fair value to reasonably possible changes in equity prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increase shown.

Group	Change in equity price	Effect on profit	Effect on equity
31 March 2014	10%	-	2,583
31 March 2013	10%	-	2,692

Company	Change in equity price	Effect on profit	Effect on equity
31 March 2014	10%	-	1,069
31 March 2013	10%	-	1,086

The Company also has unquoted investments carried at cost where the impact of changes in equity prices will only be reflected when the investment is sold or deemed to be impaired, when the income statement will be impacted.

Currency Risk

The Company is exposed to currency risk on goods sold, raw materials imported and borrowings that are denominated in currencies other than the Sri Lankan Rupee (LKR). The Company manages its currency risk by a natural hedging mechanism to a certain extent by matching currency outflows for repayments of foreign currency loans and imports with currency inflows for goods sold in foreign currencies.

Interest Rate Risk

Interest rate risk mainly arises as a result of Group having interest sensitive assets and liabilities, which are directly impacted by changes in the interest rates. The Group's borrowings and investments are maintained in a mix of fixed and variable interest rate instruments and periodical maturity gap analysis is carried out to take timely action and to mitigate possible adverse impact due to volatility of the interest rates.

Short-term interest rate management is delegated to the treasury operations while long-term interest rate management decisions require approval from the board of directors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation and is to maintain a balance between continuity of funding and flexibility through the use of borrowings, public deposits and bank overdrafts.

The table below summarises the maturity profiles of the Company's financial liabilities based on contractual undiscounted payments.

28. Financial risk management (Contd.)

Analysis of financial assets and liabilities by remaining contractual maturities

Group At 31 March 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial assets					
Trade & other receivables (excluding pre-payments)	3,829,907	-	-	-	3,829,907
Financial assets - Available for sale	25,832	-	-	-	25,832
Cash and cash equivalents	765,469	-	-	-	765,469
Total financial assets	4,621,208	-	-	-	4,621,208
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	1,366,413	-	-	-	1,366,413
Borrowings	2,559,890	77,841	-	-	2,637,731
Bank overdrafts	451,584	-	-	-	451,584
Total financial liabilities	4,377,887	77,841	-	-	4,455,728

Company	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial assets					
Trade & other receivables (excluding pre-payments)	2,628,153	-	-	-	2,628,153
Financial assets - Available for sale	10,689	-	-	-	10,689
Cash and cash equivalents	281,372	-	-	-	281,372
Total financial assets	2,920,214	-	-	-	2,920,214
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	1,411,389	-	-	-	1,411,389
Borrowings	1,704,209	-	-	-	1,704,209
Bank overdrafts	305,559	-	-	-	305,559
Total financial liabilities	3,421,157	-	-	-	3,421,157

Capital management

Capital comprises of equity attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

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

To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 March 2014.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings.

28. Financial risk management (Contd.)

Borrowings

	Group 31 March		Company 31 March	
	2014	**2013**	**2014**	**2013**
Total borrowings	3,089,315	3,014,435	2,009,768	2,074,273
cash and cash equivalents	(765,469)	(1,015,585)	(281,372)	(393,775)
Net debt	2,323,846	1,998,850	1,728,396	1,680,498
Total equity	6,844,833	6,402,320	2,944,939	2,907,185
Total capital	9,168,679	8,401,170	4,673,335	4,587,683
Gearing ratio	25.35%	23.79%	36.98%	36.63%

29. Fair value estimation

The table below analyses financial instruments carried at fair value by valuation methods.The different levels have been defined as follows;

The following table presents the Company's assets and liabilities that are measured at fair value.

	Group				Company			
	Level 1	**Level 2**	**Level 3**	**Total balance**	**Level 1**	**Level 2**	**Level 3**	
As at 31 March 2014								
Assets								
Financial assets								
- Held for trading	-	-	-	-	-	-	-	-
Financial assets								
- Available for sale	25,832	-	-	25,832	10,689	-	-	10,689
	25,832	-	-	25,832	10,689	-	-	10,689
Liabilities								
Financial liabilities								
at fair value	-	-	-	-	-	-	-	-
through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
As at 31 March 2013								
Assets								
Financial assets								
- Held for trading	-	-	-	-	-	-	-	-
Financial assets								
- Available for sale	26,925	-	-	26,925	10,861	-	-	10,861
	26,925	-	-	26,925	10,861	-	-	10,861
Liabilities								
Financial liabilities								
at fair value	-	-	-	-	-	-	-	-
through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

29. Fair value estimation (Contd)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing 'service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments classified as trading securities or available for sale.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

30. Financial instruments by category

(a) Financial instruments

Group	Loans and receivables	Fair value through profit or loss	Available for sale	Held to maturity investments	Total
31 March 2014					
Assets as per the statement of financial position					
Financial assets - Available for sale	-	-	25,832	-	25,832
Trade and other receivables (excluding pre-payments)	3,829,907	-	-	-	3,829,907
Cash and bank balances	765,469	-	-	-	765,469
	4,595,376	-	25,832	-	4,621,208

