FINANCIAL STATEMENTS - 31 MARCH 2001

PRICEWATERHOUSECOOPERS

Contents

Report of the directors 3 - 5
Report of the auditors 6
Income statement 7
Balance sheet 8
Statement of changes in equity 10
Cash flow statement 11
Accounting policies 12 - 14
Notes to the financial statements 15 – 25

Report Of The Directors For The Year Ended 31 March 2001

1 The Directors present herewith the audited financial statements for the year ended 31 March 2001.

2 Results
The results for the year and changes in equity, are set out in the income statement and statement of changes in equity on pages 6 and 8 respectively.

3 State of affairs
The state of affairs of the Company as at 31 March 2001 is set out in the balance sheet on page 7.

4 Principal activities
The main activity of the Company, which remains unchanged since the previous year, is that of being sole distributor of Bridgestone tyres in Sri Lanka.

5 Dividends
The directors declared an interim dividend of 10% on 30 March 2001, which they deemed to be the final dividend of Rs 1,200,000 (2000 - Rs 1,200,000) for the year ended 31 March 2001.

6 Directors
The directors of the Company at 31 March 2001 were :

Mr Joseph A Aloysius (Chairman and Managing Director)
Mrs Bernadette J Aloysius (Deputy Chairperson and Marketing Director)
Mr Jeremy D Aloysius (Deputy Managing Director)
Mr Rajeev A J Aloysius (Finance Director)
Dr Dennis J Aloysius
Mrs Mangalam St. George
Prof. John A Aloysius
Mrs Julie A Paul
Mr M Lakshman Samarasinghe
Eng David P Dominic
Mr Sarath C Weerasooria

All the above named Directors held office for the whole of the year ended 31 March 2001.

In accordance with the Articles of Association Mr Rajeev A J Aloysius and Eng David P Dominic retire by rotation and,
being eligible offer themselves for re-election with the unanimous support of the continuing Directors.

Dr Dennis J Aloysius who is 70 years of age also retires and notice has been received from a shareholder of the intention to propose a resolution that the age limit of 70 years referred to in Section 181 of the Companies Act No. 17 of 1982 shall not apply to him.

7 Directors interest in shares of the Company

The interest of the directors in share of the Company as at 31 March 2001 were as follows:

Name of directors	Number	2001 Par value Rs	%
Mr Joseph A Aloysius	11,192	1,119,200	9.33
Mrs Bernadette J Aloysius	6,693	669,300	5.58
Mr Joseph A Aloysius and Mrs Bernadette J Aloysius	30,000	3,000,000	25.00
Mr Jeremy D Aloysius	6,385	638,500	5.32
Dr Dennis J Aloysius and Mrs S C R Aloysius	1,209	120,900	1.01
Mrs Mangalam St. George	638	63,800	0.53
Prof. John A Aloysius	6,385	638,500	5.32
Mrs Julie A Paul	6,385	638,500	5.32
Mr M Lakshman Samarasinghe	1	100	Nil
Mr Rajeev A J Aloysius	6,385	638,500	5.32
Mr Sarath C Weerasooriya	136	13,600	0.11
Eng David P Dominic	Nil	Nil	Nil
	75,409	**7,540,900**	**61.83**

8 Directors' interests in contracts and proposed contracts with the Company

indirect are set out in Note 24 to the financial statements.

The directors have disclosed the nature of their interest in contracts and proposed contracts with the Company at meetings of the directors.

9 Substantial shareholdings

capital of the Company at the balance sheet date.

	No. of shares	%
Mr Joseph Aloysius & Mrs Bernadette J Aloysius	30,000	25.00
Mr Sanjeev E C Gardiner	11,795	9.83
Mr Joseph A Aloysius	11,192	9.33
Mercury Limited	8,400	7.00
Mrs Bernadette J Aloysius	6,693	5.58
Mr Jeremy D Aloysius	6,385	5.32
Prof John A Aloysius	6,385	5.32
Mrs Julie A Paul	6,385	5.32
Mr Rajeev A J Aloysius	6,385	5.32
Miss J J B Aloysius	6,385	5.32

10 Changes in non - current assets

The movements in non - current assets during the year, are set out in Notes 10 and 11 to the financial statements.

11 Donations

During the year the Company contributed Rs 26,030 (2000 - Rs 47,725) for charities and charitable purposes.

