Annual Report 2003-2004

Contents

Corporate Information	*I*
Notice of Annual General Meeting	*II*
Chairman's Statement	*III*
Report of the Directors	*1-4*
Statement of Directors' Responsibilities	*5*
Auditors' Report	*6-7*
Income Statement	*8*
Balance Sheet	*9*
Statement of Changes in Equity	*10*
Cash Flow Statement	*11*
Accounting Policies	*12-15*
Notes to the Financial Statements	*16-25*
Financial Ratios	*26*
Graphical Reviews	*27*
Statement of Value Added	*28*
Share Information	*29*
Form of Proxy	

Corporate Information

Name of the Company:	The Autodrome Limited
Legal Form:	A Limited Liability Company Incorporated in Ceylon on 23.07.1953 Registered No.PvS.1307. Converted into a Public Company in 1975.
Stock Exchange Listing:	The issued Ordinary shares of the Company are listed under Motors on the Main Board of the Colombo Stock Exchange of Sri Lanka.
Company Registration Number:	PvS.1307.PbS
Board of Directors:	Joseph A. Aloysius BSc - Chairman & Managing Director Mrs. Bernadette J. Aloysius BA - Deputy Chairperson & Marketing Director Jeremy D. Aloysius MBA (USA) - Deputy Managing Director Rajeev A.J. Aloysius FCMA, FSCMA, MBA - Finance Director Dr. Dennis J. Aloysius MBBS, FCGP Prof. John A. Aloysius BSc, PhD (USA) David P. Dominic BSc (Eng), C Eng, MIMechE, MIMarE (UK) Mrs. Julie A. Paul BA (USA) M. Lakshman Samarasinghe Sarath C. Weerasooria FCA
Company Secretaries:	Accounting Systems Secretarial Services Ltd.
Registered Office:	304, Union Place, Colombo 2
Lawyers:	D.L. & F. de Saram
Auditors:	PricewaterhouseCoopers
Bankers:	Bank of Ceylon, Metropolitan Branch. Commercial Bank of Ceylon Ltd., City Office. Hatton National Bank, Main Branch. Hongkong & Shanghai Banking Corporation, Main Branch. People's Bank, Union Place
Senior Executives:	K. Chaminda P. Perera B.B.Mgt, ACA, ASCMA - Financial Controller Enaksha S.M. Fernando – General Manager W. Nirosh Fernando - Manager, Technical & Administration Mrs. Freeda Perera – Sales Consultant W.W. Kumudu P. Fernando - Stores Manager U.K.W. Kannangara – Service Consultant Mrs. Asha Pieris Nishantha – Sales Manager
Nature of Business:	Sole Distributors in Sri Lanka for: BRIDGESTONE Tyres from Japan, Indonesia & Thailand YOKOHAMA Automotive Batteries from Malaysia FUTEK Alloy Wheels from Taiwan NINGBO KANGTAI Tyre Accessories from China Providers of logistical and marketing services to: HINDUSTAN PETROLEUM CORPORATION of India

NOTICE IS HEREBY GIVEN that the Fifty Second Annual General Meeting of The Autodrome Ltd. will be held at the Registered Office of the Company, Autodrome Building, 304, Union Place, Colombo 2 on Wednesday 7th July, 2004 at 3.00 p.m. and the business to be brought before the meeting will be:

A G E N D A

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended 31st March 2004 with the Report of the Auditors thereon.
2. To re- appoint as a Director Mr. Rajeev A. J.Aloysius who retires by rotation.
3. To re-appoint as a Director Dr. Dennis J. Aloysius, who is over 70 years of age and who retires by rotation. Special Notice dated 3rd June 2004 has been received from a Shareholder of his intention to propose the undernoted Ordinary Resolution in compliance with Section 182 of the Companies Act No.17 of 1982 in relation to this re-appointment.
4. To re-appoint as a Director Mr. David P. Dominic, who is over 70 years of age and who retires by rotation. Special Notice dated 3rd June 2004 has been received from a Shareholder of his intention to propose the undernoted Ordinary Resolution in compliance with Section 182 of the Companies Act No.17 of 1982 in relation to this re-appointment.
5. To re-appoint as a Director Mr. Joseph A. Aloysius, who is over 70 years of age and who retires by rotation. Special Notice dated 3rd June 2004 has been received from a Shareholder of his intention to propose the undernoted Ordinary Resolution in compliance with Section 182 of the Companies Act No.17 of 1982.
6. To authorise the Directors to determine contributions to Charities.
7. To re-appoint Messrs. PricewaterhouseCoopers as Auditors and authorise the Directors to determine their remuneration.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES LIMITED
Secretaries
Colombo, 7th June 2004