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2014			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	1,366,413	1,366,413
Other borrowed funds	-	3,089,315	3,089,315
	-	4,455,728	4,455,728

Company	Loans and receivables	Fair value through profit or loss	Available for sale	Held to maturity investments	Total
31 March 2014					
Assets as per the statement of financial position					
Financial assets - Available for sale	-	-	10,689	-	10,689
Trade and other receivables (excluding pre-payments)	2,628,153	-	-	-	2,628,153
Cash and bank balances	281,372	-	-	-	281,372
	2,909,525	-	10,689	-	2,920,214

30. Financial instruments by category (Contd.)

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2014			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	1,411,389	1,411,389
Other borrowed funds	-	2,009,768	2,009,768
	-	3,421,157	3,421,157

Group	Loans and receivables	Fair value through profit or loss	Available for sale	Held to maturity investments	Total
31 March 2013					
Assets as per the statement of financial position					
Financial assets - Available for sale	-	-	26,925	-	26,925
Trade and other receivables (excluding pre-payments)	2,920,709	-	-	-	2,920,709
Cash and bank balances	1,015,585	-	-	-	1,015,585
	3,936,294	-	26,925	-	3,963,219

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2013			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	856,415	856,415
Other borrowed funds	-	3,014,435	3,014,435
Finance lease obligation	-	53	53
	-	3,870,903	3,870,903

Company	Loans and receivables	Fair value through profit or loss	Available for sale	Held to maturity investments	Total
31 March 2013					
Assets as per the statement of financial position					
Financial assets - Available for sale	-	-	10,861	-	10,861
Trade and other receivables (excluding pre-payments)	2,106,031	-	-	-	2,106,031
Cash and bank balances	393,775	-	-	-	393,775
	2,499,806	-	10,861	-	2,510,667

30. Financial instruments by category (Contd.)

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2013			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	1,076,903	1,076,903
Other borrowed funds	-	2,074,273	2,074,273
Finance lease obligation	-	53	53
	-	3,151,229	3,151,229

(b) Credit quality by class of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Group				Company			
	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total	Neither past due nor impaired	Past due but not impaired	Individually impaired	Total
31 March 2014								
Financial assets								
- Available for sale	25,832	-	-	25,832	10,689	-	-	10,689
Trade and other receivables (excluding pre-payments)	3,109,000	720,907	148,633	3,978,540	2,094,139	534,014	89,780	2,717,933
Cash and bank balances	765,469	-	-	765,469	281,372	-	-	281,372
	3,900,301	720,907	148,633	4,769,841	2,386,200	534,014	89,780	3,009,994

31 . Contingent Liabilities

Company

(a) The Department of Inland Revenue raised assessments on income tax for the year of assessments 2006/2007,2007/2008 and 2008/2009 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006.The Company submitted an appeal against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act.The matter pertaining to the year of assessment 2006/2007 and 2007/2008 are referred to the Court of Appeal for their opinion.The year of assessment 2008/2009 is pending before the Tax Appeal Commission for their determination. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006.

(b) The Company has issued corporate guarantees to secure the banking facilities obtained by the following Companies from Standard Chartered Bank.

- ACL Kelani Magnet Wire (Pvt) Ltd amounting to USD 2 Mn or equivalent in LKR
- ACL Metals & Alloys (Pvt) Ltd amounting Rs. 365 Mn
- ACL Electric (Pvt) Ltd amounting to Rs. 200 Mn

31. Contingent Liabilities (Contd.)

Group

(a) ACL Metals & Alloys (Pvt) Ltd

The Department of Inland Revenue raised an assessment on income tax for the year of assessment 2007/2008 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted an appeal against the said assessment within the stipulated time frame in accordance with the Inland Revenue Act. The matter is referred to the Court of Appeal for their opinion. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006.

(b) ACL Polymers (Pvt) Ltd

The Department of Inland Revenue raised an assessment on income tax for the year of assessment 2007/2008 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted an appeal against the said assessment within the stipulated time frame in accordance with the Inland Revenue Act. The matter is referred to the Court of Appeal for their opinion. Management of the Company is of the view that no liability would arise since the Company is entitled for the Income Tax exempt under section 17 of the Inland Revenue Act No. 10 of 2006.

(c) Kelani Cables PLC

Kelani Cables PLC has given gurantees to third parties amounting to Rs. 89 Mn.

32. Commitments

Financial commitments

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

Capital commitments

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

33. Stated capital

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
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	299,488	299,488	299,488
Balance at 31 March	299,488	299,488	299,488	299,488

34. Capital reserve

Capital reserve comprises 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 2012.