12 Post balance sheet events

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

13 Auditors

A resolution to re-appoint our present auditors, Messrs PricewaterhouseCoopers, Chartered Accountants, who have expressed their willingness to continue, will be proposed at the Annual General Meeting.

14 Disclosure as per CSE Rule No 3.3

	2001 Rs. cts	2000 Rs. cts.
Market price per share as at 31 March	195.00	185.00
Highest / lowest share price this year	195.00	200.00 / 150.00
Earnings per share	44.29	18.76
Dividend per share	10.00	10.00
Net asset value per share	839.25	616.26

BY ORDER OF THE BOARD

COLOMBO SECRETARIES

Report of the auditors to the members of The Autodrome Limited

1 We have audited the balance sheet of The Autodrome Limited as at 31 March 2001, and the related statement of income, changes in equity and cash flows for the year then ended, together with the accounting policies and notes as set out on pages 6 to 22.

Respective Responsibilities of Directors and Auditors
2 The directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

Basis of Opinion
3 We conducted our audit in accordance with Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion
4 In our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31 March 2001, and to the best of our information and according to the explanations given to us, the said balance sheet and related statement of income, changes in equity and cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 and of 1982 give a true and fair view of the Company's state of affairs as at 31 March 2001 and of the results of its operations and its cash flows for the year then ended.

Directors' interests in contracts with the Company

5 According to the information made available to us, the directors of the Company were not directly or

indirectly interested in contracts with the Company during the year ended 31 March 2001, except as stated in Note 24 to these financial statements.

COLOMBO CHARTERED ACCOUNTANTS

Income statement

(all amounts in Sri Lanka Rupees)	Notes	Year ended 31 March 2001	2000
Sales	1	269,384,523	215,487,986
Cost of sales		(225,119,665)	(189,471,850)
Gross profit		44,264,858	26,016,136
Other operating income	2	1,668,764	800,894
Distribution costs		(4,299,670)	(5,324,017)
Administrative expenses		(18,903,218)	(12,571,680)
Operating profit	3	22,730,734	8,921,333
Non operating income	5	180,916	180,300
Finance costs	6	(12,531,254)	(4,148,131)
Profit before tax		10,380,396	4,953,502
Tax	7	(5,065,726)	(2,701,889)
Net profit		**5,314,670**	**2,251,613**
Earnings per share - basic	8	44.29	18.76

The accounting policies Notes Auditors' report

Balance sheet

(all amounts in Sri Lanka Rupees)	Notes	31 March 2001	2000
ASSETS			
Non-current assets			
Property, plant and equipment	10	102,955,299	77,385,230
Investments	11	10,162	10,162
		102,965,461	77,395,392
Current assets			
Inventories	12	41,867,997	29,668,879
Receivables and prepayments	13	26,976,216	26,277,873
Cash and cash equivalents	14	78,221	141,056
		68,922,434	56,087,808
Total assets		**171,887,895**	**133,483,200**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	21	12,000,000	12,000,000
Share premium	21	440,000	440,000
Capital reserves		151,846	151,846
Revaluation reserve	22	85,968,258	63,468,258
Retained profit / (accumulated losses)		2,005,659	(2,109,011)
		100,565,763	73,951,093
Non-current liabilities			
Borrowings	16	200,278	823,637
Deferred tax liabilities	17	689,337	411,981
Defined benefit obligations	18	1,018,425	864,267
		1,908,040	2,099,885
Current liabilities			
Trade and other payables	15	3,866,437	7,784,299
Current tax liabilities		2,312,656	389,627
Borrowings	16	63,234,999	49,258,296
		69,414,092	57,432,222
Total liabilities		**71,322,132**	**59,532,107**
Total equity and liabilities		**171,887,895**	**133,483,200**

These financial statements were approved by the Board on .....

.....)
) Directors
.....)

