IGNITING THE SPARK OF INNOVATION

ACL CABLES

Annual Report 2017/18

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Financial Information

IGNITING THE SPARK OF INNOVATION

The spirit of innovation is a driving force
At ACL Cables, we are excited by great ideas, expert design and exceptional capabilities. We constantly review the way we think and operate to adapt to the needs of our stakeholders and the realities of our industry landscape.
In doing so, our spirit of innovation is a driving force that leads to better systems, better processes and better products that ultimately deliver better results.

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 maximise 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 recognise and reward individual initiative and performance of our people.
- We inculcate family culture and togetherness.

Our Suppliers

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

Our Shareholders

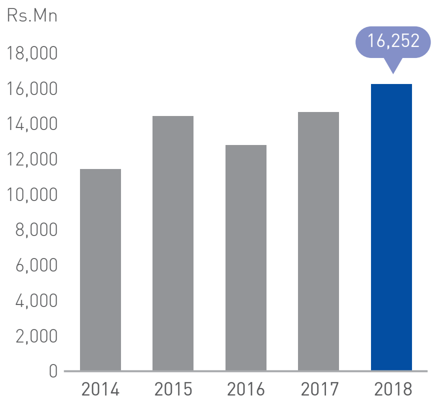
- We ensure superior returns to our shareholders through sustained growth of profitability.

Our Community

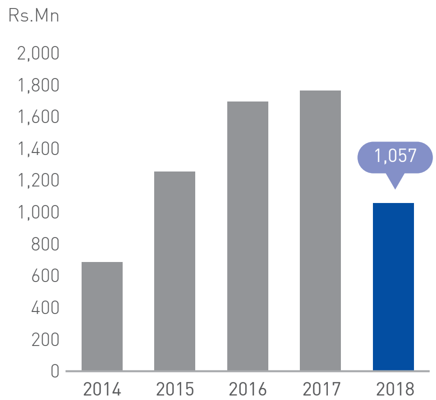
- We carry out our activities in an environment friendly manner, contributing towards a safer and healthier community.
- We maintain ethical standards.

GROUP FINANCIAL HIGHLIGHTS

	2018 LKR Million	2017 LKR Million
Operations		
Turnover	16,252	14,670
Gross Profit	2,631	3,243
Finance Cost	382	219
Profit before Tax	1,057	1,765
Profit after Tax	763	1,255
Total Equity	11,574	10,467
Key Financial Indicators		
Gross Profit Margin	16.19%	22.10%
Net Profit Margin before Tax	6.51%	12.03%
Interest Cover (Times)	3.62	7.09
Return on Equity	6.59%	11.99%
Current Ratio (Times)	2.16	2.29



Revenue



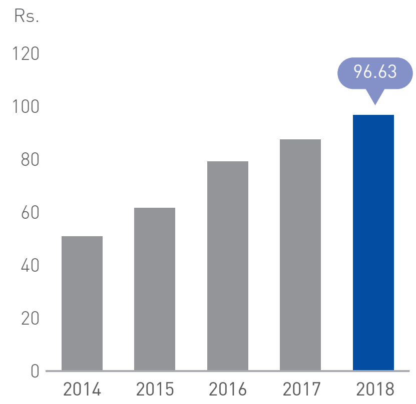
Profit before tax

> The group is investing on its capacity expansion to eliminate production bottle necks and to cater to the increase in demand for cables in the years to come. The Group has planned to increase production capacity keeping in mind efficiencies, productivity and latest technological developments.

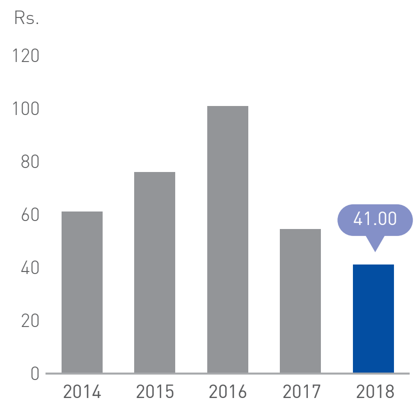
16,252
Rs. Mn
Net Revenue

6.75
%
Profit to Equity Holders

697
Rs. Mn
Profit to Equity Holders



Net assets per share



Market value per share

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.

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.

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.

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 Integrity Power Cables.

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.

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.

2007

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

2008

ACL Cables PLC awarded the highest award of Asia Pacific Quality Organisation beating participants from 46 countries. Recognised as a world-class Company. Awarded Super Brand status for the ACL brand.

2018

Introduction of ACL Elegance switches & sockets

ACL Cables PLC achieved the prestigious Master Brand status for 2017, conferred by Chief Marketing Officers (CMO) Asia in partnership with the World Marketing Congress. A Master Brand status is conferred only to top tier brands in a particular category and in recognition of market dominance. Once the status is awarded on a single brand, the competing brands are excluded from the category.

2015

ACL Cables PLC acquired 35% stake of Hemas Power PLC & renamed company as RESUS Energy PLC. As a result of share buyback by RESUS Energy PLC during 2015/2016, ACL Cables PLC's stake was reduced to 31.71%.

2016

ICRA Lanka Limited, Subsidiary of ICRA Limited, group company of Moody's Investors Service has assigned an Issuer rating of [SL] A+ (pronounced S L A plus) with stable outlook to ACL Cables PLC.

U.G. MADANAYAKE
Chairman

CHAIRMAN'S MESSAGE

It gives me great pleasure to welcome you for the 56th Annual General Meeting of ACL Cables PLC and take the opportunity to present to you the Annual Report and the Audited Financial Statements for the year ended 2017/18. We witnessed a reasonable good year of performance amid many difficulties.

Despite shocks by the external environment, I am pleased to inform that Group Turnover increased compared to last year. However, Return to share-holders of the Group declined compared to last year due to turbulent macro-economic and political environment.

Economic Outlook

Sri Lankan Economy grew by 3.1 % in the year 2017 in comparison to 4.5% in the previous year. The drop in growth of GDP is mainly due to the adverse weather conditions which resulted in continuation of negative growth in the agricultural sector - which has been negative since 2016. It should be noted that positive upward trends in the production of Tea and continuation of upward movement of tea prices helped to mitigate the negative growth in the agriculture sector to a certain extent. The regaining of GSP Plus helped to boost the manufacturing activities and it in turn, also helped to mitigate to a certain extent the negative effect on the economic growth which was badly affected by the dismal performance of the agricultural sector. The marginal growth in Performance of the Construction sector and global upward trend in Metal and Plastic prices were not favourable for Electric Cable industry in the year under review. I also notice that the continuation of higher Interests rates also impacted negatively on Consumer spending and our bottom line growth. The pressure on the Exchange Rate remained a challenge on the growth of the economy and our industry.

> "ACL as a Group experienced an increase in Turnover to 16.2 billion compared to 14.6 billion in the previous year. This is mainly due to the increased LME metal prices in the world market which resulted in price adjustments. Marginal volume increases also helped us to increase the revenue during the year under review"

2,631
Rs. Mn
Gross Profit - Group

763
Rs. Mn
Net Profit - Group

It should also be noted that the Industry Related Activities of Sri Lanka as mentioned in the Annual Report of the Central Bank has recorded only 2.5% growth in 2017 compared to 3.3% in 2016. However, the Construction Industry which is a sub sector of Industry Related Activities, grew by 3.1 % (which is also lower than previous year's growth of 8.3%) - was very beneficial for ACL Group of Companies and it is reflected in the results.

Credit extended by Commercial Banks to the Private Sector engaged in Construction activities slowed down during the year. However, Credit extended by Commercial Banks to the Personal Housing Construction activities grew by an equivalent percentage and therefore, our sector managed to grow marginally compared to last year.

CHAIRMAN'S MESSAGE

I am of the view that Growth of the Manufacturing sector is of utmost importance if a country is to display Sustainable Growth & Development. The favourable performance of export oriented products and good performance in apparel sectors is very encouraging in this context.

Group Performance

I am pleased to inform you that ACL as a Group experienced an increase in Turnover to 16.2 billion compared to 14.6 billion in the previous year. This is mainly due to the increased LME metal prices in the world market which resulted in price adjustments. Marginal volume increases also helped us to increase the revenue during the year under review. Group Profits before Tax declined to Rs 1,056 million compared to 1,764 million in the previous year. The increased Metal and plastic prices led to an increase in cost of sales and erosion of margins significantly. Furthermore, increased Metal and Plastic prices resulted in an increase in the value of both the Inventory and of Debtors which coupled with High interest rates led to a substantial increase in financing costs of the entire Group.

Challenges

The political stability is very vital for a good business climate. The present volatile environment may not be best suited to have sustainable economic growth. It is understood that the debt burden of the country has to be cleared by fiscal policy directions. The implementation of new Inland Revenue act also will come into effect from financial year 2018. The increase in the rate of personal income taxes may post challenges to middle class income segment and curtail spending. This may have indirect negative impact on the growth of the construction sector. The continuation of two digit interest rates will have a direct negative impact on Consumer spending and Construction related activities of the private sector. This may also lead to decline in demand for Cables and increase in competition in the Dealer market which caters to house builders. The pressure on Exchange rate will continue to be a challenge on our cost structures.

The Cable industry is protected from Imports since the item is currently in the Negative list of both the Government and the BOI. In this context the effort taken by ministry of Finance and the BOI up to now is commendable. However, since of late, we have noticed a tendency towards relaxation of the Negative List in case of certain

Free Trade Agreements with absolutely no justifiable reason. These acts may have a drastic impact not only on the Cable industry but also on the Safety of Houses and People due to importation of inferior cables.

New Developments

The group is investing on its capacity expansion to eliminate production bottle necks and to cater to the increase in demand for cables in the years to come. The Group has planned to increase production capacity keeping in mind efficiencies, productivity and latest technological developments.

Results of these developments will be beneficial to shareholders in the years to come.

Appreciations

First of all I wish to thank all our valuable Customers including CEB who have continued to rally round ACL Group and support us to contribute to the development of our nation and increase shareholder value. We are proud that our Customers have continued to appreciate the very high standards of Quality of our Cables and that alone has propelled us to introduce Newer Cables with greater vigour. I also take this opportunity to thank numerous Government Departments which continue to pave way for a conducive business environment for all local industries. It gives me great pleasure to appreciate and thank all our employees - past and present for their tireless efforts to bring our company to this level of achievement. I would also like to thank all members of the Boards of Directors of the Group for their valuable contribution by way of advice and guidance.

U. G. Madanayake
Chairman

02 July 2018


SUREN MADANAYAKE
Managing Director

MANAGING DIRECTOR'S REPORT

I take pleasure in presenting to you the Annual Report of your company for the year 2017/18 - which you will agree is another year of good performance though it is not as good as it was in the previous year. Your Company achieved a turnover of Rs 8.9 billion during the year - which is a 11% increase compared to Rs 8.05 billion achieved in the previous year. However, the profits before tax decreased from Rs 1.2 billion achieved in the previous year to Rs 582 million in the year 2017/18 due to unfavourable market conditions prevailed on the supply side and the depreciation of the Sri Lankan Rupee.

FACTORS WHICH WERE FAVOURABLE

Trading items showed an increase in turnover by 51% during the year. Continued purchase of Cables for infrastructure modernisation by Ceylon Electricity Board also helped to maintain the top-line at comfortable levels. Construction market was active during the year and therefore, it helped to increase the turnover. ACL was able to be the sole supplier to many of the High Rise Buildings with international names. ACL was very proud to introduce its newest range of Switches manufactured at ACL Electric under brand name ACL ELEGANCE.

Our Associate company RESUS Energy PLC also recovered well during the year and posted a profit of Rs 116 million compared to Losses suffered in the previous year. ACL received a dividend of Rs 2.00 per share.

We are pleased to inform that the Rating Agency ICRA Lanka Ltd - a Group Company of Moody's Investors, maintained the same A+ rating during the year under review.

CHALLENGES FACED BY THE COMPANY

During the year, we saw continued increase in price of metals and plastics. Copper showed highest increase rising from US$ 4,900 to US$ 7,000 per ton during the year. This is about a 43% increase in cost of our major raw material. But, we could not pass the said increase in costs to Customers as fast as we wanted during the year and it led to a decline in overall profitability of the company. Furthermore, the gradual depreciation of Sri Lankan Rupee during the year compounded the total effect.

Another factor which contributed to the reduction of Gross margin was our locking of prices of Cables with contractors in major projects and CEB . Subsequent to locking of prices, in most cases we had to buy raw materials at higher prices resulting in lower margins in those sales. These type of losses do occur in case of rising markets and in case of falling markets it leads higher margins as it happened in the previous Financial year. This is an inherent challenge facing the Cable industry all over the world.

Interest rates continued to remain at a higher level against expectation and that too led to an increase in net finance costs of the company. Financial costs also increased due to increase in raw-material costs which in turn resulted in higher Investments in the Working Capital Cycle.

8,930
Rs. Mn

Revenue - Company

"During the year, we saw continued increase in price of metals and plastics. Copper showed highest increase rising from US$ 4,900 to US$ 7,000 per ton during the year. This is about a 43% increase in cost of our major raw material. But, we could not pass the said increase in costs to Customers as fast as we wanted during the year and it led to a decline in overall profitability of the company."

MANAGING DIRECTOR'S REPORT

FUTURE OUTLOOK

A complete reorganisation of the distribution network for dealers was carried to improve productivity, penetration and optimise re-distribution costs. With this re-organisation we intend to service larger number of dealers much better than in the past and make the consumers aware of our brand and the range of products.

As you are aware ACL has enhanced the Safety Standards of all our Cables by developing Superior Cables with Fire Retardant properties. Our competitors are finding it difficult to match the standards that we have achieved. However, we believe that consumer awareness on the superiority of our Cables needs to be enhanced. Towards this, ACL commenced a series of promotional activities which would be launched in the coming year.

We see that international metal prices and the Exchange rate are moving to higher levels unbearable to the industry and it is inevitable for us to pass those additional costs to the market. This we believe will ensure a reasonable return to shareholders of the company.

Continued development of the Port city, creating interest among international investors is a good sign and we believe that there is a huge potential for the Construction Industry which in turn could lead to very high demand for Cables in the coming years.

Export market is huge and competition is at its peak. It is very important to penetrate the export market further in order to understand the international competitive environment and to improve our efficiencies. Furthermore, as we adapt to the external environment, we can increase our turnover and capacity utilisation.

The Cable industry has been lobbying the Government to keep the Cables in the Negative list in case of all Free Trade Agreements and so far it has been successful to a certain level. But the FTAs with China and Singapore are threatening the healthy situation we are in. However, we are lobbying the Government to maintain the Cables in the Negative list since the industry has potential for further expansion in to the export market. Such expansion needs a Local base protected from unfair trade practices and economies of scale of neighbouring countries.

APPRECIATIONS

I thank and appreciate very much the continued guidance and support given to me by the Chairman and the Board of Directors during the year.

It is my duty and pleasure to thank and appreciate all past employees of the company who worked tirelessly to make ACL the leading Cable Manufacturer of the country during the last 58 years.

I also take this opportunity to thank all the Customers and well-wishers of the company for their continued confidence in our products and supporting us in all our endeavours. I also wish to extend a Special appreciation and thanks to the Board of Directors and the employees of Ceylon Electricity Board - which is our largest customer for many years.

I also take this opportunity to thank all Government Organisations who have helped ACL directly or indirectly to carry out our activities in a fair and transparent manner. My thanks are also due to all other stakeholders and Suppliers of Products & Services including the Financial Institutions for their continued constructive engagement.

Last but not least, I wish to thank the employees of ACL who worked tirelessly to achieve this level of performance in the year under review.

Suren Madanayake
Managing Director

02 July 2018

BOARD OF DIRECTORS

1. **Mr. U. G. Madanayake**
   Chairman
2. **Mr. Suren Madanayake**
   Managing Director
3. **Mrs. N. C. Madanayake**
   Director
4. **Mr. Ajit Jayaratne**
   Director
5. **Mr. Hemaka Amarasuriya**
   Director
6. **Mr. Daya Wahalatantiri**
   Executive Director
7. **Mr. Rajiv Casie Chitty**
   Director
8. **Dr Sivakumar Selliah**
   Director


2
4
8
7

BOARD OF DIRECTORS

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., ACL Electric (Pvt.) Ltd. and RESUS Energy PLC 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 Chairman of RESUS Energy PLC, Managing Director of ACL Plastics PLC and Director of ACL Electric (Pvt) Ltd., Ceylon Bulbs & Electricals Ltd., ACL Metals & Alloys (Pvt.) Ltd., ACL Polymers (Pvt.) Ltd., ACL-Kelani Magnet Wire (Pvt.) Ltd., Ceylon Copper (Pvt.) Ltd., SM Lighting (Pvt) Ltd., Fab Foods (Pvt.) Ltd., Ceylon Tapioca Ltd., Destination Ceylon (Pvt.) Ltd., and National Asset Management (Pvt) Ltd. He also serves as Trustee of CCC Foundation of Sri Lanka, which is an approved charity. He captained the Royal College 1st XV Rugby team in 1987.

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 a Director of other Public Quoted Companies in Sri Lanka. Mr. Jayaratne was appointed to the Board of Directors of ACL Cables PLC in November 2005.

Mr. Hemaka Amarasuriya

Director

Mr. Hemaka Amarasuriya 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 an Honorary Fellowship from the Chartered Institute of Marketing, U.K. and a Diploma in Marketing Strategy from the University of New York.

He is currently the Chairman of Sri Lanka Insurance Corporation Limited and is on the directorate of several other listed and unlisted private companies. He held the chair of the Singer Group in Sri Lanka for a period of 30 years.

He was recognised 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 chairs the Regional Industry Service Committee – Southern Province of the Ministry of Industry & commerce. 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 also chaired the Singer Worldwide Business Council, policy implementation body of one of the oldest multinationals.

His contribution to the profession was recognised by the Institute of Chartered Accountants of Sri Lanka when conferred with the "Lifetime Award for Excellence in 2011", while the Institute of Chartered Management Accountants (CIMA) selected him as the Business Icon of the year for 2013.