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	1,443,836	1,447,781	658,340	658,340
Transfer to retained earnings from revaluation reserve	(4,889)	(4,889)	-	-
Deferred tax on transfer	944	944	-	-
Balance on 31 March	1,439,891	1,443,836	658,340	658,340

Group capital reserve as at balance sheet date consists of the following;

Capital redemption reserve fund	2,625	2,625
Surplus on revaluation of property, plant and equipment	1,435,456	1,439,401
Profit on sale of property, plant and equipment and investment	1,810	1,810
	1,439,891	1,443,836

35. 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/Group for general applications.

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	1,123,825	1,123,825	680,266	680,266
Balance at 31 March	1,123,825	1,123,825	680,266	680,266

36. Available for sale reserve

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Balance at 1 April	(2,543)	(2,151)	(9,385)	(10,453)
Fair value adjustment for available for sale investments	(1,196)	(392)	(596)	1,068
Balance at 31 March	(3,739)	(2,543)	(9,981)	(9,385)

37. Cash generated from operations

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

	Group 31 March		Company 31 March	
	2014	2013	2014	2013
Profit before tax	687,625	753,438	118,135	203,616
Adjustments for:				
Depreciation of property, plant and equipment (Note 11)	178,864	163,894	76,081	68,996
Amortization of intangible assets (Note 14)	252	-	252	-
Dividend income (Note 4)	(690)	(145)	(60,787)	(52,523)
Interest expenses (Note 7)	302,044	361,831	222,912	292,366
Interest income (Note 7)	(17,595)	(25,477)	(2,074)	(7,562)
(Profit)/loss on disposal of property, plant and equipment (Note 4)	(12,573)	353	(5,734)	356
Amortization of leasehold properties (Note 15)	22	22	-	-
Impairment for investments [Note 16(a)]	-	-	10,000	-
Defined benefit obligations (Note 26)	45,248	45,745	25,729	28,171
Changes in working capital:				
- increase in inventories	(710,025)	(354,997)	(111,827)	(58,287)
- increase in receivables and prepayments	(629,334)	(573,494)	(311,613)	(469,347)
- increase / (decrease) in trade and other payables	502,763	(152,969)	324,040	(54,985)
- decrease in dividend payable	-	(9,368)	-	-
Cash generated from/ (used in) operations	346,601	208,833	285,114	(49,199)

38. Segment information

(a) Business Segment information

	Manufacturing cables	Manufacturing PVC compound	Others		
Revenue	**2014**	**2014**	**2014**	**2014**	**2013**
Total revenue	11,934,356	1,139,994	2,750,033	15,824,383	13,637,479
Inter-segment sales	(750,937)	(1,069,457)	(2,557,126)	(4,377,521)	(2,310,959)
External sales	11,183,419	70,537	192,907	11,446,862	11,326,520
Results					
Profit before other income and finance cost	560,371	100,378	283,760	944,509	1,073,829
Other income	19,637	7,928	-	27,565	15,963
Finance cost	(249,931)	(650)	(33,868)	(284,449)	(336,354)
Taxation	(119,308)	(30,021)	(27,083)	(176,412)	(162,954)
Profit after taxation	210,769	77,635	222,809	511,213	590,484
Assets					
Segment assets	9,716,897	435,746	1,371,374	11,524,017	10,384,655
Unallocated corporate assets				524,456	524,510
Total assets				12,048,473	10,909,165

38. Segment information (Contd.)

Liabilities	Manufacturing cables 2014	Manufacturing PVC compound 2014	Others 2014	2014	2013
Segment liabilities	4,231,715	272,600	693,632	5,197,947	4,500,476
Unallocated corporate liabilities				5,693	6,369
Total liabilities				5,203,640	4,506,845
Capital expenditure					
Segment capital expenditure	198,272	11,038	21,854	231,164	229,115
Total capital expenditure				231,164	229,115
Depreciation and amortisation					
Segment depreciation and amortisation	147,703	10,976	19,933	178,612	163,894
Total depreciation and amortisation				178,612	163,894

(b) Geographical segment information

Geographical segment turnover is given in Note 3.

39. Directors' interests in contracts and related party transactions

39.1 Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs. N.C. Madanayake who are Directors of the Company, are also Directors of ACL Plastics PLC which is 65.2% owned subsidiary of ACL Cables PLC.

39.2 Mr. U.G. Madanayake, Mr. Suren 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.

39.3 Mr. U.G. Madanayake, Mr. Suren Madanayake and Mrs.N.C.Madanayake 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 .

39.4 Mr. U.G. Madanayake and Mr. Suren 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.

39.5 Mr. U.G. Madanayake and Mr. Suren 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.

39.6 Mr. U.G. Madanayake and Mr. Suren Madanayake who are Directors of the Company are also the Directors of ACL Polymers (Private) Limited which is a 65.2% owned subsidiary of ACL Cables PLC.