The accounting policies **Notes** **Auditors' report**

Statement of changes in equity

(all amounts in Sri Lanka Rupees)

	Notes	Share capital	Capital reserves	Share premium	Revaluation reserve	(Accumulated losses) / Retained profit	Total
Balance at 1 April 1999		12,000,000	151,846	440,000	63,643,050	(3,335,416)	72,899,480
Depreciation transfer	22	Nil	Nil	Nil	(174,792)	174,792	Nil
Net profit		Nil	Nil	Nil	Nil	2,251,613	2,251,613
Dividends	9	Nil	Nil	Nil	Nil	(1,200,000)	(1,200,000)
Balance at 31 March 2000		**12,000,000**	**151,846**	**440,000**	**63,468,258**	**(2,109,011)**	**73,951,093**
Balance at 1 April 2000		12,000,000	151,846	440,000	63,468,258	(2,109,011)	73,951,093
Net profit		Nil	Nil	Nil	Nil	5,314,670	5,314,670
Revaluation	22	Nil	Nil	Nil	22,500,000	Nil	22,500,000
Dividends	9	Nil	Nil	Nil	Nil	(1,200,000)	(1,200,000)
Balance at 31 March 2001		**12,000,000**	**151,846**	**440,000**	**85,968,258**	**2,005,659**	**100,565,763**

The accounting policies Notes Auditors' report

Cash flow statement

(all amounts in Sri Lanka Rupees)	Notes	Year ended 31March 2001	2000
Operating activities			
Cash generated from operations	23	11,162,314	25,688,808
Interest paid	6	(831,683)	(2,490,001)
Interest received		5,450	
Income tax paid		(2,865,341)	(2,934,977)
Terminal benefits paid	18	(71,775)	(783,500)
Net cash from operating activities		**7,398,965**	**19,480,330**
Investing activities			
Purchase of property, plant and equipment	10	(5,218,527)	(1,160,047)
Proceeds from disposal of property, plant and equipment		993,535	297,222
Dividends received	5	916	300
Net cash used in investing activities		**(4,224,076)**	**(862,525)**
Financing activities			
Finance lease principal payment		(675,418)	(834,447)
Dividend paid		(1,200,000)	Nil
Net cash used in financing activities		**(1,875,418)**	**(834,447)**
Increase in cash and cash equivalents		**1,299,471**	**17,783,358**
Movement in cash and cash equivalents			
At start of year		(4,060,849)	(21,844,207)
Increase		1,299,471	17,783,358
At end of year	14	**(2,761,378)**	**(4,060,849)**

The accounting policies Notes Auditors' report

Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set our below :

1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

2 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

3 Investments

Fixed assets investments including marketable securities are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

4 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation are credited to revaluation reserves in shareholders'
equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the profit and
loss account) and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life. A full year's depreciation is charged in the year of purchase and no charge is made in the year of disposal.

The principal annual rates used for this purpose are :

	%
Building	2
Other assets	25

Land is not depreciated as it is deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its estimated recoverable amount it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying
amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts
in revaluation and other reserves relating to that asset are transferred to retained earnings.

5 Accounting for leases - where Company is the lessee

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

6 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is generally determined by the weighted average method. The cost includes all expenses incidental to purchasing. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of realisation.

7 Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

8 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

9 Defined benefit obligations

Terminal benefits are provided for all employees of the Company at the rate of one half of the basic or consolidated wage or salary, cost of living and all other allowances applicable for the last month of the financial year for each year of completed service. This provision is not externally funded, nor has it been actuarially valued.

10 Defined contribution plans

All employees of the Company are members of the Executives' Provident Fund , the Employees' Provident Fund and Employees' Trust Fund, to which their employer contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary, cost of living and all other allowances, excluding non-recurring cost of living gratuity (NRCLG) which is not liable to such payment according to the collective agreement extended to the Company.

11Taxation

The charge for the taxation is based on the results of the year adjusted for disallowable items and for timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. Timing differences arise from the recognition for tax purposes of items of income and expenditure in different accounting periods from those in which they are recognised in the financial statements. Tax effect of timing differences as reduced by the tax benefit of any accumulated losses, is treated as deferred tax liability.

12 Revenue recognition

Sales which excludes direct taxes, rebates and trade discounts, represents the invoiced value of goods sold.

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

13 Comparatives

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

Auditors' report

Notes to the financial statements

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

1 Sales

Sales which wholly consists of sale of tyres, tubes and other automotive accessories are made up as follows :

	2001	2000
Sale of tyres, tubes and other automotive accessories	301,799,037	244,822,181
Direct taxes	(36,416,090)	(29,334,195)
Recovery of direct taxes	4,001,576	Nil
	269,384,523	**215,487,986**

(a) Direct taxes consist of Goods and Services Tax Rs 33,653,860 (2000 - Rs 27,157,668) and Turnover Tax Rs 2,762,230 (2000 - Rs 2,176,527).