Mr. Daya Wahalatantiri

Executive Director

Mr. Daya Wahalatantiri had his early education at Holy Cross College, Kalutara and Royal College, Colombo. He is a Graduate in Chemistry (Special) from the University of Ceylon, Peradeniya. In 1990, he obtained his Masters in Business Administration from the University of Sri Jayewardenepura. 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 is 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 Operating Officer of Commercial Credit & Finance PLC and Non-Executive Independent Director of Tangerine Beach Hotels PLC, Royal Palms Beach Hotels PLC, Ceylon Printers PLC and Office Equipment PLC. He is former President of the ACCA Sri Lanka panel. He has over 20 years of experience in Senior Managerial positions in the private sector.

Dr Sivakumar Selliah

Director

Dr Selliah holds an MBBS Degree and a Master's Degree (M.Phill), and has over two decades of experience in diverse fields, which include manufacturing, healthcare, plantations, packaging, insurance, retail and logistics.

Dr. Selliah is currently the Deputy Chairman of Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Central Hospitals Private Ltd. He is a Director of Lanka Tiles PLC, HNB Assurance PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, Lanka Ceramic PLC, , Swisstek (Ceylon) PLC and Swisstek Aluminium Pvt Ltd. Dr. Selliah is also the Chairman of JAT Holdings Pvt Ltd , Vydexa (Lanka) Power Corporation Pvt Ltd and Cleanco Lanka Pvt Ltd.

Dr. Selliah also serves on the Audit Committee, Investment committee, Strategic planning committee, Related party transaction committee and Human Resource & Remuneration committee which are sub committees of the board, of some of the companies listed above.

MANAGEMENT TEAM

Champika Coomasaru
Group Chief Financial Officer

Rohitha Amarasekara
General Manager Operation

Denzil Perera
General Manager Marketing

Lakshman Bandaranayake
Deputy General Manager Marketing

Senila Rupasingha
Import/Export Manager

Manohara De Zoysa
Group Logistic Manager

Sampath Wijesundara
Chief Information Officer

Padmana Wijesundara
Quality Assurance Manager

R Nandakumara
Engineering Manager (Mechanical)

A G U K Abeynayake
Engineering Manager (Electrical)

Indunil Perera
Security Manager

S M Welihinda
Deputy General Manager - Aluminium Cable & Rod Plant

Gamini Wanasinghe
Manager Credit Control

Sameera Lokuwithana
Manager Human Resources

PRODUCTS PORTFOLIO

"ACL cables comply with most local and international test certificates including ISO 9002, ISO 9001-2000 & ISO 14001 environmental management system certificate."

CABLES

ACL Cables evolved as the No. 1 cable in Sri Lanka since inception in 1962. During its 56 year operation the company has groomed to become a specialised manufacturer and supplier of an extensive range of cables and conductors with superior quality and standard unmatched by any other in the island. Excelling itself through advanced technology,quality control and continues research and development ACL Cables produces a range over 250 cables across 20 categories. ACL continued to expand its sector through innovation and dominate the market with the introduction of new products and many industry firsts. ACL cables comply with most local and international test certificates including ISO 9002, ISO 9001-2000 & ISO 14001 environmental management system certificate.

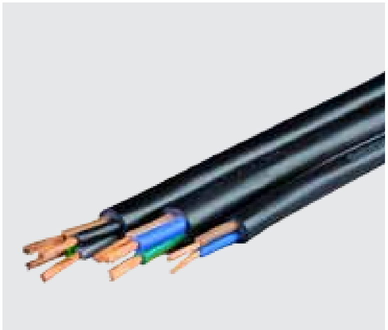

House Wiring Cables


Earth Cables


Telecommunication Cables


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


33KV Covered Conductors


Flexible Cables

Auto Cables

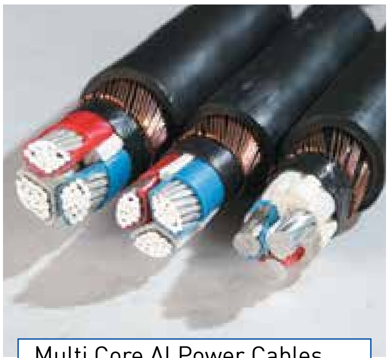
Low Voltage – Aerial Bundled Cables

Fire Retardant Power Cables

ACSR & AAAC Conductors

All Aluminium Conductors

Customised Cu Power Cables



Multi Core Al Power Cables with Cu Wire Screen

Unarmored Control Cables

Three Phase Cu Concentric Cable

PRODUCTS PORTFOLIO


Single Core Unarmored Cu Power Cables


Multi Core Unarmored Al Power Cables


Multi Core Armored Cu Power Cables


Single Core Armored Cu Power Cable


Unsheathed Cu Power Cables


Armored Control Cables


Single Phase Al Concentric Cable


ACL SAX AMO 33kV Covered Conductor

ELECTRIC

Commencing its operation in 2014 ACL Electric was formed in marketing high quality electrical switches, sockets, breakers and accessories. This complied with the company objective to move ACL Cables PLC in a bid to strengthen its value chain and to become a comprehensive one-stop shop for electrical requirements.

PRODUCTS PORTFOLIO


One Gang One Way Switch


One Gang Two Way Switch


Two Gang One way Switch


Three Gang One Way Switch


Four Gang One Way Switch


20A Double Pole Switch


One Gang Bell Press Switch

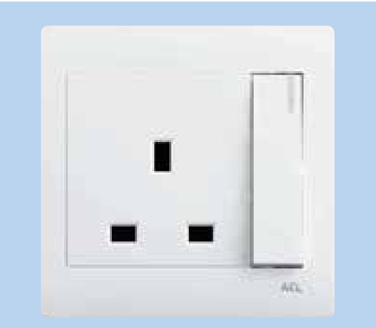

Data Socket Outlet


Fan Speed Controller


Light Dimmer

Blank Plate


TV Socket Outlet



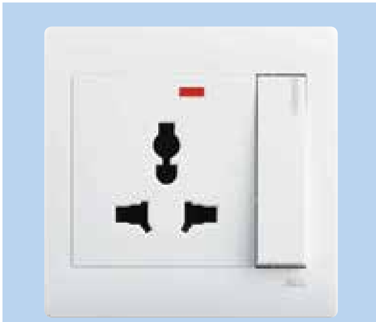
13A Switched Socket Outlet

13A Switched Socket Outlet with Neon

15A Switched Socket Outlet

15A Switched Socket Outlet with Neon

Universal Socket Outlet



Universal Socket Outlet with Neon

Telephone Socket Outlet

PRODUCTS PORTFOLIO


One Gang One Way Switch


Two Gang One Way Switch


Three Gang One Way Switch

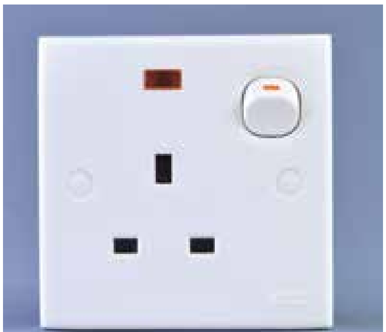

Four Gang One Way Switch


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 (75Ohm, co-axial)


Light Dimmer (500W)


Double Pole (20A, AC 250V)


Data Socket


Ceiling Rose


Lamp Holder


5A Plug Top


13A Plug Top


15A Plug Top


Led Indicating Light Blue MCB Single Pole

PRODUCTS PORTFOLIO


Led Indicating Light Green MCB Single Pole


Led Indicating Light Red MCB Single Pole


Led Indicating Light Yellow MCB Single Pole


Main Switch (Isolator) Double Pole

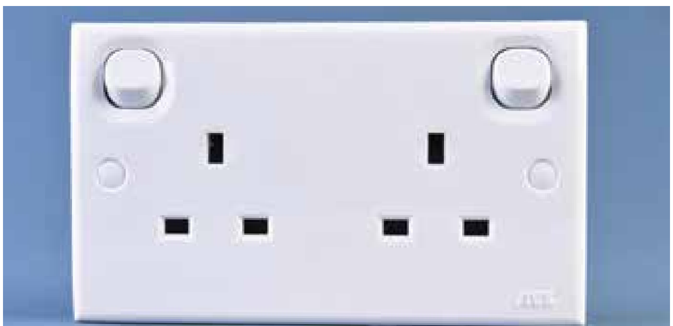

Trip Switch (RCD) Double Pole


Circuit Breaker (MCB) Single Pole


Bell For MCB


USB Charger 5V 2.5A


Universal Socket


13A Twin Socket

CEILING FAN

ACL Ceiling fans were introduced to local market with superior quality and a product with value for money. Complying with international criterions ACL ceiling fans are manufactured under ISO certification. The product comes in two models as Metal blade and Aluminium blade fans. Designed with broader width of blades ACL Ceiling fans ensure higher air delivery than most other fans in market. The aluminium blade ceiling fan is designed especially to cater the need of anti-corrosion. Both ranges possess a two year one-to- one replacement warranty on motor defects.

Aluminium Blade Fan

Metal Blade Fan


Fan Speed Controller

5 Step Fan Controller

CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

ACL Cables has taken key action to maintain a pleasant and clean environment for a better space of living. We have incorporated such action item in our ISO standards manual, to maintain the plant and equipment as per nationally and globally approved environmental safety levels.

ACL Cables PLC the No. 1 cable in Sri Lanka finds us a socially responsible and ethical organisation committed towards delivering a positive contribution to create a better society. This enables us to inspire trust in our brand and develop strong relationships with our stakeholders. We, as the pioneer and modern day innovator in the industry believe to lead by example to the society and other business entities to serve as socially responsible corporates. Like everything else we do, CSR at ACL Cables PLC is founded on ethical business practices and effective governance. We strive to work with our clients, suppliers and stakeholders to manufacture and operate responsibly; create an engaging workplace for our employees; and develop technologies to manufacture products with superior standards that create positive social, environmental, and business impacts.

Of course there are challenges to thrive as a socially responsible corporate entity, and we work diligently to address these challenges. By doing so, we believe that ACL Cables will grow much stronger and achieve the peak as a responsible and resilient business. We identify our stakeholders as a key group and make sure to converse continuously, which helps us understand their views on the most important social and environmental issues appealing for them, in the building material and electrical wiring sector, and for our business.

Likewise our previous years, we have stick to our three pillar CSR initiative model. This has helped us work with better focus and right direction towards the society

I. Environmental Responsibility
II. Employee Responsibility
III. Community Engagement

Environmental Responsibility

Undoubtedly ACL Cables provides a valuable product, which is part and parcel of people's overall life that helps them to engage in day-to-day activities with maximum protection and safety. While we acknowledge that the creation and consumption in some of our cables do have consequences at times on the environment and communities, we are looking at behaviours and

technologies we can adopt and invest in to reduce our negative impact. Thereby in return we help to make our environment a better place to live for every one of us.

As a result ACL Cables PLC invested to become the largest shareholder of a major hydro power company in Sri Lanka, RESUS Energy PLC, contributing ourselves to become a **'Green Company'**. Further the most significant being the disbursement of the scrap stocks at ACL Plastics Factory. The plastic scrap was not used for cables and instead was given for recycling. This same principle is applied to every industrial by-product and we make sure that we do not contaminate our environment with our industrial produce.

ACL Cables has taken key action to maintain a pleasant and clean environment for a better space of living. We have incorporated such action item in our ISO standards manual, to maintain the plant and equipment as per nationally and globally approved environmental safety levels. Thereby we have been awarded and kept up to the standards of ISO 14001, which specifies international standard required for an effective environmental management system

1 Scrap Recycling

2 Copper Rod Production

3 An employee working at factory

4 SOS Children's Village in Piliyandala

5 Manager's Training conducted by Mr. Mohan Palliyaguru.

6 Blood Donation

CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

Employee Responsibility

This finds out how we offer engaging development opportunities, recognise achievements, and foster an inclusive and healthy workplace to help employees achieve their full potential. Life at ACL, for an employee is as joining a family. Our values underpin the company culture and support a great employee experience. Employee responsibility at ACL Cables aligns on four key pillars.

- **A Safe and Healthy Work Environment:**

We invest in our employees' health and well-being, with ethical work practices, and provide a safe workplace. One such key highlight is the insurance cover offered to over 500 employees at ACL Cables, considering the work tasks they undergo especially at our factories. Also we do practice a non-discrimination policy for our workers, believing that the employees should conduct in moral standards.

- **Working Together:**

We promote a culture of togetherness, transparent communication, seek ongoing input from our employees and provide extensive opportunities to collaborate and innovate. The major employee intimacy activity is the annual trip, which even invite and gather the families of our employees as well. The factory trip becomes a parade of over 23 large buses containing 960 participants including families. The head office employees as well were taken on a two day trip with their families to Shangri-La Hambantota and the employees at factory were taken to Anuradhapura in an opportunity to worship the sacred chaithya of "Ruwanweli Maha Saaya" and the "Jaya Shri Maha Bodhi"

Further the annual Avurudu Festival was organised as a cultural event to create informal bond amongst employees of all tiers.

In aid of its head office welfare society, ACL Cables PLC organised a musical show as an annual fund raiser for year 2017/2018. The funds were raised in order to conduct many helpful and interactional activities to its staff and well as planned CSR activity.

This year the society together with "Naada" the aesthetic indoor acoustic band presented a unique show with finest singers casing an era of modern and classical music.

Veteran singer Sunil Edirisinghe, Athma Liyanage and the young but talented feminine vocalist Umariya Singhawansha performed an unforgettable experience of music between the generations. The event was held on 17th March 2018 at Ananda College Kularatne Hall.

The event gathered almost a house full show of audience comprising its staff, family as well as the general public.

- **Providing Training and Development Opportunities:**

We offer training, mentoring, and development programs and encourage our employees as means of skills

development and career progression with ACL. All employees will be trained on our values as which are to be ethical, apolitical and law abiding, whereas new employees will be trained through special induction and familiarisation on each business unit within ACL Cables in order to gain a thorough 360 degree knowledge enhancement on work practices.

The major training session during the year was conducted for three levels to the senior management, Sales staff and back office staff members. This was conducted in three separate sessions. The training was conducted by Mr. Mohan Palliyaguru one of the renowned Psychological Counsellor & Motivational Speaker.

- **Rewarding Our People:**

ACL Cables extended its rewards for the education of our employees' children through special scholarship programs. Students who got through with better scholarship results were rewarded under this scheme.

7 New year festival

8 ACL Head Office trip to Shangri-La Hambantota

9 Electrician Seminar

10 Naada musical show at Ananda College Kularatne Hall

CORPORATE SOCIAL RESPONSIBILITY AT ACL CABLES

The ACL group believes in promoting good management of resources and rise in economic prosperity through smart economic living. This philosophy is communicated to the employees of ACL by its daily affairs. The human resource is empowered with morals, practices and knowledge so that their personal lives will be as good as their professional lives.

Community engagement

We use our expertise, technology, and resources to make a positive contribution to society and get them connected with us for a long standing relationship. We work with others to build thriving communities, improve people's lives, and support the long-term success of our business.

As the No.1 Cable in Sri Lanka ACL Cables PLC has for many decades been conscious in maintaining consistent quality in our products supplied to local and international markets. Locally, rural electrification projects demand high cable quantities and it is a great challenge to provide that demand in a short span of time maintaining our quality to international standards. Yet we satisfied the quality standards expected by all projects and supplied the cables requirement through an efficient in-house management system.

We also encourage our employees to share their expertise and support their communities through volunteering and knowledge sharing sessions. In FY 17/18, ACL Cables employees volunteered over 150 hours with their intellectual know-how and information sharing amongst electricians and students registered with vocational training authority (VTA). These are hours of personal visits to locations around the island. All sessions are conducted in collaboration with an in-house dedicated named Electricians' Club and the sales force of ACL Cables.

Furthermore we provide an insurance cover of Rs. 1 million each for all electricians registered under ACL Cables as a measure of protection for them during their work. During the F/Y 17/18 ACL Cables has provided over Rs. 449,099/- insurance claims through the electrician club for electricians on injuries occurred whilst engaged in their jobs. Thereby ACL Cables practices to be a company concerned on the health and well-being of the community we are engaged with.

As we work with all above communities our main focus is to seek to:

- Improve access to educate on electrical wiring and equip people with the knowledge and skills to become economically self-sufficient
- Build association as a partner in advancement and consultation
- Enhance society's ability to meet a critical human need of power generation and safe power distribution

Apart from the management the ACL welfare Society also takes part in organising events for the benefit of the society such as the Blood Donation Campaign:

The ACL Cables PLC head office welfare society organised a blood donation campaign in collaboration with the Sri Lanka Blood Bank of the Colombo General Hospital in May 2017. Majority of the participants were employees of ACL Cables Group which consists of more than 1000 workers. Staff of the Head Office and staff from factories located in Ja-Ela, Piliyandala, Kelaniya, Ekala, Horana and Rathmalana participated in this event. Commenting on the event, the Blood Bank of Colombo General Hospital stated that the event was a well-organised activity and of immense success, which contributed to a precious social need.

Furthermore we initiated a special project for children in need. This was accommodated through the funds created from the annual event. SOS Children's Villages is supporting Sri Lankan children and adolescents by providing day care, education, vocational training opportunities and medical services. In order to help Sri Lankan children who are at the brink of losing parental care to grow up within their natural family environment. The activity for donations were performed in following schemes

- Annual child sponsorship schemes
- Purchase of stationary and primary educational equipment
- Donation of aesthetic accessories

AWARDS & CERTIFICATIONS

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

2. **Asia Pacific Quality Award 2008**
   Won the highest award, beating participants from 46 countries, and ACL recognised as a world-class Company.

3. **National Productivity Awards**
   1st Place 2007 organised by the National Productivity Secretariat.

4. **National Quality Award Winner 2007**

5. **Global Commerce Excellence Awards 2014**

6. **B2B Brand of the year at SLIM Brand Excellence 2015**

7. **Master Brand Status 2017**

Certification	Description
ISO 9001 : 2015	Quality Management System
ISO 14001 : 2015	Environment Management System
SLS 733	"ACL" Brand PVC Insulated And PVC Sheathed Cables
SLS 1504 -2-11	"ACL" Brand Flexible Cables With Thermoplastic PVC Insulation
SLS 1504 -2-31	"ACL" Brand Single Core Non-sheathed Cables With Thermoplastic PVC Insulation
SLS 1186	"ACL" Brand Armored Electric Cables having Thermosetting XLPE insulation
SLS 750-1	"ACL" Brand All Aluminium Stranded Conductors
Credit Rating [A+]	Obtained the issuer Rating of [SL] A+ (Stable) from ICRA Lanka Limited.