39.7 Mr U.G. Madanayake, Mr. Suren Madanayake and Mrs N. C. Madanayake who are directors of the Company are also the directors of Ceylon Bulbs and Electricals Limited which is a 95.3% owned subsidiary of ACL Cables PLC.

39.8 Mr. U. G. Madanayake and Mr. Suren Madanayake who are directors of the Company are also the directors of Ceylon Copper (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.

39. Directors' interests in contracts and related party transactions (Contd.)

39.9 Mr. U. G. Madanayake and Mr. Suren Madanayake who are directors of the Company are also the directors of ACL Electric (Private) Limited which is a 100% owned subsidiary of ACL Cables PLC.

39.10 Mr. Suren Madanayake who is a director of the Company is also a director of S M Lighting (Private) Limited.

39.11 The Company had the following business transactions in the ordinary course of business during the year :

	Company 31 March	
a) Sales of goods and services (inclusive of taxes)	**2014**	**2013**
Kelani Cables PLC	137,464	216,006
ACL Metals and Alloys (Private) Limited	485	-
ACL Plastics PLC	38	5,697
ACL Kelani Magnet Wire (Private) Limited	151,747	100,642
Ceylon Copper (Private) Limited	30,370	40,312
ACL Electric (Private) Limited	223	1
	320,327	362,658

	Company 31 March	
b) Sale of property, plant and equipment (inclusive of tax)	**2014**	**2013**
Ceylon Copper (Private) Limited	-	27,238
	-	27,238

	Company 31 March	
(c) Purchase of goods and services (inclusive of taxes)	**2014**	**2013**
ACL Kelani Magnet Wire (Private) Limited	-	1,203
ACL Plastics PLC	701,230	592,326
Kelani Cables PLC	46,022	57,052
Ceylon Bulbs and Electricals Limited	1,224	1,344
ACL Metals and Alloys (Private) Limited	1,039,445	272,159
Ceylon Copper (Private) Limited	1,641,552	756,471
S M Lighting (Private) Limited	5,047	2,866
	3,434,520	1,683,421

	Company 31 March	
(d) Interest on loans from related party	**2014**	**2013**
ACL Plastics PLC	4,746	6,051
Kelani Cables PLC	3,564	4,543
ACL Polymers (Private) Limited	2,129	2,714
	10,439	13,308

39. Directors' interests in contracts and related party transactions (Contd.)

(e) Key management compensation	Group 31 March 2014	Group 31 March 2013	Company 31 March 2014	Company 31 March 2013
Short term benefits	30,180	28,640	28,140	27,150
	30,180	28,640	28,140	27,150

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

(a) Payable to related parties	Company 31 March 2014	Company 31 March 2013
Kelani Cables PLC	12,501	14,367
ACL Metals and Alloys (Private) Limited	263,199	289,457
ACL Polymers (Private) Limited	-	695
ACL Plastics PLC	326,653	201,681
Ceylon Copper (Private) Limited	188,512	261,979
ACL Electric (Private) Limited	-	1,376
S M Lighting (Private) Limited	77	-
	790,942	769,555

(b) Receivable from related parties	Company 31 March 2014	Company 31 March 2013
Kelani Cables PLC	15,228	57,403
ACL Kelani Magnet Wire (Private) Limited	151,736	246,801
Ceylon Bulbs and Electricals Limited	5,407	6,090
ACL Plastics PLC	-	4,636
Ceylon copper (Private) Limited	-	7,236
ACL Electric (Private) Limited	147,172	-
S M Lighting (Private) Limited	6,213	4,996
	325,756	327,162

(c) Receivable on loans	Company 31 March 2014	Company 31 March 2013
ACL Kelani Magnet Wire (Private) Limited	32,075	32,075
	32,075	32,075

(d) Payable on loans	Company 31 March 2014	Company 31 March 2013
Kelani Cables PLC	41,854	41,854
ACL Plastics PLC	55,745	55,745
ACL Polymers (Private) Limited	25,000	25,000
Lanka Olex Cables (Private) Limited	594	594
	123,193	123,193

There were no other related parties or related party transactions during the year ended 31 March 2014 other than those disclosed above.