(b) Recovery of direct taxes represents turnover taxes paid on imports prior to 31 March 1998, which were recovered subsequently.

2 Other operating income

Other operating income consists of sundry income Rs Nil (2000- Rs 1,000), profit on sale of motor vehicles Rs 978,536 (2000 - 281,222) tyre fitting centre income Rs 654,279 (2000 - Rs 513,592) and insurance claim
Rs 35,950 (2000 - Rs 5,080).

3 Operating profit

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

	2001	2000
Directors' emoluments	1,467,800	1,270,000
Auditors' remuneration	60,000	55,000
Depreciation on property, plant and equipment (Note 10)		
- owned assets	1,663,458	439,430
- leased assets under finance leases	470,000	806,784
Profit on disposal of property, plant and equipment	(978,535)	(281,222)
Repairs and maintenance expenditure	816,840	506,314
Bad debts written off and doubtful debts	Nil	995,158
Advertising	1,971,850	1,938,786
Staff costs (Note 4)	4,816,764	3,964,016
Stock written off	985,468	Nil

4 Staff costs

	2001	2000
Wages and salaries	3,438,158	2,581,723
Social security cost	417,588	583,773
Defined contribution plan	735,085	577,044
Defined benefit obligations (Note 18)	225,933	221,476
	4,816,764	**3,964,016**
Average monthly number of persons employed by the Company during the year:		
Full time	46	40

5 Non operating income

dividend received Rs 916 (2000 - Rs 300).

6 Finance costs

	2001	2000
Interest expenses		
- bank overdrafts	448,450	1,939,171
- other borrowings	204,753	430,448
- lease liabilities	178,480	120,382
- interest income	(5,450)	Nil
Exchange losses	11,705,021	1,658,238
	12,531,254	**4,148,239**

7 Tax

	2001	2000
Current tax	4,788,370	2,363,676
Deferred tax (Note 17)	277,356	338,213
	5,065,726	**2,701,889**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Company as follows:

	2001	2000
Profit before tax	10,380,396	4,953,502
Tax calculated at a tax rate of 35%	3,633,139	1,733,726
Income not subject to tax	(321)	(105)
Expenses not deductible for tax purposes	1,155,552	630,055
Deferred tax	132,981	338,213
Tax charge	**4,921,351**	**2,701,889**

Further information about deferred tax is presented in **Note 17**.

8 Earnings per share

by the weighted average number of ordinary shares in issue during the year.

	2001	2000
Net profit attributable to shareholders	5,314,670	2,251,613
Weighted average number of ordinary shares in issue	120,000	120,000
Basic earnings per share	44.29	18.76

9 Dividend per share

A dividend of Rs 10 per share (2000 - Rs 10) amounting to a total of Rs 1,200,000 was declared during the year ended 31 March 2001 (2000 - Rs 1,200,000).

10 Property, plant and equipment

	Freehold land and buildings	Plant and machinery and equipment	Furniture and fittings	Motor vehicles	Capital work in progress	Total
Year ended 31 March 2000						
Cost or valuation	75,536,266	5,068,114	904,644	4,551,516	Nil	86,060,540
Accumulated depreciation	(393,561)	(4,591,927)	(648,362)	(3,041,460)	Nil	(8,675,310)
Closing net book amount	**75,142,705**	**476,187**	**256,282**	**1,510,056**	**Nil**	**77,385,230**
Year ended 31 March 2001						
Opening net book amount	75,142,705	476,187	256,282	1,510,056	Nil	77,385,230
Additions	251,528	891,167	62,310	3,651,964	361,558	5,218,527
Revaluation of land	22,500,000	Nil	Nil	Nil	Nil	22,500,000
Disposals	Nil	Nil	Nil	(15,000)	Nil	(15,000)
Depreciation charge - (Note 3)	(105,989)	(417,035)	(105,644)	(1,504,790)	Nil	(2,133,458)
Closing net book amount	**97,788,244**	**950,319**	**212,948**	**3,642,230**	**361,558**	**102,955,299**
At 31 March 2001						
Cost or valuation	98,287,794	5,849,281	947,518	6,483,480	361,558	111,929,631
Accumulated depreciation	(499,550)	(4,898,962)	(734,570)	(2,841,250)	Nil	(8,974,332)
Net book amount	**97,788,244**	**950,319**	**212,948**	**3,642,230**	**361,558**	**102,955,299**

(a) Additions include Rs Nil (2000 - Rs 1,030,000) assets leased under finance leases.