GROUP STRUCTURE

Description / Company	ACL Cables PLC	Kelani Cables PLC	ACL Plastics PLC	Ceylon Bulbs & Electricals Ltd	Lanka Olex Cables (Pvt) Ltd
Registration Number	PQ 102	PQ 117	PQ 87	PB 1283	PV 20493
Date of Incorporation	10.03.1962	18.12.1972	17.07.1991	16.10.1957	22.02.1993
Corporate Status	Public Limited Company	Public Limited Company	Public Limited Company	Limited Company	Private Limited Company
ACL Cables PLC's Effective Shareholding in the Company	Parent Company	79.30%	65.20%	95.30%	100%
Directors	U. G. Madanayake Chairman	U. G. Madanayake Chairman	U.G.Madanayake Chairman	U.G.Madanayake Director	U.G.Madanayake Chairman
	Suren Madanayake Managing Director	Suren Madanayake Deputy Chairman	Suren Madanayake Managing Director	Suren Madanayake Director	Suren Madanayake Managing Director
	Mrs. N. C. 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	Mr. M. Saranapala Director			
	Rajiv Casie Chitty Director				
	Dr Sivakumar Selliah 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 & Enamelled Winding Wires	Manufacturing Cable grade PVC Compound	Dormant	Investing Company
Auditors	PricewaterhouseCoopers Chartered Accountants	KPMG Chartered Accountants	PricewaterhouseCoopers Chartered Accountants	A. I. Macan Marker & Co. Chartered Accountants	PricewaterhouseCoopers Chartered Accountants
Secretaries	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd
Total Number of Employees as at 31st March 2018	692	528	43	None	None

	ACL Kelani Magnet Wire (Pvt) Ltd	ACL Polymers (Pvt) Ltd	ACL Metals & Alloys (Pvt) Ltd	Ceylon Copper (Pvt) Ltd	ACL Electric (Pvt) Ltd	RESUS Energy PLC
	PV 11996	PV 3371	PV 3811	PV 79466	PV 89241	PV 415 PB PQ
	29.06.2000	06.09.2005	05.09.2005	17.06.2011	08.11.2012	11.06.2003
	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Private Limited Company	Public Limited Company
	93.79%	65.20%	100%	100%	100%	32.52%
	U. G. Madanayake Director	U. G. Madanayake Director	U. G. Madanayake Director	U. G. Madanayake Director	U. G. Madanayake Director	Suren Madanayake Chairman
	Suren Madanayake Director	Suren Madanayake Director	Suren Madanayake Director	Suren Madanayake Director	Suren Madanayake Director	Krishantha Nanayakkara Director
	Mrs. Maya Weerapura Director					Vajira Kulatilaka Director
						U. G. Madanayake Director
						Isuru Somaratne Director
						Professor M K Ranasinghe Director
						U P Egalahewa PC Director
						C.D. Coomasaru Alternate Director
	Manufacturing and export of Enamelled 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	Power & energy Generation
	PricewaterhouseCoopers Chartered Accountants	PricewaterhouseCoopers Chartered Accountants	PricewaterhouseCoopers Chartered Accountants	PricewaterhouseCoopers Chartered Accountants	PricewaterhouseCoopers Chartered Accountants	Ernst & Young Chartered Accountants
	Corporate Affairs (Pvt) Ltd	Management Applications (Pvt) Ltd	Management Applications (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Corporate Affairs (Pvt) Ltd	Nexia Corporate Consultants (Pvt) Ltd
	53	13	30	32	102	88

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 minimised where the complete elimination is not possible.

Also, we have categorised 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 utilisation 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 minimise 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 labour 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 MANAGEMENT

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 serve 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 optimising 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 organisation 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 Eight Directors of whom five are Non-Executive Directors. The names and profiles of the Directors are given on pages 16 to 19 of this report. The Board recognises 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 five 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 2017/2018 was as follows.

Name of Director	Board (Meetings 12)	Audit Committee (meetings 4)	Remuneration Committee (meeting 1)	Related party Transactions Review Committee (meetings 4)
Executive Directors				
Mr. U. G. Madanayake – Chairman	12			
Mr. Suren Madanayake – Managing Director	12			
Mr. Daya Wahalatantiri – Director Export	12			
Non-Executive Directors				
Mrs. N. C. Madanayake	09			
Dr. Sivakumar Selliah	12			
Independent Non-Executive Directors				
Mr. Ajit Jayaratne	11	04	01	04
Mr. Hemaka Amarasuriya	06			
Mr. Rajiv Casie Chitty	10	04	01	04

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 Mrs. N.C. Madanayake, Mr. Ajit Jayaratne and Dr. Sivakumar Selliah 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 51 to 53 of this report. The Statements of Directors' Responsibility for financial reporting and report of the Auditors are stated on pages 54 and 59 respectively. The Going Concern Declaration by the Board of Directors in this regard is presented in the report of Directors on page 51 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 optimise 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,
- Minimises 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, recognising 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 56.

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 55.

Related Party Transactions Review Committee

The Related Party Transactions Review Committee (RPTRC) shall comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee by the Board of Directors.

The Related Party Transactions Review 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 Related Party Transactions Review Committee are given in their report on page 57 & 58.

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

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
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
7.10.6	Audit Committee (AC)	The Company shall have an AC.	✓	Corporate Governance

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
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 recognised professional accounting body.	✓ ✓ ✓ ✓	Corporate Governance and the Audit Committee 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
9	Related Party Transactions Review Committee (RPTRC)	The Company shall have a RPTRC.	✓	Corporate Governance

CSE Rule No.	Subject	Applicable requirement Status	Compliance	Applicable section in the Annual Report
9.2.1	Functions of Related Party Transactions Review Committee (RPTRC)	• Except for transactions set out in Rule 9.5, all other Related Party Transactions should be reviewed by the "Related Party Transactions Review Committee" (the Committee) as required in terms of the provisions set out in Appendix 9A of these Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.	✓	Corporate Governance and the Related Party Transactions Review Committee Report
9.2.2	Composition of Related Party Transactions Review Committee (RPTRC)	• The Committee should comprise a combination of non-executive directors and independent non-executive directors. The composition of the Committee may also include executive directors, at the option of the Listed Entity. One independent non-executive director shall be appointed as Chairman of the Committee.	✓	Corporate Governance and the Related Party Transactions Review Committee Report

FINANCIAL STATEMENTS

Financial Information

FINANCIAL CALENDAR (2017/18)

01st Quarter Interim Financial Statements	-	15th August 2017
(30th June 2017)	-	(Unaudited)
02nd Quarter Interim Financial Statements	-	15th November 2017
(30th September 2017)	-	(Unaudited)
03rd Quarter Interim Financial Statements	-	14th February 2018
(31st December 2017)	-	(Unaudited)
04th Quarter Interim Financial Statements	-	31st May 2018
(31st March 2018)	-	(Unaudited)
Annual Report 2017/18	-	02nd July 2018
56th Annual General Meeting	-	2nd August 2018
First Interim Dividends Paid	-	18th August 2017
(Rs. 1.50 per Share)		

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their 56th Annual Report together with the Audited Statements of Financial Position, Income Statements and Consolidated Financial Statements of the Group for the year ended 31 March 2018.

Review of the Year

The Chairman's Message 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 38 to 39.

Future Developments

An overview of the future developments of the Company is given in Managing Director's Review on page 14.

Independent Auditor's Report

The Independent Auditors' Report on the Financial Statements is given on page 59 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 62 to 121 in this Annual Report.

Directors' Responsibilities for Financial Statements

The Statement of the Directors' Responsibilities for Financial Statements is given on page 54.

Directors

Directors of the Company are listed on pages 16 to 19 and their respective shareholdings are given below.

	Number of Shares as at 31.03.2018	% Holding as at 31.03.2018	Number of Shares as at 31.03.2017	% Holding as at 31.03.2017
U. G. Madanayake - Chairman	45,694,432	38.15	45,694,432	38.15
Suren Madanayake - Managing Director	26,604,792	22.21	26,604,792	22.21
Mrs. N. C. Madanayake	2,064,200	1.72	2,064,200	1.72
Dr. Sivakumar Selliah	700,000	0.58	700,000	0.58
A. M. S. De S. Jayaratne	-	-	-	-
Hemaka Amarasuriya	-	-	-	-
D. D. Wahalatantiri	-	-	-	-
P. S. R. Casie Chitty	-	-	-	-

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 68 to 87.

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 31 March 2018 was LKR 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 39 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 38 to the Financial Statements and no Director of the Company is directly or indirectly interested in any other contracts with the Company.

REPORT OF THE DIRECTORS

Directors' Retirement by Rotation

The Directors retiring by rotation in terms of Article 85 will be Mrs. N. C. Madanayake, Mr. Ajith Jayaratne and Dr. Sivakumar Selliah, who being eligible are recommended for re-election.

Directors' Remuneration

Remuneration received by the Directors is set out in Note 06 to the Financial Statements.

Directors Meetings

The details of Directors' meetings are set out on pages 43 to 48 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 LKR 1.50 per share was paid on 18 August 2017 to the holders of the Ordinary Shares for the financial year 2017/2018.

Capital Expenditure

The capital expenditure on acquisition of property, plant and equipment of the Company and the Group amounted to LKR 59 million and LKR 193 million respectively, details of which are given in notes 12, 13 and 15 to the Financial Statements.

Property, Plant and Equipment

Details of property, plant and equipment are given in note 12(a) and note 12(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 12 (c) and (d) to the financial statements.

Donations

Donations amounting to LKR 5 million (Group amount) were made during the year under review.

Share Information

Information relating to earnings, dividend, net assets and market price per share is given in the Information to Shareholders on page 123 of the Annual Report.

Shareholdings

As at 31 March 2018 there were 2,588 shareholders. The distribution is indicated on page 123 of the Annual Report. The twenty largest shareholders of the Company as at 31 March 2018, together with an analysis are given on page 124 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. These disclosures also comply with the disclosure requirements of the section 9 of the listing rules. Those transactions disclosed by the Directors are given in Note 38 to the Financial Statements forming part of the Annual Report of the Board.

Related Party Transactions Review Committee report is set out on pages 57 to 58 in the Financial Statements.

Recurrent related party transactions, the aggregate value of which exceeds 10% of the consolidated revenue are tabled below,

Name of the related party	Relationship	Nature of the Transaction	Aggregate value of Related Party Transactions as a % of Net Group Revenue	Terms and Conditions of the Related Party Transactions
Ceylon Copper (Private) Limited	Subsidiary	Purchase of goods	14%	ordinary course of business

A detailed disclosure of related party transactions is given in Note 38 to the financial statements.

There were no non-recurrent related party transactions which exceed 10% of the equity or 5% of the total assets as per section 9 of the listing rules, during the year.

Environmental Protection

The Company has used its best endeavours 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 43 to 48 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 payable to Messrs. PricewaterhouseCoopers, by the Company and the Group amounted to LKR 0.6 million and LKR 2.1million respectively. Audit fees payable to other auditors of other subsidiaries by the Group amounted to LKR 0.8 million.

Notice of Meeting

The 56th Annual General Meeting of the Company is convened on 2nd August 2018, at 10.30 am, at the Auditorium of ACL Cables PLC, No.60, Rodney Street, Colombo – 08. The Notice of the 56th Annual General Meeting is on page 129 of the Annual Report.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

02 July 2018

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 2018, 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 2018 and the Comprehensive Income Statements for the Company and the Group for the financial year ended 31st March 2018 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 29th June 2018.

By Order of the Board

(Sgd.)
Corporate Affairs (Private) Limited
Secretaries

02 July 2018

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.

- Ajit Jayaratne – Chairman of the Committee
- 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 2017/2018 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 2017/2018 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 2017/2018 can be found in Note 6 to the financial statements.

Internal Control System

In 2017/2018 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.)
Ajit Jayaratne
Chairman of the Audit Committee

02 July 2018

REMUNERATION COMMITTEE REPORT

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

- Ajit Jayaratne – Chairman of the Committee
- 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 2017/2018 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.)
Ajit Jayaratne
Chairman of the Remuneration Committee

02 July 2018

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Composition of the Committee

The Company established the Related Party Transactions Review Committee (RPTRC) on 29th February 2016 as a Board Sub-Committee. RPTRC comprises the following;

- Ajit Jayaratne –(Independent Non-Executive Director)
- Chairman
- Rajiv Casie Chitty- (Independent Non-Executive Director)

Objective

The Related Party Transactions Review Committee was formed to ensure that the Company complies with the requirements of the Code of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka with effect from 1st January 2016 which is part of the CSE Listing Rules.

The objective of these related party transaction rules is to ensure that the interests of shareholders as a whole are taken into account when entering into related party transactions by the Company.

The Committee specifies a process to capture related party transactions and to report to the Board of Directors of ACL Cables PLC as per the Code of Best Practices on Related Party Transactions.

Scope of the Committee

- The Committee reviews in advance all proposed related party transactions to ensure they are carried out on an arm's length basis.
- At each subsequent scheduled meeting of the Committee, the management shall update the Committee as to any proposed material changes in any previously reviewed related party transactions and seek approval of the Committee for such proposed material changes prior to the completion of the transaction.
- The Committee reviews related party transactions based on rules stipulated in the Code (rules 28 – 33 in the appendix to the Code) and the need of special approval from shareholders and disclosure requirements for such transactions.
- The Committee intends to meet as and when a need arises. However, at least quarterly meetings are scheduled to review related party transactions of the Company. The minutes of all meetings are properly documented and communicated to the Board of Directors.
- The Company Secretary, Corporate Affairs (Pvt) Limited serves as the Secretary to the RPTRC.
- The Directors of the RPTRC ensure that they have, or have access to, enough knowledge or expertise to assess all aspects of proposed related party transactions, and where necessary, they shall obtain appropriate professional and expert advice from an appropriately qualified person.

Role of the Committee

- Recommend and develop terms of reference of the RPTRC for adoption by the Board of Directors of the Company.
- Review of related party transactions as required in terms of the provisions set out in Appendix 9A of CSE Rules, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.
- The Committee shall update the Board of Directors on the related party transactions of the Company on a quarterly basis.
- Where necessary, the Committee shall request the Board of Directors to approve the subject related party transactions. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant related party transaction.
- If a Director has a material personal interest in a matter being considered at a Directors' meeting to approve a related party transaction, such Director may not be present while the matter is being considered at the meeting or may not vote on the matter.
- Make recommendations to obtain shareholder approval for applicable related party transactions as per the provisions in the Code and Section 9 of CSE Listing Rules. Such approval shall be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.
- Obtain 'competent independent advice' from independent professional experts with regard to the value of the substantial assets of the related party transaction under consideration and circulate the same with the notice of meeting to obtain the shareholder approval.
- Make immediate market disclosures on applicable related party transactions as required by the Listing Rules of CSE.
- Make appropriate disclosures on related party transactions in the Annual Report as required by CSE Listing Rules.
- Any concerned transactions, to be highlighted to the Board.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

Committee Meetings

Four Committee meetings were held during the financial year 2017/2018. The Finance Division submitted a comprehensive report on related party transactions to the Committee.

Attendance of the members of the Committee for the said meetings is provided on page 43.

Any concerns of the Committee will be reported to the Board of Directors on a continuous basis.

The Committee plans to meet at least quarterly, to monitor, review and report to the Board on matters pertaining to related party transactions.

Conclusion

The Committee confirms that all applicable rules in the Code of Best Practice on Related Party Transactions and Section 9 of CSE Listing Rules have been complied with by the Group as at the date of this Report.

(Sgd.)
Ajit Jayaratne
Chairman-Related Party Transactions Review Committee

02 July 2018

INDEPENDENT AUDITOR'S REPORT

pwc

To the Shareholders of ACL Cables PLC

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements of ACL Cables PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group") give a true and fair view of the financial position of the Company and the Group as at 31 March, 2018, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

What we have audited

The financial statements of the Company and the consolidated financial statements of the Group, which comprise:

- the statement of financial position as at 31 March, 2018;
- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Company

Key audit matter	How our audit addressed the key audit matter
Valuation of the investment property (Refer note 14 in the financial statements) The Company's investment properties comprised of land and buildings in Piliyandala and Kalutara with a carrying value of LKR 285 mn as at 31 March 2018. These properties are classified as investment property and accounted under the fair value model. The Company engaged an independent valuer to measure the value of such land and buildings and the resulting surplus from the valuation for the year ended 31 March 2018 amounted to LKR 73 mn. The valuation of investment property is an area of significant judgement and includes a number of assumptions, including market prices of comparable properties in close proximity after adjusting for differences in key attributes such as property size, site improvements and access to public roads.	Our audit approach mainly included test of details which covered the following: • We assessed the work of the external valuer and also assessed the competence, independence and integrity of the external valuer. • We obtained the external valuation reports and performed the following tests: - Verified the accuracy of the information provided to the valuer; - Evaluated relevance and reasonableness of significant assumptions and methods used in the valuation [i.e. price ranges at which adjoining land and buildings are transacted, consideration of other factors such as access to main roads, physical state of land and buildings, architectural design of the buildings etc.]; and - Verified the value of the land considered by the valuer by performing web searches. Based on our work, we found the surplus balance from investment property recorded for the year ended 31 March 2018 to be appropriate.

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PricewaterhouseCoopers is a member firm of PricewaterhouseCoopers International Limited, each member firm of which is a separate legal entity.

The Group

Key audit matter	How our audit addressed the key audit matter
Valuation of land and buildings (Refer note 12 in the Group financial statements) The Group owns a portfolio of properties which comprise land and buildings. As of 31 March 2018 the cost of land was LKR 502 mn and buildings were LKR 481 mn. The Group engaged an independent valuer to measure the value of such land and buildings and the resulting surplus from the valuation for the year ended 31 March 2018 amounted to LKR 900 mn. The valuation of land and buildings is an area of significant judgement and includes a number of assumptions, including market prices of comparable properties in close proximity after adjusting for differences in key attributes such as property size, site improvements and access to public roads.	Our audit approach mainly included test of details which covered the following: • We assessed the work as well as competence, independence and integrity of the external valuer. • We obtained the external valuation report and performed the following: - Verified the accuracy of the information provided to the valuer; - Evaluated relevance and reasonableness of significant assumptions used in the valuation [i.e. price ranges at which adjoining land and buildings are transacted, consideration of other factors such as access to main roads, physical state of land and buildings, architectural design of buildings etc.] based on our understanding of the real estate markets and property valuation methodologies; and - We used independent and publicly available information of similar property and locations to assess the reasonableness of the values determined by the valuer. Based on our work, we found the surplus balance from land and buildings recorded for the year ended 31 March 2018 to be appropriate.