39. Directors' interests in contracts and related party transactions (Contd.)

39.13 All the transactions with related parties are carried out in the ordinary course of business.

40 Post Balance Sheet Events

Company

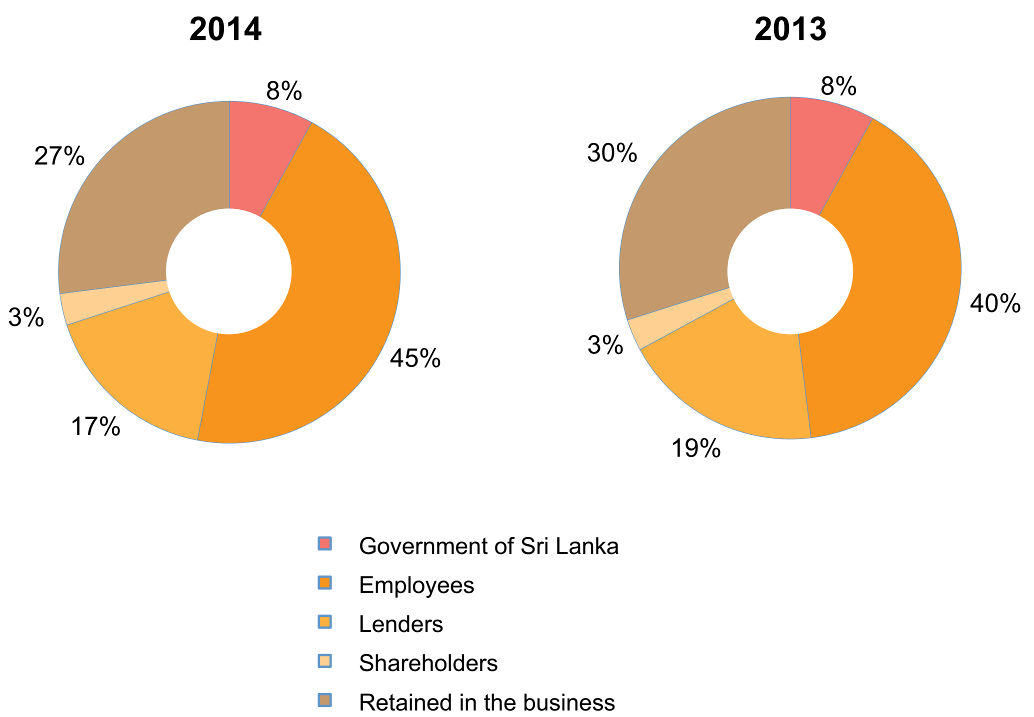
No circumstances have arisen since the balance sheet date, which would require adjustments to, or disclosure in, the financial statements.

Group

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

Statement of Value Added - Group

		2014 Rs.'000		2013 Rs.'000
Total revenue		11,446,862		11,326,521
Other operating & interest income		45,160		41,440
		11,492,022		11,367,961
Cost of material and services bought in		(9,361,198)		(9,230,163)
Total value added by the Group		2,130,824		2,137,798
Value added shared with				
Government of Sri Lanka (Taxes)	8%	176,412	8%	162,954
Employees (Salaries and other costs)	45%	962,291	40%	858,634
Lenders (Interest on loan capital & minority interest)	17%	371,762	19%	417,672
Shareholders (Dividends)	3%	59,894	3%	59,894
Retained in the business (Depreciation & retained profits)	27%	560,465	30%	638,644
	100%	2,130,824	100%	2,137,798



Information to Shareholders

(a) Distribution of shareholders as at 31st March 2014

Share range	Number of Shareholders	Number of ordinary shares	% of holding
01 to 1,000	1,458	439,208	0.73
1,001 to 5,000	475	1,238,196	2.07
5,001 to 10,000	116	883,653	1.48
10,001 to 50,000	101	2,257,968	3.77
50,001 to 100,000	22	1,578,417	2.64
100,001 to 500,000	21	4,436,483	7.41
500,001 to 1,000,000	4	2,916,293	4.87
Over 1,000,000	8	46,143,462	77.04
Total	2,205	59,893,680	100.00

(b) Analysis report of shareholders as at 31st March 2014

	Number of shares	% of holding
Institutional	16,958,868	28.31
Individuals	42,934,812	71.69
Total	59,893,680	100.00

(c) Market and other information.

		2014	2013
Company			
a)	Earnings per share (Rs.)	1.64	2.69
b)	Dividends per share (Rs.)	1.00	1.00
c)	Net assets value per share (Rs.)	49.17	48.54
d)	Market value per share		
	- Highest value (Rs.)	74.00	75.00
	- Lowest value (Rs.)	60.00	60.00
	- Value as at the end of financial year (Rs.)	61.00	65.50
e)	Number of trades	1,859	2,551
f)	Total number of shares traded	3,755,325	5,031,350
g)	Total turnover (Rs.)	262,278,282	321,416,815
h)	Percentage of shares held by the public	37.93%	37.67%
i)	Number of foreign shareholders	26	37
Group			
a)	Earnings per share (Rs.)	7.37	8.93
b)	Net assets value per share (Rs.)	101.84	95.48