(b) Leased assets included above, where the Company is the lessee under a finance lease comprise plant and machinery, motor vehicles and office equipment as follows.

	2001	2000
Cost - capitalised finance leases	2,057,135	3,227,135
Accumulated depreciation	(1,241,068)	(1,896,784)
Net book amount	**816,067**	**1,330,351**

(c) The land and buildings at 304/1, Union Place, Colombo 2 were revalued on 30 September 1990 13 June 1996 by an independent valuer.

(d) A part of the land at 304, Union place, Colombo 2, lot 1 (a) had not been revalued earlier due to it being under a requisition order. The property has now been derequisitioned during the year this portion of the land was revalued on 31 March 2001 by an independent valuer.

Valuations were made on the basis of the market value for existing use. The book values of the properties were adjusted on the valuations and the resultant surplus was credited to revaluation reserves in shareholders equity.

If the building were stated on the historical cost basis, the amounts would be as follows ;

	2001	2000
Cost	3,204,911	2,953,383
Accumulated depreciation	(395,281)	(334,479)
Net book amount	**2,809,630**	**2,618,904**

(d) Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2001 amounted to Rs 5,571,728 (2000 - Rs 5,687,330).

(e) Bank facilities are secured on the Company's property at No 304/1, Union Place, Colombo 2.

11 Investments

	Value	
	2001	**2000**
Listed shares at cost		
Ceylon Hotels Corporation	3,832	3,832
Unlisted shares at cost		
Gardiners Limited	1,330	1,330
Global Films Limited	5,000	5,000
	6,330	6,330
Aggregate value of listed and unlisted investments	**10,162**	**10,162**
Market value of the listed shares	**22,500**	**19,500**

12 Inventories

	2001	**2000**
Tyres, tubes and batteries	37,697,284	29,668,879
Goods in transit	4,170,713	Nil
	41,867,997	**29,668,879**

13 Receivables and prepayments

	2001	**2000**
Trade receivables	24,277,375	23,887,015
Prepayments	528,559	1,635,663
Other receivables	2,170,282	755,195
	26,976,216	**26,277,873**

Other receivables include Rs 1,401,951 (2000 - Rs Nil) receivable as Goods and Services Tax, from the Commissioner General of Inland Revenue.

14 Cash and cash equivalents

	2001	2000
Cash at bank and in hand	78,221	141,056

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

	2001	2000
Cash and bank balances	78,221	141,056
Bank overdrafts (Note 16)	(2,839,599)	(4,201,905)
	(2,761,378)	**(4,060,849)**

15 Trade and other payables

	2001	2000
Payable to a related company	250,000	250,000
Accrued expenses	1,922,993	2,165,492
Other payables	493,444	4,166,565
Dividend proposed	1,200,000	1,200,000
Dividends payable	Nil	2,242
	3,866,437	**7,784,299**

Other payables includes Rs Nil (2000 - Rs 3,143,978) payable as Goods and Services Tax, to the Commissioner General of Inland Revenue.

16 Borrowings

	2001	2000
Current		
Bank overdrafts (Note 14)	2,839,599	4,201,905
Bank facilities	59,312,041	42,270,973
Lease liabilities	623,359	675,418
Loans from directors and their families	460,000	2,110,000
	63,234,999	49,258,296
Non-current		
Lease liabilities	200,278	823,637
Total borrowings	**63,435,277**	**50,081,933**

The interest rate exposure of the borrowings of the Company are as follows:

	2001	2000
Total borrowings:		
- at fixed rates	63,435,277	50,081,933

Weighted average effective interest rates:

	2001	2000
- bank overdrafts	17% - 21%	14% - 28%
- bank facilities	21%	21%
- loans from directors and their families	14.4%	14.4%
- lease liabilities	16.56%	15.56%

(a) Bank overdrafts are secured :
o on mortgage over property bearing Assessment No. 304/1, Union Place, Colombo 2 - Rs 21,000,000.
O against postdated cheques of dealers upto Rs 14,000,000.