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate/ consolidated financial statements, management is responsible for assessing the Company's/ Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company/ Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's/ Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate/ consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company/ Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act, No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CHARTERED ACCOUNTANTS
CA Sri Lanka membership number [2857]
COLOMBO

[02 July 2018]

INCOME STATEMENT

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Revenue	4	16,251,907	14,669,735	8,929,805	8,054,047
Cost of sales	6	(13,620,691)	(11,427,115)	(7,865,346)	(6,567,847)
Gross profit		2,631,216	3,242,620	1,064,459	1,486,200
Other income	5	115,694	52,432	266,550	377,054
Distribution costs	6	(856,325)	(843,811)	(355,893)	(348,338)
Administrative costs	6	(488,165)	(442,371)	(202,222)	(179,991)
Operating profit		1,402,420	2,008,870	772,894	1,334,925
Finance income		66,094	126,612	56,392	83,143
Finance costs		(447,998)	(345,637)	(246,906)	(205,646)
Finance costs - net	8	(381,904)	(219,025)	(190,514)	(122,503)
Share of profit / (loss) of investments accounted	18 (a)	36,733	(25,282)	-	-
Profit before income tax		1,057,249	1,764,563	582,380	1,212,422
Income tax expense	9	(294,513)	(509,124)	(103,936)	(210,524)
Profit for the year		762,736	1,255,439	478,444	1,001,898
Profit attributable to :					
- Owners of the company		697,281	1,117,854	478,444	1,001,898
- Non-controlling interests		65,455	137,585	-	-
		762,736	1,255,439	478,444	1,001,898
Earnings per share - basic	10	5.82	9.33	3.99	8.36
Dividend per share	11	1.50	1.50	1.50	1.50

The notes on pages 68 to 121 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF COMPREHENSIVE INCOME

(all amounts in Sri Lanka Rupees thousands)

	Note	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Profit for the year		762,736	1,255,439	478,444	1,001,898
Other comprehensive income;					
Subsequently re-classified to profit and loss					
Change in value of available-for-sale financial assets	19	1,106	2,425	1,532	910
Subsequently not re-classified to profit and loss					
Re-measurements of defined benefit obligations	27(c)	(19,948)	32,883	(17,176)	23,156
Share of other comprehensive income of					
equity accounted investee, net of tax	18(a)	(3,549)	(935)	-	-
Tax impact on re-measurement of defined benefit obligation	28(a)	5,586	(8,267)	4,809	(6,484)
Gain on revaluation of land and buildings		899,892	-	367,818	-
Tax impact on gain on revaluation of land and buildings	28(a)	(336,801)	(79,719)	(160,832)	(53,659)
Impact on transfer of NCI balance to Retained Earning of Equity Investee	18	(1,138)	-	-	-
Other comprehensive income for the year, net of tax		545,148	(53,613)	196,151	(36,077)
Total comprehensive income for the year, net of tax		1,307,885	1,201,825	674,595	965,821
Attributable to;					
- Owners of the company		1,174,118	1,063,713	674,595	965,821
- Non-controlling interests		133,767	138,112	-	-
Total comprehensive income for the year, net of tax		1,307,885	1,201,825	674,595	965,821

The notes on pages 68 to 121 form an integral part of these financial statements.

Figures in brackets indicate deductions.

STATEMENTS OF FINANCIAL POSITION

(all amounts in Sri Lanka Rupees thousands)

		Group 31 March		Company 31 March	
	Note	2018	2017	2018	2017
ASSETS					
Non-current assets					
Property, plant and equipment	12	4,151,266	3,347,709	1,717,804	1,383,290
Work in progress	13	97,469	31,678	2,303	653
Investment property	14	638,000	538,750	358,000	285,000
Intangible assets	15	7,704	9,138	1,711	3,144
Prepaid lease rentals	16	1,644	1,666	-	-
Investment in subsidiaries	17	-	-	576,243	576,243
Investment in equity accounted investee	18	277,206	275,286	345,093	333,454
Available-for-sale financial assets	19	274,488	34,211	12,660	11,127
Deferred income tax assets	28	3,959	1,774	-	-
		5,451,736	4,240,212	3,013,814	2,592,911
Current assets					
Inventories	20	4,763,792	4,363,337	2,311,360	1,995,157
Trade and other receivables	21	6,350,481	5,334,170	3,924,446	3,083,933
Prepaid lease rentals	16	22	22	-	-
Held-to-maturity financial assets	22	466,800	402,752	466,800	238,608
Cash and cash equivalents	23	2,113,345	2,224,971	395,842	815,363
		13,494,440	12,325,252	7,098,448	6,133,061
Total assets		19,146,176	16,565,464	10,112,262	8,725,972
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	32	299,488	299,488	299,488	299,488
Capital reserve	33	2,277,718	1,790,589	1,002,568	795,582
General reserve	34	1,123,825	1,123,825	680,266	680,266
Available-for-sale reserve	35	8,006	6,752	2,828	1,296
Retained earnings		6,619,568	6,110,597	3,394,171	3,107,775
Equity attributable to owners of the company		10,328,605	9,331,251	5,379,321	4,884,407
Non-controlling interests		1,245,074	1,135,318	-	-
Total equity		11,573,679	10,466,568	5,379,321	4,884,407
Non-current liabilities					
Defined benefit obligations	27	297,977	241,241	177,918	139,334
Deferred income tax liabilities	28	577,689	269,252	278,776	120,089
Borrowings	25	350,101	207,841	100,000	200,000
		1,225,767	718,334	556,694	459,423
Current liabilities					
Trade and other payables	24	2,805,971	1,950,217	2,048,750	937,809
Current income tax liabilities	26	809,069	842,931	403,403	468,118
Borrowings	25	2,731,690	2,587,413	1,724,094	1,976,215
		6,346,730	5,380,561	4,176,247	3,382,142
Total liabilities		7,572,497	6,098,895	4,732,941	3,841,565
Total equity and liabilities		19,146,176	16,565,464	10,112,262	8,725,972

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 Chief Financial Officer

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 02 July 2018.

U.G.Madanayake
Chairman

Suren Madanayake
Managing Director

The notes on pages 68 to 121 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY - GROUP

(all amounts in Sri Lanka Rupees thousands)

		Attributable to owners of the company							
	Note	Stated capital	Capital reserve	General reserve	Available for sale reserve	Retained earnings	Total	Non-controlling interest	Total equity
Balance at 1 April 2016		299,488	1,875,347	1,123,825	4,854	5,141,742	8,445,256	1,026,303	9,471,559
Profit for the year		-	-	-	-	1,117,854	1,117,854	137,585	1,255,439
Fair value adjustment for available-for-sale financial assets	35	-	-	-	1,898	-	1,898	527	2,425
Re-measurement of post employment benefit obligation	27(c)	-	-	-	-	32,883	32,883	-	32,883
Deferred tax on re-measurement of post employment benefit obligation	28.1(a)	-	-	-	-	(8,267)	(8,267)	-	(8,267)
Deferred tax on revaluation surplus	28.1(a)	-	(79,719)	-	-	-	(79,719)	-	(79,719)
Share of other comprehensive income of equity accounted investee, net of tax	18(b)	-	-	-	-	(935)	(935)	-	(935)
Total comprehensive income for the year		-	(79,719)	-	1,898	1,141,535	1,063,714	138,112	1,201,826
Transfers upon disposals of available-for-sale investments	35	-	-	-	-	-	-	-	-
Transfer from revaluation reserve	33(a)	-	(7,000)	-	-	7,000	-	-	-
Deferred tax on transfer from revaluation reserve	28.1(a)	-	1,961	-	-	-	1,961	-	1,961
Dividends	11	-	-	-	-	(179,681)	(179,681)	(29,098)	(208,779)
Impact on ownership change in equity accounted investee		-	-	-	-	-	-	-	-
Balance as at 31 March 2017		299,488	1,790,589	1,123,825	6,752	6,110,597	9,331,251	1,135,318	10,466,568
Balance at 1 April 2017		299,488	1,790,589	1,123,825	6,752	6,110,597	9,331,251	1,135,318	10,466,568
Profit for the year		-	-	-	-	697,281	697,281	65,455	762,736
Fair value adjustment for available-for-sale financial assets	35	-	-	-	1,254	-	1,254	(148)	1,106
Re-measurement of post employment benefit obligation	27(c)	-	-	-	-	(19,948)	(19,948)	-	(19,948)
Deferred tax on re-measurement of post employment benefit obligation	28.1(a)	-	-	-	-	5,586	5,586	-	5,586
Gain on revaluation of land and buildings			831,432			-	831,432	68,460	899,892
Deferred tax on revaluation surplus	28(a)	-	(336,800)	-	-	-	(336,800)	-	(336,800)
Share of other comprehensive income of equity accounted investee, net of tax	18(b)	-	-	-	-	(3,549)	(3,549)	-	(3,549)
Impact on transfer of NCI balance to retained earning of equity investee	18	-	-	-	-	(1,138)	(1,138)	-	(1,138)
Total comprehensive income for the year		-	494,632	-	1,254	678,232	1,174,118	133,767	1,307,885
Transfer from revaluation reserve	33(a)	-	(10,420)	-	-	10,420	-	-	-
Deferred tax on transfer from revaluation reserve	28.1(a)	-	2,917	-	-	-	2,917	-	2,917
Dividends	11	-	-	-	-	(179,681)	(179,681)	(24,011)	(203,692)
Balance as at 31 March 2018		299,488	2,277,717	1,123,825	8,006	6,619,568	10,328,605	1,245,074	11,573,679

The notes on pages 68 to 121 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 2016		299,488	849,241	680,266	386	2,268,886	4,098,267
Profit for the year		-	-	-	-	1,001,898	1,001,898
Fair value adjustment for available-for-sale financial assets	35	-	-	-	910	-	910
Re-measurements of post employment benefit obligation	27(c)	-	-	-	-	23,156	23,156
Deferred tax on re-measurement of post employment benefit obligation	28.1(a)	-	-	-	-	(6,484)	(6,484)
Deferred tax on revaluation surplus	28.1(a)	-	(53,659)	-	-	-	(53,659)
Total comprehensive income for the year		-	(53,659)	-	910	1,018,570	965,821
Dividends	11	-	-	-	-	(179,681)	(179,681)
Balance as at 31 March 2017		299,488	795,582	680,266	1,296	3,107,775	4,884,407
Balance at 1 April 2017		299,488	795,582	680,266	1,296	3,107,775	4,884,407
Profit for the year		-	-	-	-	478,444	478,444
Fair value adjustment for available-for-sale financial assets	35	-	-	-	1,532	-	1,532
Re-measurements of post employment benefit obligation	27(c)	-	-	-	-	(17,176)	(17,176)
Deferred tax on re-measurement of post employment benefit obligation	28.1(a)	-	-	-	-	4,809	4,809
Gain On revaluation of Land and Building		-	367,818	-	-	-	367,818
Deferred tax on revaluation surplus	28.1(a)	-	(160,832)	-	-	-	(160,832)
Total comprehensive income for the year		-	206,986	-	1,532	466,077	674,596
Dividends	11	-	-	-	-	(179,681)	(179,681)
Balance as at 31 March 2018		299,488	1,002,568	680,266	2,828	3,394,171	5,379,321

The notes on pages 68 to 121 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 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Cash flows from operating activities					
Cash generated from operations	36	1,047,594	712,652	575,952	52,076
Interest paid	8	(447,998)	(345,637)	(246,906)	(205,646)
Defined benefit obligations paid	27	(13,610)	(22,727)	(6,309)	(9,881)
Income tax paid less refund received		(350,420)	(476,029)	(165,987)	(74,041)
Net cash generated from / (used in) operating activities		235,566	(131,741)	156,749	(237,492)
Cash flows from investing activities					
Interest received	8	66,094	126,612	56,392	83,143
Purchase of property, plant and equipment	12	(109,270)	(79,943)	(56,770)	(19,217)
Purchase of intangible assets	15	(983)	(396)	(983)	(396)
Cost incurred on capital work in progress	13	(82,448)	(36,298)	(1,650)	(1,788)
Dividend received	5	1,647	1,780	188,594	363,631
Investments in available-for-sale financial assets	19	(239,171)	(157)	-	(157)
Investments in equity account investee		(11,639)		(11,639)	
Investment in held-to-maturity financial assets	22	(457,020)	(388,336)	(457,020)	(230,067)
Cash proceeds from held-to-maturity financial assets	22	402,752	1,073,135	238,608	584,100
Proceeds on disposal of property, plant and equipment		-	13,632	-	8,452
Proceeds on disposal of capital work in progress		-	299	-	-
Net cash (used in)/ generated from investing activities		(430,037)	710,328	(44,468)	787,701
Cash flows from financing activities					
Short-term borrowings net of payments	25	142,260	746,851	(100,000)	726,377
Long-term borrowings net of payments	25	308,720	(706,750)	(199,296)	(682,750)
Dividend paid by the Company	11	(179,681)	(179,681)	(179,681)	(179,681)
Dividend paid by subsidiary to non-controlling interests		(24,011)	(29,098)	-	-
Net cash used in financing activities		247,288	(168,678)	(478,977)	(136,054)
Net increase/(decrease) in cash and cash equivalents		52,817	409,909	(366,696)	414,155
Cash and cash equivalents at the beginning of the year		1,192,692	782,783	(12,537)	(426,692)
Cash and cash equivalents at the end of the year	23	1,245,509	1,192,692	(379,233)	(12,537)

The notes on pages 68 to 121 form an integral part of these financial statements.

Figures in brackets indicate deductions.

NOTES TO THE FINANCIAL STATEMENTS

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

1 General Information

ACL Cables PLC is a public limited liability company registered under the Companies Act, No. 7 of 2007. 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.

General information of the entities in the Group are as follows;

Company	Date of Incorporation	Principal Activity
Kelani Cables PLC	18.12.1972	Manufacturing and selling of power cables, Telecommunication cables and enameled winding wires
ACL Plastics PLC	17.07.1991	Manufacturing cable grade PVC compound
Ceylon Bulbs & Electricals Ltd	16.10.1957	Dormant
Lanka Olex Cables (Pvt) Ltd	22.02.1993	Investing company
ACL Kelani Magnet Wire (Pvt) Ltd	29.06.2000	Manufacturing and export of enameled winding wires
ACL Polymers (Pvt) Ltd	06.09.2005	Manufacturing of PVC compounds
ACL Metals & Alloys (Pvt) Ltd	05.09.2005	Manufacturing and selling Aluminium rods, Alloys of Aluminium and other Metals
Ceylon Copper (Pvt) Ltd	17.06.2011	Manufacturing of copper rods, bus bars, strips, profiles, catenary wires and tubes for local and export market
ACL Electric (Pvt) Ltd	08.11.2012	Manufacturing of electrical accessories
RESUS Energy PLC	11.06.2003	Power and energy generation

The Company's and the Group's financial statements were authorised for issue by the Board of Directors on 02 July 2018.

2 Basis of preparation and summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements of the Company and the Group have been prepared in accordance with Sri Lanka Accounting Standards, comprise Sri Lanka Financial Reporting Standards ("SLFRS"s), Sri Lanka Accounting Standards ("LKAS"s), 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 judgement in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Company's and the Group's financial statements are disclosed in note 2.6 to the financial statements.

The following amendments to the Sri Lanka Accounting Standards that are relevant for the preparation of the Group's financial statements have been adopted by the Group (a) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2017 (ie years ending 31 December 2017) and (b) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2017.

2.2 Changes in accounting policy and disclosures

(a) New standards and amendments – applicable 1 January 2017

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2017:

(i) Amendments to LKAS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

Amendments made to LKAS 12 clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

(i) A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.

(ii) An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.

(iii) Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.

(iv) Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets.

(ii) Amendments to LKAS 7 - Disclosure Initiative
An entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (eg drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities.

Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

(iii) Amendments to SLFRS 12 'Disclosure of interests in other entities' regarding clarification of the scope of the standard.
The amendments clarify that the disclosure requirements of SLFRS 12 apply to interests in entities that are classified as held for sale, except for the summarised financial information.

(b) New standards and amendments effective after 1 January 2018
The following standards and interpretations had been issued but not mandatory for annual reporting periods ending 31 March 2018.

(i) SLFRS 9 Financial Instruments and associated amendments to various other standards
SLFRS 9 replaces the multiple classification and measurement models in LKAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.

Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if:

a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and
b) the contractual cash flows under the instrument solely represent payments of principal and interest.

All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.

All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).

For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.

The new hedge accounting rules align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

Further changes introduced to the classification and measurement rules and also introduced a new impairment model to SLFRS 9. The changes introduce:

i. a third measurement category (FVOCI) for certain financial assets that are debt instruments

ii. a new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

The standard is effective for the annual periods beginning on or after 1 January 2018.

Amendments to SLFRS 9 Financial Instruments - Prepayment Features with Negative Compensation

This amendment confirm that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate. This means that the difference cannot be spread over the remaining life of the instrument which may be a change in practice from LKAS.

The amendment is effective for annual periods beginning on or after 1 January 2019.

(ii) SLFRS 15 Revenue from contracts with customers and associated amendments to various other standards

SLFRS 15 will replace LKAS 18 which covers contracts for goods and services and LKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

A new five-step process must be applied before revenue can be recognised:

i. identify contracts with customers
ii. identify the separate performance obligation
iii. determine the transaction price of the contract
iv. allocate the transaction price to each of the separate performance obligations, and
v. recognise the revenue as each performance obligation is satisfied.

Key changes to current practice are:

i. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.

ii. Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) – minimum amounts must be recognised if they are not at significant risk of reversal.

iii. The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.

iv. There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few.

v. There are also increased disclosures.