(d) Twenty largest share holders list as at 31 March 2014

Share Holder Name		As at 31/03/2014		As at 31/03/2013	
		No. Shares	%	No. Shares	%
01.	Madanayake U. G.	22,837,216	38.13	22,837,216	38.13
02.	Madanayake Suren	13,302,396	22.21	13,302,396	22.21
03.	Employees Provident Fund	3,247,926	5.42	3,379,766	5.64
04.	Sri Lanka Insurance Corporation Limited - Life Fund	2,100,200	3.51	2,748,400	4.59
05.	National Savings Bank	1,275,200	2.13	1,275,200	2.13
06.	Seylan Bank/Govindasami Ramanan	1,232,153	2.06	1,104,753	1.84
07.	Employees Trust Fund Board	1,116,271	1.86	1,116,271	1.86
08.	Madanayake N.C.	1,032,100	1.72	1,032,100	1.72
09.	Deutsche Bank AG -National Equity Fund	959,157	1.60	845,000	1.41
10.	FAB Foods (pvt) Ltd	767,520	1.28	767,520	1.28
11.	David Peiris Mortor Company Ltd	647,716	1.08	264,577	0.44
12.	Bank of Ceylon-No 2 A/C	541,900	0.90	541,900	0.90
13.	Deutsche Bank AG AS Trustee for Namal Acuity	500,000	0.83	500,000	0.83
14.	Commercial Bank Of Ceylon PLC/Capital Trust	424,291	0.71	333,812	0.56
15.	Amana Bank Limited	354,755	0.59	-	-
16.	Perera R.D.M.	350,932	0.59	350,932	0.59
17.	Sir Cyril De Zoysa Trust	341,036	0.57	341,036	0.57
18.	Seylan Bank PLC/Capital Trust Holdings (Pvt) Ltd	225,790	0.38	3,800	0.01
19.	Bank Of Ceylon, No.01 Account	201,419	0.34	201,419	0.34
20.	Perera V.A.D.L.W.	188,500	0.31	188,500	0.31

Five Year Summary - Group

Trading Results

Year Ended	31st March 2014 Rs.'000	31st March 2013 Rs.'000	31st March 2012 Rs.'000	31st March 2011 Rs.'000	31st March 2010 Rs.'000
Turnover	11,446,862	11,326,520	10,306,180	9,569,771	7,242,947
Profit before tax	687,625	753,438	771,728	449,700	196,285
Taxation	(176,412)	(162,954)	(206,275)	(162,960)	(141,203)
Profit after tax	511,213	590,484	565,453	286,740	55,082

Balance Sheet

As At	31st March 2014 Rs.'000	31st March 2013 Rs.'000	31st March 2012 Rs.'000	31st March 2011 Rs.'000	31st March 2010 Rs.'000
Stated capital	299,488	299,488	299,488	299,488	299,488
Capital reserve	1,439,891	1,443,836	1,447,781	863,320	799,787
Revenue reserve	4,360,331	3,975,037	3,495,789	3,057,050	2,621,254
	6,099,710	5,718,361	5,243,058	4,219,858	3,720,529
Minority interest	745,123	683,959	634,878	528,264	455,626
Non-current liabilities	518,003	513,383	584,100	585,687	573,934
	7,362,836	6,915,703	6,462,036	5,333,809	4,750,089
Property, plant & equipment	3,136,216	3,104,485	3,019,097	2,242,226	1,854,665
Leasehold properties - pre-payments	1,732	1,754	1,776	1,798	1,820
Capital work in progress	49,764	37,952	58,475	133,226	102,235
Intangible assets	14,060	5,994	5,994	5,994	5,993
Investment property	130,000	130,000	130,000	125,000	120,000
Investments	25,832	26,925	28,097	43,561	23,398
Current assets	8,690,869	7,602,055	6,324,309	6,709,445	5,927,687
Current liabilities	(4,685,637)	(3,993,462)	(3,105,713)	(3,927,440)	(3,285,709)
Capital employed	7,362,836	6,915,703	6,462,036	5,333,809	4,750,089

Ratios

Gross profit margin	16.81%	16.46%	16.61%	13.47%	15.80%
Net profit margin before tax	4.47%	5.21%	5.49%	4.70%	0.76%
Sales growth	1.06%	9.90%	7.70%	32.13%	-7.60%
Profit before tax growth	-8.74%	-2.37%	71.61%	129.11%	21.61%
Current ratio	1.85	1.90	2.04	1.71	1.80
Net asset per share	101.84	95.48	87.54	70.45	62.00
Dividend per share	1.00	1.00	0.70	-	-
Earning per share	7.37	8.93	8.17	3.88	(0.08)
Market value per share	61.00	65.50	62.60	94.00	75.00
Price earning ratio	8.28	7.34	7.66	24.21	-
Dividend cover ratio	7.37	8.93	11.67	-	-
Dividend payout ratio	0.14	0.11	0.09	-	-