(b) Bank facilities are secured as follows:
o bills acceptance are secured on mortgage over property bearing Assessment No. 304/1, Union Place, Colombo 2- Rs 49,000,000

o term L/Cs on personal guarantee given by the Managing Director, Marketing Director and Deputy Managing Director.

(c) All leases have been obtained from the National Development Bank (NDB) and are secured on personal
guarantees given by the directors.

(d)Loans from directors and their families are unsecured and have no fixed repayment terms.

Finance lease liabilities - minimum lease payments:

	2001	2000
Not later than 1 year	810,127	883,231
Later than 1 year and not later than 5 years	255,131	1,035,929
	1,065,258	1,919,160
Future finance charges on finance leases	(241,621)	(420,105)
Present value of finance lease liabilities	**823,637**	**1,499,055**
Representing lease liabilities		
- current	623,359	675,418
- non current	200,278	823,637
	823,637	**1,499,055**
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	623,359	675,418
Later than 1 year and not later than 5 years	200,278	823,637
	823,637	**1,499,055**

17 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 35% (2000 - 35%)

The movement on the deferred income tax account is as follows :

	2001	2000
At beginning of year	411,981	73,768
Profit and loss account charge (Note 7)	277,356	338,213
At end of year	**689,337**	**411,981**

18 Defined benefit obligations

The amounts recognised in the balance sheet are as follows:

	2001	2000
At beginning of year	864,267	1,426,291
Charge for the year (Note 4)	225,933	221,476
Contribution paid	(71,775)	(783,500)
At end of year	**1,018,425**	**864,267**

19 Contingent liabilities

There were no material contingent liabilities existing at the balance sheet date.

20 Commitments

Capital commitments

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

Financial commitments

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

21 Ordinary shares and share premium

	Number of shares	Ordinary shares	Share premium	Total
At 1 March 2000	120,000	12,000,000	440,000	12,440,000
At 31 March 2001	**120,000**	**12,000,000**	**440,000**	**12,440,000**

The total authorised number of ordinary shares is 140,000 ordinary shares (2000 - 140,000 ordinary shares)
with a par value of Rs 100 per share (2000 - Rs 100 per share).

All issued shares were fully paid.

22 Revaluation reserve

	2001	2000
At beginning of year	63,468,258	63,643,050
Depreciation transfer	Nil	(174,792)
Additions during the year (Note 10)	22,500,000	Nil
At end of year	**85,968,258**	**63,468,258**

The revaluation reserve is non distributable.

23 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations ;

	2001	2000
Profit before tax	10,380,396	4,953,502
Adjustments for:		
Depreciation (Note 10)	2,133,458	1,246,214
Dividend received	(916)	(300)
Profit on disposal of property, plant and equipment (Note 3)	(978,535)	(281,222)
Finance costs (Note 6)	12,531,254	4,148,239
Exchange loss	(11,705,021)	(1,658,238)
Changes in working capital		
- trade and other receivable	(698,343)	1,234,145
- inventories	(12,199,118)	7,314,745
- payables	11,473,206	8,510,247
Defined benefit obligation (Note 18)	225,933	221,476
Cash generated from operations	**11,162,314**	**25,688,808**

24 Directors' interests in contracts with the Company

Mr Joseph A Aloysius and Mrs Bernadette J Aloysius are also directors of Shrimpex Ltd which has given a loan of Rs 250,000 to the Company.

The following transactions were carried out with related parties

(1) Loans from directors

	2001	2000
Loans from the directors of the Company (and their families)		
Balance at the beginning of the year	2,110,000	3,240,000
Loan received during the year	Nil	170,000
Loan repayments	(1,650,000)	(1,300,000)
Balance at the end of the year	**460,000**	**2,110,000**

(2) Loans from related company

	2001	2000
Balance at the beginning of the year	250,000	250,000
Balance at the end of the year	**250,000**	**250,000**

(3) Personal guarantees given by the directors

All leases are secured on personal guarantees given by the directors.

25 Related party transactions

There were no related parties or related party transactions other than those disclosed in Note 24 to these financial statements.

26 Post balance sheet events

No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, these financial statements.