These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications.

Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

Amendments to SLFRS 15, 'Revenue from contracts with customers'

These amendments comprise clarifications of the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation permitted).

The standard and the amendment is effective for the annual periods beginning on or after 1 January 2018.

(iii) SLFRS 16 Leases

SLFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.

Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under SLFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The standard is effective for annual periods beginning on or after 1 January 2019 with earlier application permitted if SLFRS 15, 'Revenue from Contracts with Customers', is also applied.

(iv) Amendments to SLFRS 1, 'First Time Adoption of SLFRS'

SLFRS 1 - deleted short-term exemptions covering transition provisions of SLFRS 7, LKAS 19 and SLFRS 10 which are no longer relevant.

The amendment is effective for the annual periods beginning on or after 1 January 2018.

(v) Amendments to LKAS 28, 'Investments in associates and joint ventures'.

LKAS 28 - clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

The amendment is effective for the annual periods beginning on or after 1 January 2018.

Amendments to LKAS 28, 'Investments in associates and joint ventures', Long-term Interests in Associates and Joint Ventures

These amendments clarify that companies account for long-term interests in an associate or joint venture to which the equity method is not applied using SLFRS 9.

The amendment is effective for the annual periods beginning on or after 1 January 2019.

(vi) Amendments to LKAS 40 - Transfers of Investment Property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle.

Provides for two options for transition:

i. prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or

ii. retrospectively - only permitted without the use of hindsight

Additional disclosures are required if an entity adopts the requirements prospectively.

The amendment is effective for annual periods beginning on or after 1 January 2018.

(vii) IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'

The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability).

If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt.

Entities can choose to apply the interpretation:

i. retrospectively for each period presented

ii. prospectively to items in scope that are initially recognised on or after the beginning of the reporting period in which the interpretation is first applied, or

iii. prospectively from the beginning of a prior reporting period presented as comparative information.

The amendment is effective for the annual periods beginning on or after 1 January 2018.

The Company is continuing to assess the potential impact on its financial statements resulting from the application of the above standards and at this stage does not expect a significant impact on the financial statements due to the adoption of these standards.

2.3 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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 liability is recognised in accordance with LKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies. 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.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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. 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 in other 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 or loss.

(d) 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.

2.4 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'.

2.5 Statement of compliance

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

2.6 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) Fair value of property, plant and equipment

The Group revalues its land and buildings which are measured at its fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date.

(d) 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.

(e) 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.

(f) 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.

(g) Useful life-time of the intangible assets
Goodwill
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.

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.

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

(h) 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.

2.7 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 capitalised 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.

2.8 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.

2.9 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.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority.

2.10 Financial assets and liabilities

In accordance with LKAS 39, all financial assets and liabilities – including derivative financial instruments at fair value through profit and loss – have to be recognised in the statement of financial position and measured in accordance with their assigned category.

2.10.1 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) 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.

(b) 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 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'.

(c) 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.

2.10.2 Re-classification 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 available for sale, loans and receivable or held to maturity.

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

2.10.3 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.

2.10.4 De-recognition of financial assets

Financial assets are de-recognised 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 de-recognised when they have been redeemed or otherwise extinguished.

2.10.5 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 off 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.

2.11 Property, plant and equipment

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

2.11.1 Initial recognition

(a) Owned assets
Property, plant & equipment are recognised if it is probable that future economic benefits 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will now to the group and the cost opt the item can be measured reliably. The carrying amount of any component accounted tor as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(a) Owned assets
Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost,

net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(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.

2.11.2 Subsequent measurement

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

2.11.3 Depreciation

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

Asset	Year
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 - 05
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.

2.11.4 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.

2.12 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.

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.

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.

2.13 Investment properties

Properties held to earn rental income or properties held for capital appreciation or both and not occupied substantially for the supply of goods or services or in administration, and 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.

2.14 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.

2.15 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.

2.16 Investments in subsidiaries in separate financial statements

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.

2.17 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), 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 estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.18 Trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment.

2.19 Interest bearing loans

Interest bearing loans are recognised initially at fair value, net of transaction costs incurred. 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.

2.20 Interest bearing loans Trade and other payables

Liabilities classified as trade and other payables in the balance sheet are those which fall due for payment on demand or within one year from the balance sheet date. Items classified as non-current liabilities are those which fall due for payment beyond a period of one year from the balance sheet date.

2.21 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.

2.22 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 change 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.

2.23 Defined contribution plans - Employees' Provident Fund and 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.

2.24 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.

2.25 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.

2.26 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.

2.27 Comparatives

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

2.28 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.

2.29 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.

2.30 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.

2.31 Statement of cash flows 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.

2.32 Reclassification of Financial statements

Financial statements are reclassified due to the error in classification of Intangible assets under Property, plant and equipment previously. As a result, property, plant and equipments and Intangible assets adjusted. Management believes that the correction of such error gives a fairer view.

2.33 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

3 Financial risk management

3.1 Financial risk factors

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. 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 and 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 and other receivables, other investments, loans and 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 summarised below.

(a) 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 or equity. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters, while optimising return.

(i) Foreign exchange risk

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

Group	31 March			
	2018		2017	
	USD	LKR	USD	LKR
Trade receivables	2,491	387,600	4,929	749,060
Trade payables	(14,059)	(2,187,580)	(8,907)	(1,353,757)
Cash in bank	7,646	1,189,640	9,851	1,497,132

Company	31 March			
	2018		2017	
	USD	LKR	USD	LKR
Trade receivables	104	16,182	2,399	364,671
Trade payables	(2,470)	(384,332)	(599)	(91,071)
Cash in bank	3,835	596,726	5,534	840,982

Amounts recognised in profit or loss and other comprehensive income

During the year, the following foreign-exchange related amounts were recognised in profit or loss and other comprehensive income:

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Amounts recognised in profit or loss				
Foreign exchange gain included in finance cost	(19,699)	(69,863)	(19,699)	(51,644)
Foreign exchange loss included in finance cost	32,491	48,035	-	-
Total net foreign exchange (losses)/gains recognised in profit	12,792	(21,828)	(19,699)	(51,644)

As shown in the table above, the company is primarily exposed to changes in US/(presentation currency units) exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar denominated financial instruments arises from foreign forward exchange contracts designated as cash flow hedges.

Group	Impact on post tax profit	
	2018	2017
US exchange rate – change by 10%	(61,034)	89,243

Company	Impact on post tax profit	
	2018	2017
US exchange rate – change by 10%	22,858	111,458

(ii) Interest rate risk

Interest rate risk mainly arises as a result of the 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.

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges of borrowings.

Group	Impact on post tax profit	
	2018	2017
Interest rates – increase by 1%	(4,155)	(2,976)
Interest rates – decrease by 1%	4,155	2,976

Company	Impact on post tax profit	
	2018	2017
Interest rates – increase by 1%	(2,469)	(2,056)
Interest rates – decrease by 1%	2,469	2,056

(iii) 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.

(iv) Credit risk

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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 2018	10%	-	27,449
31 March 2017	10%	-	3,421

Company	Change in equity price	Effect on profit	Effect on equity
31 March 2018	10%	-	1,266
31 March 2017	10%	-	1,113

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.

(b) 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 and bank overdrafts.

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

Analysis of financial assets and liabilities by remaining contractual maturities

Group

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	2,788,289	-	-	-	2,788,289
Borrowings	1,863,854	350,101	-	-	2,213,955
Bank overdrafts	867,836	-	-	-	867,836
Total financial liabilities	5,519,979	350,101	-	-	5,870,080

Company

At 31 March 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 6 years	Over 6 years	Total
Financial liabilities					
Trade & other payables (excluding statutory liabilities)	2,040,166	-	-	-	2,040,166
Borrowings	949,019	100,000	-	-	1,049,019
Bank overdrafts	775,075	-	-	-	775,075
Total financial liabilities	3,764,260	100,000	-	-	3,864,260

3.2 Capital risk management

Capital comprises of equity attributable to the equity holders of the company. 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 2018.

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.

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Total borrowings (Note 25)	3,081,791	2,795,254	1,824,094	2,176,215
Less : Cash and cash equivalents (Note 23)	(2,113,345)	(2,224,971)	(395,842)	(815,363)
Net debt	968,447	570,283	1,428,253	1,360,852
Total equity	11,573,680	10,466,568	5,379,321	4,884,407
Total capital	12,542,127	11,036,851	6,807,573	6,245,259
Gearing ratio	7.72%	5.17%	20.98%	21.79%

3.3 Fair value estimation

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

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

As at 31 March 2018	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
Assets								
Available-for-sale financial assets	274,488	-	-	274,488	12,660	-	-	12,660
Held-to-maturity financial assets	466,800	-	-	466,800	466,800	-	-	466,800
Investment property	-	638,000	-	638,000	-	358,000	-	358,000
	741,288	638,000	-	1,379,288	479,460	358,000	-	837,460
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

As at 31 March 2017	Group				Company			
	Level 1	Level 2	Level 3	Total balance	Level 1	Level 2	Level 3	Total balance
Assets								
Available-for-sale financial assets	31,629	-	-	31,629	11,127	-	-	10,061
Held-to-maturity financial assets	1,067,315	-	-	1,067,315	238,608	-	-	578,280
Investment property	-	516,000	-	516,000	-	285,000	-	285,000
	1,098,944	516,000	-	1,614,944	249,735	285,000	-	873,341
Liabilities								
Financial liabilities at fair value through profit or loss	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

(a) Financial instruments in Level 1

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.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise 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.

4 Revenue

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Geographical segment turnover				
Local	13,981,622	12,876,067	7,848,800	7,163,347
Export	2,270,285	1,793,668	1,081,005	890,700
Net revenue	16,251,907	14,669,735	8,929,805	8,054,047

5 Other income

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Dividend income	1,647	1,780	188,594	363,631
Profit on disposal of property, plant and equipment	-	7,329	-	5,172
Gain from revaluation of investment property	99,250	22,750	73,000	-
Sundry income	14,797	20,573	4,956	8,251
	115,694	52,432	266,550	377,054

6 Expenses by nature

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Directors' emoluments	53,795	71,686	51,635	57,480
Auditors' remuneration	2,950	3,053	649	880
Legal fees	1,710	2,242	1,710	1,865
Depreciation on property, plant and equipment (Note 12)	221,529	224,955	89,341	91,835
Amortisation charge on intangible assets (Note 15)	2,416	2,745	2,416	2,745
Cost of raw material consumed	11,283,516	9,635,391	6,386,054	5,570,400
Repairs and maintenance	71,092	123,389	66,206	55,212
Donations	5,284	4,340	5,264	4,309
Amortisation of leasehold properties (Note 16)	22	22	-	-
Impairment of trade and other receivables [Note 21(a)]	35,575	63,358	15,633	63,358
Staff costs (Note 7)	1,406,681	1,241,475	664,775	548,208
Provision/(reversal) for impairment of inventories [Note 20(a)]	8,210	3,667	(1,875)	(30,323)
Other expenses	1,872,402	1,336,974	1,141,654	730,207
Total cost of sales, distribution costs and administrative costs	14,965,181	12,713,297	8,423,461	7,096,176
Classified as:				
Cost of sales	13,620,691	11,427,115	7,865,346	6,567,847
Distribution costs	856,325	843,811	355,893	348,338
Administrative costs	488,165	442,371	202,222	179,991
Total	14,965,181	12,713,297	8,423,461	7,096,176

7 Staff costs

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Salaries, wages and related costs	1,258,790	1,110,408	587,994	481,437
Defined contribution plan	97,493	87,677	49,064	43,394
Defined benefit plan [Note 27(b)]	50,398	43,389	27,717	23,377
	1,406,681	1,241,475	664,775	548,208
Average number of employees during the year	1,581	1,572	692	665

8 Finance costs - net

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Finance income:				
Interest income	(46,395)	(56,749)	(36,693)	(31,499)
Exchange gain	(19,699)	(69,863)	(19,699)	(51,644)
Finance income	(66,094)	(126,612)	(56,392)	(83,143)
Finance cost:				
Interest on bank borrowings, concern loans and current accounts	415,507	297,602	246,906	205,646
Exchange loss	32,491	48,035	-	-
Finance cost:	447,998	345,637	246,906	205,646
Net finance costs	381,904	219,025	190,514	122,503

9 Income tax expenses

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Current tax (Note 26)	299,150	497,660	101,272	233,306
Over provision in respect of prior years	-	(1,436)	-	-
Deferred tax release (Note 28)	(22,046)	(27,917)	2,664	(22,782)
WHT on dividend paid by subsidiaries	17,409	40,817	-	-
	294,513	509,124	103,936	210,524

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	
	2018	2017	2018	2017
Profit before tax	1,057,249	1,764,563	582,381	1,212,422
Tax calculated at effective tax rate of 28%	296,030	494,078	163,067	339,478
Tax effect of income liable at concessionary rate	(13,986)	(26,059)	(6,937)	(15,686)
Tax effect of income not subject to tax	(40,617)	(25,042)	(76,119)	(111,101)
Tax effect of expenses not deductible	86,185	103,673	41,419	47,122
Tax effect of allowable deductions	(37,587)	(54,251)	(20,157)	(26,507)
Utilisation of previously unrecognised tax losses	26	41	-	-
WHT on dividend paid by subsidiaries	17,409	40,817	-	-
Deferred tax (reversal) / charge	(22,046)	(27,917)	2,664	(22,782)
Tax effect of adjustment on consolidation	9,099	3,785	-	-
Tax charge	294,513	509,124	103,936	210,524

10 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 as at end of the year.

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Net profit attributable to equity holders	697,281	1,117,854	478,445	1,001,898
Weighted average number of ordinary	119,787,360	119,787,360	119,787,360	119,787,360
Basic earning per share (Rs.)	5.82	9.33	3.99	8.36

11 Dividend per share

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Dividends paid	179,681	179,681	179,681	179,681
Number of ordinary shares in issue (Note 32)	119,787,360	119,787,360	119,787,360	119,787,360
Dividend per share (Rs.)	1.50	1.50	1.50	1.50

12 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 2016						
Cost / valuation	2,747,644	1,823,865	139,079	119,605	199,108	5,029,301
Accumulated depreciation	(65,545)	(1,201,378)	(88,222)	(94,408)	(113,251)	(1,562,804)
Net book amount	2,682,099	622,487	50,857	25,197	85,857	3,466,497
Year ended 31 March 2017						
Opening net book amount	2,682,099	622,487	50,857	25,197	85,857	3,466,497
Additions	-	55,387	4,257	5,961	14,338	79,943
Transfer from work in progress (Note 13)	11,101	19,922	-	-	1,504	32,527
Disposals / transfers						
- cost	-	-	-	-	(17,961)	(17,961)
- depreciation	-	-	-	-	11,658	11,658
Depreciation charge (Note 06)	(65,752)	(118,438)	(7,402)	(6,705)	(26,658)	(224,955)
Closing net book amount	2,627,448	579,358	47,712	24,453	68,738	3,347,709
At 31 March 2017						
Cost / valuation	2,758,745	1,899,174	143,336	125,566	196,989	5,123,810
Accumulated depreciation	(131,297)	(1,319,816)	(95,624)	(101,113)	(128,251)	(1,776,101)
Net book amount	2,627,448	579,358	47,712	24,453	68,738	3,347,709
Year ended 31 March 2018						
Opening net book amount	2,627,448	579,358	47,712	24,453	68,738	3,347,709
Additions	-	81,294	8,397	9,438	10,141	109,270
Revaluation Surplus	899,892					899,892
Transfer from work in progress (Note 13)	878	15,779	-	-	-	16,657
Disposals / transfers						
- cost	(85,960)	(5,009)	-	-	-	(90,969)
- depreciation	85,960	4,276	-	-	-	90,236
Depreciation charge (Note 06)	(65,957)	(121,982)	(4,345)	(7,353)	(21,893)	(221,529)
Closing net book amount	3,462,261	553,716	51,764	26,538	56,986	4,151,266
At 31 March 2018						
Cost / valuation	3,462,261	1,991,238	151,733	135,004	207,130	5,947,366
Accumulated depreciation	-	(1,437,522)	(99,969)	(108,466)	(150,144)	(1,796,100)
Net book amount	3,462,261	553,716	51,764	26,538	56,986	4,151,266

(b) Company

	Land and buildings	Plant, machinery and accessories	Equipment, tools and implements	Furniture, fittings and office equipment	Motor vehicles	Total
At 31 March 2016						
Cost / valuation	1,102,091	923,161	13,669	66,336	64,700	2,169,957
Accumulated depreciation	(23,018)	(583,428)	(10,233)	(52,478)	(42,804)	(711,961)
Net book amount	1,079,073	339,733	3,436	13,858	21,896	1,457,996
Year ended 31 March 2017						
Opening net book amount	1,079,073	339,733	2,736	13,858	21,896	1,457,296
Additions	-	10,862	-	3,855	4,500	19,217
Transfer from work in progress (Note 13)	1,892	-	-	-	-	1,892
Disposals / transfers						-
- cost	-	-	-	-	(10,361)	(10,361)
- depreciation	-	-	-	-	7,081	7,081
Depreciation charge (Note 06)	(23,019)	(55,095)	(704)	(4,295)	(8,722)	(91,835)
Closing net book amount	1,057,946	295,500	2,032	13,418	14,394	1,383,290
At 31 March 2017						
Cost / valuation	1,103,983	934,023	13,669	70,191	58,839	2,180,705
Accumulated depreciation	(46,037)	(638,523)	(11,637)	(56,773)	(44,445)	(797,415)
Net book amount	1,057,946	295,500	2,032	13,418	14,394	1,383,290
Year ended 31 March 2018						
Opening net book amount	1,057,946	295,500	2,032	13,418	14,394	1,383,290
Revaluation Surplus	367,818					367,818
Additions	-	40,708	-	8,346	7,716	56,770
Transfer from work in progress (Note 13)	-	-	-	-	-	-
Disposals / transfers						
- cost	-	(5,009)	-	-	-	(5,009)
- depreciation	-	4,276	-	-	-	4,276
Depreciation charge (Note 06)	(23,019)	(55,197)	(630)	(5,071)	(5,425)	(89,341)
Closing net book amount	1,402,745	280,278	1,402	16,693	16,685	1,717,804
At 31 March 2018						
Cost / valuation	1,402,745	969,722	13,669	78,537	66,555	2,531,228
Accumulated depreciation	-	(689,444)	(12,267)	(61,844)	(49,870)	(813,424)
Net book amount	1,402,745	280,278	1,402	16,693	16,685	1,717,804