Real Estate Portfolio - Group

Name of the Owning Company and Location	Land (Acres) Freehold	Buildings (Sq. Ft)	Net Book Value 2014 Rs. 000	2013 Rs. 000
ACL Cables PLC				
Welithotuwa Road, Batakettara, Piliyandala	16.93	244,216	883,058	899,504
Sarabhoomi Housing Scheme, Batakettara, Piliyandala	0.11	1,107	5,372	5,436
Ensalwatta, Madapatha Road, Piliyandala	1.21	-	40,000	40,000
AMW Premises, Nagoda, Kaluthara	0.83	-	12,000	12,000
Venivelkole Mukalana, Korala Ima, Kahathuduwa	13.02	-	48,000	48,000
60, Rodney Street, Colombo 08	-	15,288	60,216	62,832
	32.09	260,611	1,048,646	1,067,772
Kelani Cables PLC				
Weweldluwa, Kelaniya	6.16	96,360	283,270	189,586
Mahena Road, Siyambalape	1.08	25,350	37,660	40,330
Cinco Watta, Raja Mawatha, Ekala, Ja-Ela	13.00	-	130,000	130,000
	20.24	121,710	450,930	359,916
ACL Plastics PLC				
Temple Road, Ekala, Ja-Ela	3.21	36,039	133,068	135,728
Niwasipura, Ekala, Ja-Ela	0.06	1,690	9,524	9,876
	3.28	37,729	142,592	145,604
ACL Kelani Magnet Wire (Pvt) Ltd				
No.07, Raja Mawatha, Ekala, Ja-Ela	3.53	50,074	174,900	179,200
Ceylon Bulbs & Electricals Ltd				
60, Rodney Street, Colombo 08	1.69	24,506	523,848	523,848
ACL Metals & Alloys (Pvt) Ltd				
Welithotuwa Road, Batakettara, Piliyandala	-	23,460	71,287	71,641
Ceylon Copper (Pvt) Ltd				
Welithotuwa Road, Batakettara, Piliyandala	0.99	7,150	39,796	40,430
ACL Electric (Pvt) Ltd				
Miriswatte Estate, Millewa, Moragahahena, Horana	1.51	12,960	47,215	48,726
Total value of land and buildings - (Note 11 and 13)	63.33	538,200	2,499,214	2,437,137

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 asset over its useful life.

Available-for-Sale
Any non-derivative financial assets designated on initial recognition as available for sale or any other instruments that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

AWDR
The Average Weighted Deposit Rate is calculated by the Central Bank monthly and half yearly based on the weighted average of all outstanding interest bearing deposits of commercial banks and the corresponding interest rates.

AWPLR
The Average Weighted Prime Lending Rate is calculated by the Central Bank weekly, monthly and half yearly based on commercial bank's lending rates offered to their prime customers.

Basic Earnings Per Share
Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

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.

Credit Risk
Risk that the counterparty to a transaction fails to meet its contractual obligations in accordance to the agreed terms and conditions.

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.

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

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

Dividends
Distribution of profits to holders of equity investment.

Dividend Cover
Profit attributable to ordinary shareholders divided by dividend. Measures the number of times dividend is covered by distributable profit.

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

Derivatives
Financial contracts whose values are derived from the values of underlying assets.

Earnings per Share
Earnings Per Ordinary Share (EPS) Profits attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue during the year.

Effective Tax Rate
Income tax expenses divided by profit from ordinary activities before tax.

Equity
Shareholders' funds.

Fair Value
The amount at which an asset is exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Fair Value Through Profit or Loss (FVPL)
Financial instruments that are held for trading and are designated as at fair value through profit and loss.

Financial Asset
Any asset that is cash or an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity or a contractual right to exchange financial instruments with another entity under conditions that are potentially favorable.

Financial Instruments
Any contract that gives rise to a financial assets of one entity and financial liability or equity instrument of another entity.

Financial Liability
A contractual obligation to deliver cash or another financial asset to another entity or exchange financial instruments with another entity under conditions that are potentially unfavourable.

Gearing
Proportion of total interest bearing borrowings to capital employed.

Held-to-Maturity
A financial asset with fixed and determinable payments and fixed maturity, other than loan and receivables, for which there is a positive intention and ability to hold to maturity.

Impairment
Occurs when recoverable amount of an asset is less than its carrying amount.

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

Liquidity Risk
The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Loans and receivables
A financial asset with fixed and determinable payments that are not quoted in an active market and do not qualify as trading assets.

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

Market Risk
Possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates, credit spreads and other asset prices.

Net Assets Per Share
Shareholders' funds divided by the weighted average number of ordinary shares in issue. A basis of share valuation.

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 making 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 significantly 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 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.
Aluminium Conductor plant was set up for the manufacture of AAC and ACSR.

1981
Joint Venture with Aluminium Industries Ltd, India for the manufacture of 1400 M/Ts of Aluminium conductors.

1982
Establishment of own distribution network island wide.

1986
Production of Armored 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 Aluminium 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 Organization beating participants from 46 countries.
Recognized as a world-class Company.
Awarded Super Brand status for the ACL brand.