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

Assets	Valued on	Name of the valuer	Valued amount
Company			
Land	31 March 2018	Mr J M Senanayaka Bandara	652,910
Buildings	31 March 2018	Mr J M Senanayaka Bandara	749,834
Group			
Land			
ACL Cables PLC	31 March 2018	Mr J M Senanayaka Bandara	652,910
Kelani Cables PLC	31 March 2018	Mr J M Senanayaka Bandara	315,500
ACL Plastics PLC	31 March 2018	Mr J M Senanayaka Bandara	117,000
Ceylon Bulbs and Electricals Limited	31 March 2018	Mr J M Senanayaka Bandara	738,000
ACL Kelani Magnet Wire (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	109,500
Ceylon Copper (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	45,090
ACL Electric (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	21,500
Buildings			
ACL Cables PLC	31 March 2018	Mr J M Senanayaka Bandara	749,834
Kelani Cables PLC	31 March 2018	Mr J M Senanayaka Bandara	243,919
ACL Plastics PLC	31 March 2018	Mr J M Senanayaka Bandara	114,000
ACL Kelani Magnet Wire (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	160,500
ACL Metals & Alloys (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	99,705
Ceylon Copper (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	31,460
ACL Electric (Private) Limited	31 March 2018	Mr J M Senanayaka Bandara	54,500

The lands and buildings were last revalued on 31 March 2018 by an Independent Professional Valuer Mr. Senanayaka Bandara, a Fellow Member of the Institute of the Valuers of Sri Lanka

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

	Valued on	31 March 2018 Cost	Accumulated depreciation	Net book value
Land	31 March 2018	250,972	-	250,972
Building	31 March 2018	207,024	112,218	94,806

Group

	Valued on	31 March 2018 Cost	Accumulated depreciation	Net book value
Land				
ACL Cables PLC	31 March 2018	250,972	-	250,972
Kelani Cables PLC	31 March 2018	163,005	-	163,005
ACL Plastics PLC	31 March 2018	7,509	-	7,509
Ceylon Bulbs and Electricals Limited	31 March 2018	296	-	296
ACL Kelani Magnet Wire (Private) Limited	31 March 2018	38,227	-	38,227
Ceylon Copper (Private) Limited	31 March 2018	25,199	-	25,199
ACL Electric (Private) Limited	31 March 2018	16,987	-	16,987
Buildings				
ACL Cables PLC	31 March 2018	214,800	110,192	104,608
Kelani Cables PLC	31 March 2018	72,671	38,758	33,913
ACL Plastics PLC	31 March 2018	41,084	29,362	11,722
Ceylon Bulbs and Electricals Limited	31 March 2018	1,625	1,625	-
ACL Kelani Magnet Wire (Private) Limited	31 March 2018	57,518	25,245	32,273
ACL Metals & Alloys (Private) Limited	31 March 2018	34,141	13,424	20,717
Ceylon Copper (Private) Limited	31 March 2018	15,860	3,799	12,061
ACL Electric (Private) Limited	31 March 2018	43,238	7,770	35,468

(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 2018	2017
ACL Cables PLC	638,268	603,552
ACL Plastics PLC	56,247	55,020
ACL Polymers (Private) Limited	19,276	19,276
Kelani Cables PLC	259,372	225,312
Ceylon Bulbs & Electricals Limited	14,064	14,064
ACL Kelani Magnet Wire (Private) Limited	97,676	96,315
ACL Metals & Alloys (Private) Limited	18,535	10,299

13 Work in progress

	Group 31 March 2018	2017	Company 31 March 2018	2017
Balance at the beginning of the year	31,678	32,853	653	4,548
Cost incurred during the year	82,448	36,298	1,650	1,788
Amount transferred to property, plant and equipment (Note 12)	(16,657)	(32,527)	-	(1,892)
Capital work in progress written-off	-	(4,647)	-	(3,791)
Disposal of capital work in progress	-	(299)	-	-
Balance at the end of the year	97,469	31,678	2,303	653

14 Investment property

	Group 31 March 2018	2017	Company 31 March 2018	2017
Balance at the beginning of the year	538,750	516,000	285,000	285,000
Revaluation surplus	99,250	22,750	73,000	-
Balance at the end of the year	638,000	538,750	358,000	285,000

(a) Details of land and buildings under investment property

Location	Extent	Carrying value
Piliyandala	13A. 0R. 2.5P	85,000
Piliyandala	1A. 0R. 32.8P	67,500
Piliyandala	0A. 0R. 17P	9,000
Piliyandala	2A. 2R. 28.27P	127,000
Kalutara	2A. 3R. 1P	69,500
Total of the Company		358,000
Ekala	13A. 0R. 2P	280,000
Total of the Group		638,000

(b) Amounts recognised in the income statement for investment properties.

	Group 31 March 2018	2017	Company 31 March 2018	2017
Rent income	3,120	2,720	3,120	2,720
Fair value gain recognised in other income	99,250	22,750	73,000	-

(c) Market Value

Investment properties of the Group are accounted for on the revaluation value model. The value has been determined on fair value basis using market evidence. The last Valuation of the Company was carried out by an independent professional Valuer Mr. Senanayaka Bandara ,a Fellow Member of the Institute of Valuers of Sri Lanka, as at 31 March 2018 and Kelani Cables PLC as at 31 March 2018.

15 Intangible assets

(a) Group

	31 March 2018			31 March 2017		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
At 31 March						
Balance at the beginning of the year	38,944	37,057	76,002	38,944	36,661	75,606
Additions	-	983	983	-	396	396
Balance at the end of the year	38,944	38,040	76,985	38,944	37,057	76,002
Accumulated amortisation						
Balance at the beginning of the year	32,951	33,913	66,864	32,951	31,168	64,119
Amortisation charge	-	2,416	2,416	-	2,745	2,745
Balance at the end of the year	32,951	36,329	69,280	32,951	33,913	66,864
Net book amount	5,993	1,711	7,705	5,993	3,144	9,138

(b) Company

	31 March 2018			31 March 2017		
	Goodwill	Computer software	Total	Goodwill	Computer software	Total
At 31 March						
Balance at the beginning of the year	-	31,234	31,234	-	30,838	30,838
Additions	-	983	983	-	396	396
Balance at the end of the year	-	32,217	32,217	-	31,234	31,234
Accumulated amortisation						
Balance at the beginning of the year	-	28,090	28,090	-	25,345	25,345
Amortisation charge	-	2,416	2,416	-	2,745	2,745
Balance at the end of the year	-	30,506	30,506	-	28,090	28,090
Net book amount	-	1,711	1,711	-	3,144	3,144

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.

Gain on bargain purchase arising on consolidation of subsidiaries is as follows;

Year	Subsidiary Company	Gain on bargain purchase arising 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.

16 Prepaid lease rentals

	Group 31 March 2018	2017
Balance at the beginning of the year	1,688	1,710
Amortisation during the year	(22)	(22)
Balance at the end of the year	1,666	1,688
Amount to be amortised within one year	22	22
Amount to be amortised after one year	1,644	1,666
	1,666	1,688

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

17 Investment in subsidiaries

	31 March 2018 Number of shares	Cost	Market value	31 March 2017 Number of shares	Cost	Market value
Company						
Quoted						
ACL Plastics PLC	2,746,969	33,300	302,441	2,746,969	33,300	505,168
Kelani Cables PLC	933,756	10,753	86,839	933,756	10,753	109,716
Total investment in quoted companies		44,053	389,281		44,053	614,884
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	291,180		3,065,610	291,180	
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		624,195			624,195	
Provision for impairment [17(a)]		(92,005)			(92,005)	
Total investment in unquoted companies		532,190			532,190	
Total cost of investments in subsidiaries		576,243			576,243	

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.

In the Company's financial statements, investments in subsidiaries have been accounted for at cost.

(a) Provision for impairment for investment

	Company 31 March 2018	2017
Balance as at 1 April	92,005	92,005
Provision for the year	-	-
Balance as at 31 March	92,005	92,005

18 Investment in equity accounted investee

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Investment in equity accounted investee (at cost)	275,286	301,503	333,454	333,454
Share of profit /(loss) [Note 18(b)]	36,733	(25,282)	-	-
Share of other comprehensive income [Note 18(b)]	(3,549)	(935)	-	-
Investment during the year	11,639		11,639	
Share of Dividend paid	(37,031)	-	-	-
Impact on NCI Change	(1,138)	-	-	-
Impact on change of ownership	(4,734)	-	-	-
Carrying amount of interest in associates	277,206	275,286	345,093	333,454

In December 2014, ACL Cables PLC acquired 34.51% of the voting rights of RESUS Energy PLC. The acquisition has been accounted for using the equity method.

RESUS Energy PLC, an equity accounted investee of ACL Cables PLC re-purchased 24,687,204 ordinary shares held by ACL Cables PLC on 14 August 2015 at a price of LKR 24 per ordinary share on the basis of four ordinary shares for every seven ordinary shares held in RESUS Energy PLC. Total proceeds received and the profit on share re-purchase were LKR 592 million and LKR 148 million respectively. Further, company invested Rs.11.6 Mn to purchase 476,237 shares during the year. At the end of the year Company hold 32.52% share of RESUS Energy PLC.

Provisional fair values of the identifiable assets and liabilities of RESUS Energy PLC were used when arriving to the results of the acquisition.

(a) Total comprehensive income from equity accounted investee

	RESUS Energy PLC 31 March 2018	RESUS Energy PLC 31 March 2017
Share of profit/(loss)	36,733	(25,282)
Amount recognised in the income statement	36,733	(25,282)
Other comprehensive (expenses)/income for the year, net of tax	(3,549)	(935)
Total comprehensive income for the year	33,184	(26,217)

(b) Summarised financial information of equity accounted investee

	RESUS Energy PLC 31 March 2018	RESUS Energy PLC 31 March 2017
Revenue and loss		
Revenue	408,644	240,043
(Loss)/profit	116,166	(88,546)
Assets and liabilities		
Total assets	2,487,198	2,091,353
Total liabilities	(1,634,779)	(1,226,801)
Non-controlling interest	-	3,587
Net assets	852,419	868,139

19 Available-for-sale financial assets

(a) Movement of available-for-sale financial assets

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Balance at the beginning of the year	34,211	31,629	11,128	10,061
Fair value adjustment	1,106	2,425	1,532	910
Cost of share purchased	239,171	157		157
Disposal of shares	-	-	-	-
	274,488	34,211	12,660	11,128

(b) Company

	31 March 2018			31 March 2017		
	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	239	18,379	1,546	250
Nations Trust Bank PLC	18,432	450	1,487	18,432	450	1,491
Telecommunication						
Dialog Axiata PLC	390,000	4,143	5,382	390,000	4,143	4,095
Diversified holdings						
John Keells Holdings PLC	25,856	1,430	4,127	25,856	1,430	3,749
John Keells Holdings PLC - Share warrants	-	-	-	-	-	-
Ambeon Holdings PLC	130,700	13,250	1,425	130,700	13,250	1,542
Total cost of investments by the Company		20,819	12,660		20,819	11,127

(c) Investments by subsidiary companies

	31 March 2018			31 March 2017		
	Number of shares	Cost	Market value	Number of shares	Cost	Market value
Banking finance and insurance						
Nations Trust Bank PLC	25,592	512	2,065	25,592	512	1,894
DFCC Bank PLC	13	2	1	13	2	1
People's Insurance PLC	585,500	8,782	12,588	585,500	8,782	10,714
Plantations						
Maskeliya Plantations PLC	8,200	375	157	8,200	375	63
Kotagala Plantations PLC	30,000	477	237	10,000	477	101
Ethimale Plantations PVT Ltd	375,000	238,971	238,971			
Diversified holdings						
Hayleys PLC	38,907	2,953	7,809	38,907	2,953	10,310
Total cost of investments by subsidiaries		252,072	261,828		13,101	23,083
Total cost of investments by Group		272,891	274,488		33,920	34,211

(d) Available-for-sale financial assets include the ordinary share investments.

20 Inventories

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Raw materials	1,204,770	1,331,955	392,757	503,764
Work-in-progress	836,256	831,334	546,844	509,416
Finished goods	2,568,497	2,002,309	1,329,355	930,090
Goods in transit	93,858	134,859	-	-
Other stocks	249,593	243,852	109,354	120,712
	4,952,974	4,544,309	2,378,310	2,063,982
Provision for obsolete stock [20(a)]	(189,182)	(180,972)	(66,950)	(68,825)
Net book amount	4,763,792	4,363,337	2,311,360	1,995,157

(a) Provision for obsolete stock

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Balance at the beginning of the year	180,972	177,305	68,825	99,148
Provision/(reversal) for the year	8,210	3,667	(1,875)	(30,323)
Balance at the end of the year	189,182	180,972	66,950	68,825

21 Trade and other receivables

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Trade receivables	5,347,382	4,533,691	3,027,449	2,289,310
Provision for impairment of trade and other receivables [Note 21(a)]	(244,745)	(210,085)	(134,890)	(119,302)
Trade receivables - net	5,102,637	4,323,606	2,892,559	2,170,008
Receivable from related	-	-	261,988	244,486
Loan given to related companies [Note 38.13(b)] companies [Note 38.13(c)]	-	-	32,075	32,075
Advance and prepayments	70,704	51,737	14,600	27,138
Other receivables	1,177,140	958,827	723,224	610,226
	6,350,481	5,334,170	3,924,446	3,083,933

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

(a) Impairment of trade and other receivables

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Balance at the beginning of the year	210,085	145,226	119,302	53,553
Provision for the year	35,575	63,358	15,633	63,358
Recovery of written off debtors	(45)	2,391	(45)	(60,967)
Debtors written off	(870)	(890)	-	-
Balance at the end of the year	244,745	210,085	134,890	119,302

(b) Trade receivables, receivables from related parties, loans to related parties, advance and prepayments and other receivables by credit quality:

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Neither past due nor impaired	5,597,458	4,802,642	3,459,479	2,798,368
Past due but not impaired	997,768	741,613	599,857	404,867
Impaired	(244,745)	(210,085)	(134,889)	(119,302)
	6,350,481	5,334,170	3,924,446	3,083,933

Past due but not impaired

Debtors with a carrying amount of LKR 998 million (2016/2017 - LKR 742 million) and LKR 600 million (2016/2017 - LKR 405 million), which are past due for the Group and the Company respectively at the end of the reporting period but which the Company has not impaired as there has not been a significant change in credit quality and the Directors of the Company believe that overdue amounts are fully recoverable.

Impaired

The trade receivables impaired were LKR 245 million (2016/2017 - LKR 210 million) and LKR 135 million (2016/2017 - LKR 119 million) for the Group and the Company respectively at the end of the reporting period.

22 Held-to-maturity financial assets

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Balance at the beginning of the year	402,752	1,067,315	238,608	578,280
Investment in held-to-maturity financial assets	457,020	388,336	457,020	230,067
Cash proceeds from held-to-maturity financial assets	(402,752)	(1,073,135)	(238,608)	(584,100)
Exchange gain on revaluation	9,780	20,236	9,780	14,361
Balance at the end of the year	466,800	402,752	466,800	238,608

The fair value of the Sri Lanka Development Bonds is 466 million (2017 – 403 million). Fair value was determined by reference to published price quotations in an active market.

(a) Details of the investment in Sri Lanka Development Bonds:

Investment	Maturity date	Interest rate	Value (USD)
Sri Lanka Development Bonds	30.04.2018	LIBOR+2.262% p.a	1,000,000
Sri Lanka Development Bonds	30.04.2018	LIBOR+2.262% p.a	1,000,000
Sri Lanka Development Bonds	30.04.2018	LIBOR+2.262% p.a	1,000,000
			3,000,000

23 Cash and cash equivalents

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Cash at bank	2,103,110	2,222,697	395,473	815,005
Cash in hand	10,235	2,274	369	358
	2,113,345	2,224,971	395,842	815,363

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	
	2018	2017	2018	2017
Cash at bank and in hand	2,113,345	2,224,971	395,842	815,363
Bank overdraft (Note 25)	(867,836)	(1,032,279)	(775,075)	(827,900)
	1,245,509	1,192,692	(379,233)	(12,537)

24 Trade and other payables

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Trade payables	2,363,783	1,622,099	393,061	96,821
Payables to related parties [Note 38.13 (a)]	22,586	-	1,527,256	615,317
Loans from related parties [Note 38.13 (d)]	-	-	25,594	123,193
Accrued expenses and other payable	419,602	328,118	102,839	102,478
	2,805,971	1,950,217	2,048,750	937,809

25 Borrowings

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Long term borrowings				
Amount payable after one year	350,101	207,841	100,000	200,000
	350,101	207,841	100,000	200,000
Short term borrowings				
Amount payable within one year	1,863,854	1,555,134	949,019	1,148,315
Bank overdraft	867,836	1,032,279	775,075	827,900
	2,731,690	2,587,413	1,724,094	1,976,215
Total borrowings	3,081,791	2,795,254	1,824,094	2,176,215

(a) Analysed by lenders

		Group 31 March		
Lender	Interest Rate	2018	2017	Security
Hatton National Bank PLC	Linked to AWPLR	-	7,841	Land
State Bank of India	Linked to AWPLR	100,000	200,000	Land, building and stocks
Bank of Ceylon	Linked to AWPLR	239,000	-	Board Resolution
National Development Bank	9.08%	11,101	-	No assets pledged
Total long-term borrowings		350,101	207,841	
Standard Chartered Bank		2,118,292	1,258,880	Stocks and Book Debts/ Lien over call account funds
Hatton National Bank PLC		474,168	454,768	Demand promissory note/ Stocks / book debts and land
Nations Trust Bank PLC		36,110	773,765	Stocks and book debts
National Development Bank		3,120	-	No assets pledged
State Bank of India		100,000	100,000	Land, building and stocks
Total short-term borrowings		2,731,690	2,587,413	
Total borrowings		3,081,791	2,795,254	

Lender	Interest Rate	Company 31 March 2018	2017	Security
State Bank of India	Linked to AWPLR	100,000	200,000	Land, building and stocks
Total long-term borrowings		100,000	200,000	
Standard Chartered Bank	Linked to AWPLR	1,423,147	876,061	Stocks and Book Debts/ Lien over call account funds
Hatton National Bank PLC	Linked to AWPLR	164,838	226,389	Demand promissory note/ Stocks and book debts
Nations Trust Bank PLC	Linked to AWPLR	36,110	773,765	Stocks and book debts
State Bank of India	Linked to AWPLR	100,000	100,000	Land, Building and stocks
Total short-term borrowings		1,724,095	1,976,215	
Total borrowings		1,824,095	2,176,215	

26 Current income tax liabilities

	Group 31 March 2018	2017	Company 31 March 2018	2017
Balance at the beginning of the year	842,931	781,919	468,118	308,853
Provision for the current year (Note 9)	299,150	497,660	101,272	233,306
Over provision in respect of prior years	-	(1,436)	-	-
Payments made during the year	(333,012)	(435,212)	(165,987)	(74,041)
Balance at the end of the year	809,069	842,931	403,403	468,118

27 Defined benefit obligations

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

	Group 31 March 2018	2017	Company 31 March 2018	2017
Balance at the beginning of the year	241,241	253,462	139,334	148,994
Current service cost	22,966	16,781	10,300	7,733
Interest cost	27,432	26,608	17,417	15,644
Actuarial (gain) during the year	19,948	(32,883)	17,176	(23,156)
	311,587	263,968	184,227	149,215
Benefits paid	(13,610)	(22,727)	(6,309)	(9,881)
Balance at the end of the year	297,977	241,241	177,918	139,334

(b) The amounts recognised in the income statement are as follows:

	Group 31 March 2018	2017	Company 31 March 2018	2017
Current service cost	22,966	16,781	10,300	7,733
Interest cost	27,432	26,608	17,417	15,644
Recognised in income statement	50,398	43,389	27,717	23,377

(c) The amounts recognised in the statement of comprehensive income are as follows:

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Actuarial gain	19,948	(32,883)	17,176	(23,156)
Recognised in statement of comprehensive income	19,948	(32,883)	17,176	(23,156)

The Company maintains an unfunded defined benefit plan providing for gratuity benefits to employees expressed in terms of final monthly salary and number of years of service.

As at 31 March 2018, the gratuity liability was actuarially valued under the Projected Unit Credit (PUC) method by a professionally qualified actuary firm, Actuarial & Management Consultants (Private) Limited.

(d) The key assumptions used by the actuary include the following :

	Group / Company 31 March	
	2018	2017
Rate of discount	10.5%	12.5%
Salary increment rate	10.0%	10.0%
Retirement age	55 years	55 years

Sensitivity analysis :
The following table demonstrates the sensitivity to reasonably possible changes at the reporting date in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

(e) The sensitivity of the statement of financial position is the effect of the assumed changes in discount rate and salary increment rate on the employment benefit obligation for the year.

		2018			
		Group		Company	
	Change	Financial position-liability	Comprehensive income-(charge)/ credit for the year	Financial position-liability	Comprehensive income-(charge)/ credit for the year
Discount rate	+1	(17,604)	17,604	(10,710)	10,710
	-1	19,783	(19,783)	12,044	(12,044)
Future salary increases	+1	20,383	(20,383)	12,151	(12,151)
	-1	(18,439)	18,439	(10,986)	10,986

		2017			
		Group		Company	
	Change	Financial position-liability	Comprehensive income-(charge)/ credit for the year	Financial position-liability	Comprehensive income-(charge)/ credit for the year
Discount rate	+1	(13,522)	13,522	(7,895)	7,895
	-1	15,093	(15,093)	8,814	(8,814)
Future salary increases	+1	15,787	(15,787)	9,051	(9,051)
	-1	(14,353)	14,353	(8,225)	8,225

28 Deferred income tax

28.1 Deferred income tax liability

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

(a) Movement in deferred income tax liability

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Balance at the beginning of the year	269,252	209,370	120,089	82,728
Reversal of temporary differences recognised in income statement	(19,861)	(26,037)	2,664	(22,782)
Origination of temporary differences recognised in Other Comprehensive Income	(5,586)	8,161	(4,809)	6,484
Effect on surplus on revaluation of buildings	336,801	79,719	160,832	53,659
Deferred tax on amount transferred from retained earnings	(2,917)	(1,961)	-	-
Balance at the end of the year	577,689	269,252	278,776	120,089

(b) Composition of deferred income tax liabilities

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Property, plant and equipment	742,230	414,433	385,108	211,777
Defined benefit obligations	(80,957)	(66,093)	(49,817)	(39,013)
Provision for impairment of inventories	(22,153)	(22,678)	(18,746)	(19,271)
Provision for impairment of trade receivables	(37,769)	(33,404)	(37,769)	(33,404)
Provision for payment in lieu of employee share issue scheme	(306)	(405)	-	-
Tax losses carried forward	(23,355)	(22,600)	-	-
	577,689	269,252	278,776	120,089

28.2 Deferred income tax asset

(a) Movement in deferred income tax asset

	Group 31 March 2018	2017	Company 31 March 2018	2017
Balance at the beginning of the year	(1,774)	-	-	-
Origination/(reversal) of temporary differences recognised in Income Statement	(2,185)	(1,880)	-	-
Origination/(reversal) of temporary differences recognised in Other Comprehensive Income	-	106	-	-
Balance at the end of the year	(3,959)	(1,774)	-	-

(d) Composition of deferred income tax asset

	Group 31 March 2018	2017	Company 31 March 2018	2017
Property, plant and equipment	-	-	-	-
Defined benefit obligations	(614)	(400)	-	-
Tax losses carried forward	(3,345)	(1,374)	-	-
	(3,959)	(1,774)	-	-

29 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 2018					
Assets as per the statement of financial position					
Held-to-maturity financial assets	-	-	-	466,800	466,800
Available-for-sale financial assets	-	-	274,488	-	274,488
Trade and other receivables (excluding pre-payments)	6,279,777	-	-	-	6,279,777
Cash and bank balances (Note 23)	2,113,345	-	-	-	2,113,345
	8,393,122	-	274,488	466,800	9,134,410

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2018			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	2,788,289	2,788,289
Other borrowed funds (Note 25)	-	3,081,791	3,081,791
	-	5,870,080	5,870,080

Company	Loans and receivables	Fair value through profit or loss	Available-for-sale	Held to maturity investments	Total
31 March 2018					
Assets as per the statement of financial position					
Held-to-maturity financial assets	-	-	-	466,800	466,800
Available-for-sale financial assets	-	-	12,660	-	12,660
Trade and other receivables (excluding pre-payments)	3,909,846	-	-	-	3,909,846
Cash and bank balances (Note 23)	395,842	-	-	-	395,842
	4,305,688	-	12,660	466,800	4,785,148

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2018			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	2,040,166	2,040,166
Other borrowed funds (Note 25)	-	1,824,094	1,824,094
	-	3,864,260	3,864,260

Group	Loans and receivables	Fair value through profit or loss	Available-for-sale	Held to maturity investments	Total
31 March 2017					
Assets as per the statement of financial position					
Held-to-maturity financial assets	-	-	-	402,752	402,752
Available-for-sale financial assets	-	-	34,211	-	34,211
Trade and other receivables (excluding pre-payments)	5,282,433	-	-	-	5,282,433
Cash and bank balances (Note 23)	2,224,971	-	-	-	2,224,971
	7,507,404	-	34,211	402,752	7,944,367

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2017			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	1,933,310	1,933,310
Other borrowed funds (Note 25)	-	2,795,254	2,795,254
	-	4,728,564	4,728,564

Company	Loans and receivables	Fair value through profit or loss	Available-for-sale	Held to maturity investments	Total
31 March 2017					
Assets as per the statement of financial position					
Held-to-maturity financial assets	-	-	-	238,608	238,608
Available-for-sale financial assets	-	-	11,127	-	11,127
Trade and other receivables (excluding pre-payments)	3,056,795	-	-	-	3,056,795
Cash and bank balances (Note 23)	815,363	-	-	-	815,363
	3,872,158	-	11,127	238,608	4,121,893

	Liabilities at fair value through profit or loss	Other financial liabilities	Total
31 March 2017			
Liabilities as per the statement of financial position			
Trade and other payables (excluding statutory liabilities)	-	929,580	929,580
Other borrowed funds (Note 25)	-	2,176,215	2,176,215
	-	3,105,795	3,105,795

(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 2018								
Held-to-maturity financial assets	466,800	-	-	466,800	466,800	-	-	466,800
Available-for-sale Financial assets	274,488	-	-	274,488	12,660	-	-	12,660
Trade and other receivables (excluding pre -payments)	5,526,754	997,768	244,745	6,524,522	3,444,880	599,856	134,890	4,044,736
Cash and bank balances	2,113,345	-	-	2,113,345	395,842	-	-	395,842
	8,381,387	997,768	244,745	9,379,154	4,320,180	599,856	134,890	4,920,037

Cash at bank and short-term bank deposits

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
AAA(lka)'	1,365,044	1,217,822	308,950	300,274
AA+(lka)'	9,470	462,134	6,470	460,797
AA(lka)'	1,561	1,267	1,561	1,267
A+(lka)'	5,535	14,629	4,489	13,129
A(lka)'	9,697	11,314	8,748	6,502
AA-(lka)'	711,389	515,385	64,841	32,891
BBB-'	414	147	414	147
Total	2,103,110	2,222,698	395,473	815,006

30 Contingent Liabilities

Company

(a) The Department of Inland Revenue raised assessments on income tax for the year of assessments 2006/2007,2007/2008 ,2008/2009 ,2011/2012, 2012/2013 and 2013/2014 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted appeals against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act. The matters pertaining to the year of assessments 2006/2007, 2007/2008 and 2008/2009 are referred to the Court of Appeal for their opinion. The year of assessment 2011/2012 and 2012/2013 are 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 (Private) Limited amounting to USD 165,000 or equivalent in LKR
- ACL Metals and Alloys (Private) Limited amounting LKR. 1,500 million
- ACL Electric (Private) Limited amounting to LKR 300 million
- Ceylon Copper (Private) Limited amounting to LKR 1,500 million

(c) Bank guarantees amounting to LKR 485 million have been given to the suppliers as at 31 March 2018.

Group

(a) ACL Metals and Alloys (Private) Limited

The Department of Inland Revenue raised assessments on income tax for the year of assessments 2007/2008, 2010/2011,2011/2012,2012/2013 and 2013/2014 relating to the exemption claimed for profits under section 17 of the Inland Revenue Act No. 10 of 2006. The Company submitted appeals against the said assessments within the stipulated time frame in accordance with the Inland Revenue Act. The matters pertaining to the year of assessments 2007/2008 and 2010/2011 are referred to the Court of Appeal for their opinion. The year of assessments 2011/2012, 2012/2013 and 2013/2014 are 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 exemption under section 17 of the Inland Revenue Act No. 10 of 2006.

Bank guarantees amounting to LKR 36 million have been given to suppliers as at 31 March 2018.

(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
Bank guarantees amounting to LKR 152 million have been given to third parties as at 31 March 2018.

(d) ACL Kelani Magnet Wire (Private) Limited
Bank guarantees amounting to LKR 20 million have been given to the suppliers as at 31 March 2018.

(e) ACL Plastics PLC
Bank guarantees amounting to LKR 15 million have been given to the suppliers as at 31 March 2018.

31 Commitments

Financial commitments

Company

The Company has a commitment on Letter of Credits amounting to LKR 179 million as at 31 March 2018.

There were no other material commitments outstanding as at 31 March 2018.

Group

(a) Kelani Cables PLC
Kelani Cables PLC has a commitment on Letter of Credits amounting to LKR 186 million as at 31 March 2018.

(b) ACL Plastics PLC
ACL Plastics PLC has a commitment on Letter of Credits amounting to LKR 28 million as at 31 March 2018.

(c) Ceylon Copper (Private) Limited
Ceylon Copper (Private) Limited has a commitment on Letter of Credits amounting to LKR 301 million as at 31 March 2018.

(d) ACL Metals and Alloys (Private) Limited
ACL Metals and Alloys (Private) Limited has a commitment on Letter of Credits amounting to LKR 129 million as at 31 March 2018.

(e) ACL Electric (Private) Limited
ACL Electric (Private) Limited has a commitment on Letter of Credits amounting to LKR 19 million as at 31 March 2018

Capital commitments

Company

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

Group

(a) Kelani Cables PLC
The following commitments for the capital expenditure was approved by the Board of Directors as at reporting date was not provided in the financial statements.

	Group	
	31 March	
	2018	2017
Approximate amount approved but not contracted for	-	15,660

32 Stated capital

	Group 31 March 2018	2017	Company 31 March 2018	2017
Number of ordinary shares issued and fully paid				
Balance at the end of the year	119,787,360	119,787,360	119,787,360	119,787,360
Stated capital				
Balance at the beginning of the year	299,488	299,488	299,488	299,488
Balance at the end of the year	299,488	299,488	299,488	299,488

33 Capital reserve

(a) 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 2018.

	Group 31 March 2018	2017	Company 31 March 2018	2017
Balance at the beginning of the year	1,790,589	1,875,347	795,582	849,241
Revaluation surplus	831,432	-	367,818	(53,659)
Deferred tax on revaluation surplus	(336,800)	(79,719)	(160,832)	-
Transfer to retained earnings from revaluation reserve	(10,420)	(7,000)	-	-
Deferred tax on transfer	2,917	1,961	-	-
Balance at the end of the year	2,277,718	1,790,589	1,002,568	795,582

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

	Group 31 March 2018	2017
Capital redemption reserve fund	2,625	2,625
Surplus on revaluation of property, plant and equipment	2,273,283	1,786,154
Profit on sale of property, plant and equipment and investment	1,810	1,810
	2,277,718	1,790,589

34 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	
	2018	2017	2018	2017
Balance at the beginning of the year	1,123,825	1,123,825	680,266	680,266
Balance at the end of the year	1,123,825	1,123,825	680,266	680,266

35 Available-for-sale reserve

	Group 31 March		Company 31 March	
	2018	2017	2018	2017
Balance at the beginning of the year	6,752	4,854	1,296	386
Fair value adjustment for available for-sale financial assets	1,254	1,898	1,532	910
Balance at the end of the year	8,006	6,752	2,828	1,296

36 Cash generated from operations

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

	Group		Company	
	31 March		31 March	
	2018	2017	2018	2017
Profit before tax	1,057,249	1,764,563	582,381	1,212,422
Adjustments for:				
Depreciation of property, plant and equipment (Note 12)	221,529	224,955	89,341	91,835
Amortisation of intangible assets (Note 15)	2,416	2,745	2,416	2,745
Share of profit from equity accounted investee, net of tax [Note 18(a)]	(36,733)	25,282	-	-
Cash dividend from equity investee	37,031	-	-	-
Loss arising on increasing equity accounted investee's holding [Note 18]	4,734	-	-	-
Dividend income (Note 5)	(1,647)	(1,780)	(188,594)	(363,631)
Interest expense (Note 8)	447,998	345,637	246,906	205,646
Interest income (Note 8)	(66,094)	(126,612)	(56,392)	(83,143)
Exchange gain on investment in held-to-maturity financial assets (Note 22)	(9,780)	(20,236)	(9,780)	(14,361)
Profit on disposal of property, plant and equipment (Note 5)	-	(7,329)	-	(5,172)
Amortisation of leasehold properties (Note 16)	22	22	-	-
Property plant and equipment written-off (Note 12)	733	-	733	
Capital work in progress written-off (Note 13)	-	4,647	-	3,791
Gain on revaluation of investment property (Note 14)	(99,250)	(22,750)	(73,000)	-
Defined benefit obligations [Note 27(b)]	50,398	43,389	27,717	23,377
Changes in working capital:				
Increase in inventories	(400,455)	(376,567)	(316,204)	(204,099)
Increase in receivables and prepayments	(1,016,311)	(1,083,441)	(840,513)	(607,193)
Increase in trade and other payables	855,754	(59,873)	1,110,940	(210,141)
Cash generated from operations	1,047,594	712,652	575,951	52,076

37 Segment information

(a) Business Segment information

Revenue	Manufacturing cables 2018	Manufacturing PVC compound 2018	Others 2018	Group 2018	Group 2017
Total revenue	16,966,088	1,355,597	4,447,998	22,769,683	20,285,770
Inter-segment sales	(875,825)	(1,286,527)	(4,355,424)	(6,517,776)	(5,616,035)
External sales	16,090,263	69,070	92,574	16,251,907	14,669,735
				-	-
Results					
Profit before other income and finance cost	769,706	104,908	412,112	1,286,726	1,956,438
Other income	114,343	1,351	-	115,694	52,432
Finance cost	(253,023)	(10,879)	(118,002)	(381,904)	(219,025)
Share of profit of equity accounted investee and gain on bargain purchase (Power and energy)	-	-	-	36,733	(25,282)
Taxation	(190,554)	(21,049)	(82,910)	(294,513)	(509,124)
Profit after taxation	440,473	74,331	211,200	762,736	1,255,439
Assets					
Segment assets	15,558,860	1,033,894	1,814,753	18,407,507	15,974,301
Unallocated corporate assets				738,669	591,163
Total assets				19,146,176	16,565,464
Liabilities					
Segment liabilities	5,402,426	177,783	1,988,699	7,568,908	6,094,748
Unallocated corporate liabilities				3,589	4,147
Total liabilities				7,572,497	6,098,895
Capital expenditure					
Segment capital expenditure	162,417	5,402	24,882	192,701	116,637
Total capital expenditure				192,701	116,637
Depreciation and amortisation					
Segment depreciation and amortisation	174,543	17,161	32,241	223,945	227,700
Total depreciation and amortisation				223,945	227,700

(b) Geographical segment information

Geographical segment turnover is given in Note 4.

38 Directors' interests in contracts and related party transactions

38.1 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 a 65.2% owned subsidiary of ACL Cables PLC.

38.2 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.

38.3 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 .

38.4 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.

38.5 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.

38.6 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.

38.7 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.

38.8 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.

38.9 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.