2012
Incorporation of Ceylon Copper (Pvt) Ltd. to manufacture copper rods.

ACL secured SLS Certification for Armored Cables this year for the first time in Sri Lanka.

2013
Incorporation of ACL Electric (Pvt) Ltd. to manufacture electrical accessories.

2014
Introduction of Fire Resistance Circuit Intergrity Power Cables.

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Fifty Second Annual General Meeting of ACL Cables PLC will be held at the Auditorium of ACL Cables PLC, No. 60, Rodney Street, Colombo - 08, on Wednesday, 17th September 2014, at 11.30 a.m. 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 2014 with the report of the Auditors thereon.

02. To re-elect as Directors Mr. Daya Wahalatantiri and Mr. Rajiv Casie Chitty who retire by rotation in terms of article No. 85 and being eligible for re-election in terms of Article No. 86 of Articles of Association of the Company.

03. To re-appoint Messrs. PricewaterhouseCoopers, 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 Resolutions, 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 Mrs. N. C. Madanayake, who has passed the age of 70 years in August 2013, 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 her"

(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"

(d) "that Mr. Hemaka Amarasuriya, who has passed the age of 70 years in November 2013, 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 donations to charities.

BY ORDER OF THE BOARD

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries
22 August 2014

Note:

(a) FORM OF PROXY

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) ATTENDANCE SLIP

Shareholders are kindly requested to hand-over the duly perfected and signed Attendance Slip attached to this Report for that purpose, to the Registration Counter.

Notes

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 17th of September 2014 at 11.30 a.m. and at any adjournment thereof.

			IN FAVOR	NOT IN FAVOR
01.	To receive and adopt the Report of the Directors and the Statement of Accounts for the year ended 31st March 2014 with the report of the Auditors thereon.		☐	☐
02.	(a)	To re-elect as Director Mr. Daya Wahalatantiri who retires by rotation	☐	☐
	(b)	To re-elect as Director Mr. Rajiv Casie Chitty who retires by rotation	☐	☐
03.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorize the Directors to determine their remuneration.		☐	☐
04.	(a)	Ordinary Resolution (a) relating to the appointment of Mr. U. G. Madanayake	☐	☐
	(b)	Ordinary Resolution (b) relating to the appointment of Mrs. N. C. Madanayake	☐	☐
	(c)	Ordinary Resolution (c) relating to the appointment of Mr. Ajit Jayaratne	☐	☐
	(d)	Ordinary Resolution (d) relating to the appointment of Mr. Hemaka Amarasuriya	☐	☐
05.	To authorize the Directors to determine donations to charities.		☐	☐

Signed this .... day of ....2014 ....

Signature

*instructions for filling Form of Proxy are given over-leaf.

ACL CABLES PLC – ATTENDANCE AT ANNUAL GENERAL MEETING

I/We hereby record my/our presence at the Fifty Second 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 Shareholder : ....

Signature of Proxy (If Applicable) : ....

Shareholders are kindly requested to bring this Attendance Slip with them when attending the Meeting and hand over same to the Registration Counter.

INSTRUCTIONS FOR COMPLETION

1. 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.

2. A Proxy need not be a Shareholder of the Company.

3. The full name and address of the Proxy and the Shareholder appointing the Proxy should be entered legibly in the Form of Proxy.

4. The completed Form of Proxy should be deposited at No. 60, Rodney Street, Colombo 08, not less than 48 hours before the scheduled starting time of the Meeting.

Corporate Information

COMPANY NAME
ACL Cables PLC

REGISTRATION NUMBER
PQ 102

REGISTERED OFFICE
60, Rodney Street, Colombo 08

CONTACT DETAILS

Tel	:	+94 11 2697652
Fax	:	+94 11 2699503
E-mail	:	info@acl.lk
Website	:	www.acl.lk

BOARD OF DIRECTORS
U. G. Madanayake - Chairman
Suren Madanayake - Managing Director
Mrs. N. C. Madanayake
A. M. S. De S. Jayaratne
Hemaka Amarasuriya
D. D. Wahalatantiri
P. S. R. Casie Chitty

GROUP FINANCIAL CONTROLLER
Champika Coomasaru

SECRETARIES
Messrs. Corporate Affairs (Private) Limited
24/2, Sri Siddhartha Road, Colombo 05

AUDITORS
Messrs. PricewaterhouseCoopers
Chartered Accountants
100, Braybrooke Place, Colombo 02

BANKERS
Standard Chartered Bank
Hatton National Bank PLC
Nations Trust Bank PLC
National Development Bank PLC
Sampath Bank PLC
Commercial Bank of Ceylon PLC
People's Bank
Hongkong & Shanghai Banking Corporation

CABLES

RESPONSIBILITY CERTIFIED

www.acl.lk