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

38.11 Mr. Suren Madanayake who is a Director of the Company is also a Director of RESUS Energy PLC which is a 32.52% owned associate of ACL Cables PLC.

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

(a) Sales of goods and services (inclusive of taxes)

	Company 31 March	
	2018	2017
Kelani Cables PLC	628,677	983,443
ACL Metals and Alloys (Private) Limited	26,130	9,633
ACL Plastics PLC	79	26
ACL Kelani Magnet Wire (Private) Limited	971	40
Ceylon Copper (Private) Limited	77,671	81,157
ACL Electric (Private) Limited	302	110
	733,830	1,074,409

(b) Purchase of goods and services (inclusive of taxes)

	Company 31 March 2018	2017
ACL Kelani Magnet Wire (Private) Limited	20,036	32,832
ACL Plastics PLC	783,028	826,039
Kelani Cables PLC	206,446	103,561
Ceylon Bulbs and Electricals Limited	1,200	1,200
ACL Metals and Alloys (Private) Limited	1,219,267	1,124,970
Ceylon Copper (Private) Limited	2,336,861	2,066,534
S M Lighting (Private) Limited	-	-
ACL Electric (Private) Limited	351,644	464
	4,918,482	4,155,600

(c) Interest on loans from related party

	Company 31 March 2018	2017
ACL Plastics PLC	8,189	4,798
Kelani Cables PLC	3,460	3,603
ACL Polymers (Private) Limited	2,227	2,152
	13,876	10,553

(d) Interest on loans to related party

	Company 31 March 2018	2017
ACL Kelani Magnet Wire (Private) Limited	2,857	2,761
	2,857	2,761

(e) Dividends received from related party

	Company 31 March 2018	2017
ACL Metals and Alloys (Private) Limited	27,000	38,250
Kelani Cables PLC	2,941	3,782
Lanka Olex Cables (Private) Limited	51,963	65,842
ACL Plastics PLC	15,364	15,141
Ceylon Copper (Private) Limited	54,000	240,300
	151,268	363,315

(f) There were no dividend payments to related parties during the year ended 31 March 2018.

(g) Key management compensation

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Short-term benefits	53,795	71,686	51,635	57,480
	53,795	71,686	51,635	57,480

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

(a) Payable to related parties

	Group 31 March 2018	Group 31 March 2017	Company 31 March 2018	Company 31 March 2017
Kelani Cables PLC	-	-	61,944	43,285
ACL Metals and Alloys (Private) Limited	-	-	348,606	202,926
ACL Plastics PLC	-	-	188,186	202,003
Ceylon Copper (Private) Limited	-	-	916,729	165,998
ACL Electric (Private) Limited	-	-	11,791	1,105
SM Lighting (Private) Limited	22,586	-	-	-
	22,586	-	1,527,256	615,317

(b) Receivable from related parties

	Company 31 March 2018	Company 31 March 2017
Kelani Cables PLC	94,909	102,215
ACL Kelani Magnet Wire (Private) Limited	137,675	138,461
Ceylon Bulbs and Electricals Limited	3,263	3,809
ACL Metals and Alloys (Private) Limited	26,130	-
ACL Electric (Private) Limited	11	1
	261,988	244,486

(c) Receivable on loans

	Company 31 March 2018	Company 31 March 2017
ACL Kelani Magnet Wire (Private) Limited	32,075	32,075
	32,075	32,075

(d) Payable on loans

	Company 31 March 2018	2017
Kelani Cables PLC	-	41,854
ACL Plastics PLC	-	55,745
ACL Polymers (Private) Limited	25,000	25,000
Lanka Olex Cables (Private) Limited	594	594
	25,594	123,193

There were no other related parties or related party transactions during the year ended 31 March 2018 other than those disclosed above.

38.14 Interest in related entities

(a) Material Subsidiaries

The group's principal subsidiaries at 31 March 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. Sri Lanka is the country of incorporation or registration is also their principal place of business.

Name of entity	Place of incorporation	Ownership interest held by the Group 2018	2017	Ownership interest held by non-controlling interest 2018	2017
ACL Plastics PLC	Colombo	65.20%	65.20%	34.80%	34.80%
Kelani Cables PLC	Kelaniya	79.30%	79.30%	20.70%	20.70%
Ceylon Bulbs and Electricals Limited	Colombo	95.30%	95.30%	4.70%	4.70%
Lanka Olex Cables (Private) Limited	Colombo	100%	100%	-	-
ACL Kelani Magnet Wire (Private) Limited	Colombo	93.79%	93.79%	6.21%	6.21%
ACL Metals and Alloys (Private) Limited	Colombo	100%	100%	-	-
Ceylon Copper (Private) Limited	Colombo	100%	100%	-	-
ACL Electric (Private) Limited	Colombo	100%	100%	-	-

(b) Interest in associates

Set out below is the associate of the group as at 31 March 2018 which, in the opinion of the directors, are material to the group. The entity listed below has share capital consisting solely of ordinary shares, which are held directly by the group. Sri Lanka is the country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of incorporation	Ownership interest held by the Group		Carrying amount	
RESUS Energy PLC	Colombo	32.52%	31.71%	277,206	275,286

38.15 All the transactions with related parties are carried out in the ordinary course of business, on an arms' length basis and charge interest at quarterly review Treasury Bill rate. These are to be settled on demand.

38.16 Going concern

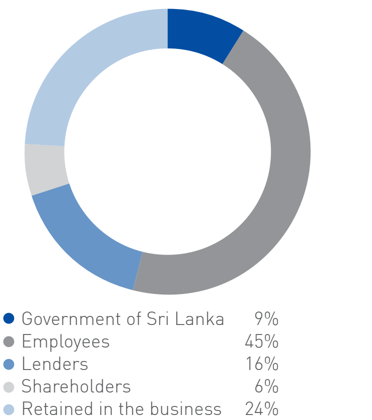
The Directors have made an assessment of the Company's and the Group's ability to continue as a going concern and they do not intend either to liquidate or to cease operations.

39 Events after the reporting period

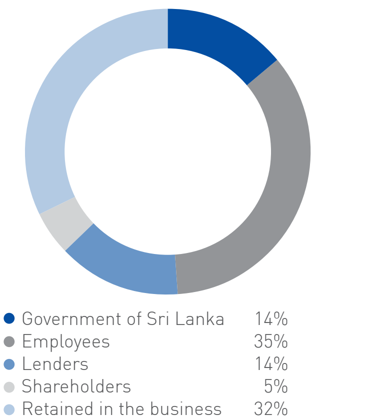
No circumstances have arisen since the balance sheet date other than above, which would require adjustments to, or disclosure in, the financial statements.

STATEMENT OF VALUE ADDED - GROUP

		2018 Rs. '000		2017 Rs. '000
Total revenue		16,251,907		14,669,735
Other operating & interest income		218,521		153,762
		16,470,428		14,823,497
Cost of material and services bought in		(13,336,971)		(11,246,869)
Total value added by the Group		3,133,457		3,576,628
Value added shared with				
Government of Sri Lanka	9%	294,513	14%	509,124
(Taxes)				
Employees	45%	1,406,681	35%	1,241,473
(Salaries and other costs)				
Lenders	16%	513,453	14%	483,222
(Interest on loan capital & minority interest)				
Shareholders	6%	179,681	5%	179,681
(Dividends)				
Retained in the business	24%	739,129	32%	1,163,128
(Depreciation & retained profits)				
	100%	3,133,457	100%	3,576,628



2018



2017

INFORMATION TO SHAREHOLDERS

(a) Distribution of shareholders as at 31 March 2018

Share range	Number of Shareholders	Number of ordinary shares	% of holding
01 to 1,000	1,500	460,519	0.38
1,001 to 5,000	582	1,508,009	1.26
5,001 to 10,000	185	1,450,331	1.21
10,001 to 50,000	215	4,638,576	3.87
50,001 to 100,000	47	3,395,402	2.83
100,001 to 500,000	42	8,972,821	7.49
500,001 to 1,000,000	4	2,759,583	2.30
Over 1,000,000	13	96,602,119	80.64
Total	2,588	119,787,360	100.00

(b) Analysis report of shareholders as at 31 March 2018

	Number of shares	% of holding
Institutional	32,180,746	26.86
Individuals	87,606,614	73.14
Total	119,787,360	100.00

(c) Market and other information.

	2018	2017
Company		
a) Earnings per share (LKR)	3.99	8.36
b) Dividends per share (LKR)	1.50	1.50
c) Net assets value per share (LKR)	44.91	40.78
d) Market value per share		
- Highest value (LKR)	64.90	127.00
- Lowest value (LKR)	41.00	52.70
- Value as at the end of financial year (LKR)	41.00	54.50
e) Number of trades	4,352	6,356
f) Total number of shares traded	8,573,083	13,791,665
g) Total turnover (LKR)	434,202,259	1,071,256,772
h) Percentage of shares held by the public	37.34%	37.34%
i) Number of public shareholders	2,584	2,451
j) Number of foreign shareholders	38	39
Consolidated		
a) Earnings per share (LKR)	5.81	9.33
b) Net assets value per share (LKR)	96.62	87.39

INFORMATION TO SHAREHOLDERS

	Share Holder Name	31 March 2018 No. Shares	31 March 2018 %	31 March 2017 No. Shares	31 March 2017 %
1	Mr. U. G. Madanayake	45,694,432	38.15	45,694,432	38.15
2	Mr. Suren Madanayake	26,604,792	22.21	26,604,792	22.21
3	Employees Provident Fund	5,907,432	4.93	5,907,432	4.93
4	Employees Trust Fund Board	4,427,057	3.70	4,427,057	3.70
5	Deutsche Bank AG -National Equity Fund	2,264,314	1.89	2,264,314	1.89
6	Mrs. N.C. Madanayake	2,064,200	1.72	2,064,200	1.72
7	Bnymsanv Re-Compass Asia Partners,L.P.	2,000,000	1.67	2,000,000	1.67
8	FAB Foods (Private) Ltd	1,535,040	1.28	1,535,040	1.28
9	Deutsche Bank AG AS Trustee for Namal Acuity	1,500,000	1.25	1,500,000	1.25
10	Bank of Ceylon-No 2 A/C	1,320,800	1.10	1,320,800	1.10
11	SEB AB-Tundra Frontier Opportunities Fund	1,149,842	0.96	-	-
12	MAS Capital (Private) Limited	1,128,964	0.94	128,964	0.11
13	Bank Of Ceylon No. 1 Account	1,005,246	0.84	1,015,246	0.85
14	Perera R.D.M.	701,864	0.59	701,864	0.59
15	Selliah A & Selliah S	700,000	0.58	700,000	0.58
16	Sir Cyril De Zoysa Trust	682,072	0.57	682,072	0.57
17	Sri Lanka Insurance Corporation LTD-Life Fund	675,647	0.56	-	-
18	Arunodhaya (Private) Limited	500,000	0.42	500,000	0.42
19	Arunodhaya Industries (Private) Limited	500,000	0.42	500,000	0.42
20	Arunodhaya Investments (Private) Limited	500,000	0.42	500,000	0.42

FIVE YEAR SUMMARY - GROUP

Trading Results Year Ended	31 March 2018 LKR '000	31 March 2017 LKR '000	31 March 2016 LKR '000	31 March 2015 LKR '000	31 March 2014 LKR '000
Turnover	16,251,907	14,669,735	12,811,224	14,427,236	11,446,862
Profit before tax	1,057,249	1,764,563	1,695,622	1,254,738	687,625
Taxation	(294,513)	(509,124)	(426,394)	(300,651)	(176,412)
Profit after tax	762,736	1,255,439	1,269,228	954,087	511,213

Balance Sheet

As At	31 March 2018 LKR '000	31 March 2017 LKR '000	31 March 2016 LKR '000	31 March 2015 LKR '000	31 March 2014 LKR '000
Stated capital	299,488	299,488	299,488	299,488	299,488
Capital reserve	2,277,718	1,790,589	1,875,347	1,818,019	1,357,957
Revenue reserve	7,751,399	7,241,173	6,270,421	5,272,516	4,442,265
	10,328,605	9,331,250	8,445,256	7,390,023	6,099,710
Non-controlling interests	1,245,074	1,135,318	1,026,303	870,373	745,123
Non-current liabilities	1,225,767	718,334	1,377,423	1,786,010	516,034
	12,799,446	11,184,902	10,848,982	10,046,406	7,360,867
Property, plant & equipment	4,151,266	3,347,709	3,466,497	3,531,614	2,949,216
Leasehold properties - pre-payments	1,644	1,666	1,688	1,710	1,732
Capital work in progress	97,469	31,678	32,853	64,127	49,764
Intangible assets	7,704	9,138	11,487	17,286	14,060
Investment property	638,000	538,750	516,000	493,000	317,000
Available for sale financial assets	274,488	34,211	31,629	30,145	25,832
Investment in equity accounted investee	277,206	275,286	301,503	823,749	-
Deferred tax asset	3,959	1,774	-	-	-
Current assets	13,694,440	12,325,252	11,012,139	11,106,443	8,690,869
Current liabilities	(6,346,730)	(5,380,561)	(4,524,814)	(6,021,667)	(4,687,606)
Capital employed	12,799,446	11,184,902	10,848,982	10,046,406	7,360,867
Ratios					
Gross profit margin	16.19%	22.10%	23.86%	17.67%	16.81%
Net profit margin after tax	4.69%	8.56%	9.91%	6.61%	4.47%
Sales growth	10.79%	14.51%	-11.20%	26.04%	11.07%
Profit growth	-40.08%	4.07%	35.14%	82.47%	-10.90%
Current ratio	2.16	2.29	2.43	1.84	1.85
Net asset per share	96.63	87.39	79.08	61.69	50.92
Dividend per share	1.50	1.50	1.00	1.00	1.00
Earning per share	5.82	9.33	9.13	7.18	3.69
Market value per share	41.00	54.50	100.90	76.00	61.00
Price earning ratio	7.04	5.84	5.35	10.59	16.55
Dividend cover ratio	3.88	6.22	9.13	7.18	3.69
Dividend payout ratio	0.26	0.16	0.11	0.14	0.27

REAL ESTATE PORTFOLIO - GROUP

Name of the Owning Company and Location	Land (Acres) Freehold	Buildings (Sq. Ft) LKR '000	Net Book Value 2018 Rs. 000	Net Book Value 2017 Rs. 000
ACL Cables PLC				
Welithotuwa Road, Batakettara, Piliyandala	16.83	253,996	1,437,745	1,087,566
Sarabhoomi Housing Scheme, Batakettara, Piliyandala	0.11	1,107	9,000	7,000
Ensalwatta, Madapatha Road, Piliyandala	1.21	-	67,500	53,000
AMW Premises, Nagoda, Kaluthara	2.76	-	69,500	59,000
Venivelkole Mukalana, Korala Ima, Kahathuduwa	13.02	-	85,000	66,000
60, Rodney Street, Colombo 08	-	15,288	92,000	70,380
	33.91	270,391	1,760,745	1,342,946
Kelani Cables PLC				
Wewelduwa, Kelaniya	6.51	97,345	471,009	352,525
Mahena Road, Siyambalape	1.08	32,398	88,410	65,939
Cinco Watta, Raja Mawatha, Ekala, Ja-Ela	13.00	-	280,000	253,750
	20.59	129,743	839,419	672,214
ACL Plastics PLC				
Temple Road, Ekala, Ja-Ela	3.21	36,579	210,000	159,868
Niwasipura, Ekala, Ja-Ela	0.06	1,690	13,500	11,596
Suhada Mawatha (Off Samagi Mawatha)	0.13	-	7,500	-
	3.40	38,269	231,000	171,464
ACL Kelani Magnet Wire (Pvt) Ltd				
No.07, Raja Mawatha, Ekala, Ja-Ela	3.53	50,554	270,000	201,563
Ceylon Bulbs & Electricals Ltd				
60, Rodney Street, Colombo 08	1.69	24,706	738,000	590,501
ACL Metals & Alloys (Pvt) Ltd				
Welithotuwa Road, Batakettara, Piliyandala	-	23,460	108,547	78,985
Ceylon Copper (Pvt) Ltd				
Welithotuwa Road, Batakettara, Piliyandala	0.99	7,150	76,550	58,753
ACL Electric (Pvt) Ltd				
Miriseatte Estate, Millewa, Moragahahena, Horana	1.51	12,960	76,000	49,772
Total value of land and buildings - (Note 12 and 14)	65.63	557,233	4,100,261	3,166,198

GLOSSARY OF FINANCIAL TERMS

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

Amortisation
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.

GLOSSARY OF FINANCIAL TERMS

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 favourable.

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 Capitalisation
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.

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Fifty Sixth Annual General Meeting of ACL Cables PLC will be held at the Auditorium of ACL Cables PLC, No. 60, Rodney Street, Colombo - 08, on Thursday, 2nd August 2018, at 10.30a.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 2018 with the report of the Auditors thereon.

02. (a)To re–elect Mrs. N.C. Madanayake who retires 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.

 (b) To re–elect Mr. Ajit Jayaratne who retires 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.

 (c) To re–elect Dr. Sivakumar Selliah who retires 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 authorise 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 authorise the Directors to determine donations to charities.

BY ORDER OF THE BOARD
(Sgd.)
Corporate Affairs (Private) Limited
Secretaries
02 July 2018

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 represent me/us, to speak and vote whether on a show of hands or on a poll for me/us and on my/ our behalf at the Annual General Meeting of the Company to be held on 2nd of August 2018 at 10.30 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 2018 with the report of the Auditors thereon.		
02. (a) To re–elect as Director Mrs. N.C. Madanayake who retires by rotation		
(b) To re–elect as Director Mr. Ajit Jayaratne who retires by rotation		
(c) To re–elect as Director Dr. Sivakumar Selliah who retires by rotation		
03. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and authorise 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 authorise the Directors to determine donations to charities.		

Signed this .... day of 2018

....

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 Sixth 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.

FORM OF PROXY - ACL CABLES PLC

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
Sivakumar Selliah

GROUP CHIEF FINANCIAL OFFICER
Champika Coomasaru

SECRETARIES
Messrs. Corporate Affairs (Private) Limited
68/1, Dawson Street, Colombo 02

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
Seylan Bank PLC
State Bank of India

CREDIT RATING
[SL] A+ (Stable) from ICRA Lanka Limited

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