Note:

A Member is entitled to appoint a Proxy to attend and vote in his/her stead and a Proxy need not be a Member of the Company. A form of Proxy is enclosed herewith for this Purpose. The instrument appointing a Proxy must be completed and deposited at the Registered Office of the Company, **304, Union Place, Colombo 2** not less than forty-eight hours before the time fixed for the holding of the meeting.

Note 3. "RESOLVED THAT Dr. Dennis J. Aloysius who is over 70 years of age be and is hereby re-appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 181 of the Companies Act No.17 of 1982 shall not apply to the said Dr. Dennis J. Aloysius"

Note 4. "RESOLVED THAT Mr. David P. Dominic who is over 70 years of age be and is hereby appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 181 of the Companies Act No.17 of 1982 shall not apply to the said Mr. David P. Dominic'

Note 5 "RESOLVED THAT Mr. Joseph A. Aloysius who is over 70 years of age be and is hereby appointed a Director of the Company and it is hereby declared that the age limit of 70 years referred to in Section 181 of the Companies Act No.17 of 1982 shall not apply to the said Mr. Joseph A. Aloysius"

Chairman's Statement

It gives me great pleasure to present the Audited Accounts, Financial and General Review of our business for the Year 2003/2004. It is with pride that I state that this year, we were among the first companies on the Colombo Stock Exchange to submit its unaudited quarterly accounts and we are now, among the first to submit our Annual Report and Audited Accounts for the year. For this we are especially indebted to our Finance Director and his team for arranging for the monthly accounts to be ready within a few days of each month-end. We are pleased to advise that our Company's progress can be monitored on our special purpose website http://financial.autodrome.lk. We have seen a growth in Sales Turnover of 6.26% during the year under review, with our gross profit margin increasing considerably from 13.2% to 17.6%. Net Profit before Tax too, increased substantially, from Rs.10,809,102 to Rs.18,013,686. Cash flow remained healthy, thanks to very efficient financial control and excellent marketing, resulting in lower finance costs.

Autodrome Building

Our new headquarters building's rentable space is now fully occupied by the J-Power Project, by Vidullanka Ltd and by our new subsidiary Tourama (Pvt) Ltd. Our investment in the building, which incidentally, was completed without any special purpose loan from Banks, resulted in our net assets have improved from Rs.118.7 Million to Rs.129.4 Million in the year under review. Net Assets Per Share grew from Rs.989.46 to Rs.1,078.40

Business Environment

The Company and the country both faced instability in government policy, exchange rates, Bank interest etc., threats which continue to hang over us. We have weathered the turbulence reasonably well and continue to operate in our niche market, aided by a strong main Brand image (PASSION for EXCELLENCE) and our good Corporate image. I am pleased to report that our Share price on the Colombo Stock Exchange has shot up from Rs.250 on 31.03.2003 to Rs.400 on 31.03.2004, amidst negative sentiment that followed the end of the bull run on the Bourse on 4 November 2003.

Expansion

We purchased a block of land 88.4 perches in extent at Ekala, Ja-Ela, which will be used for warehousing, to improve our delivery service and sales channel infrastructure. In addition, we have effected improvements to the rooftop of our main building, and hope further to develop the land at Union Place, where our present warehouse stands.

Dividend

An Interim Dividend of 12.5% was paid on 07 July 2003. This will be treated as Final.

Future Prospects

Our margins and cash flow should continue to improve, through greater efficiency and continued support from our Dealers and Suppliers. We look forward to future expansion into new lines of business, while consolidating our strengths in our core business.

Thanks

I would like to place on record my thanks to our valued Dealers and Fleet owners, our Suppliers for their excellent support, and to our Bankers, our Partners in Progress, who constantly improve on their complete banking solution. Last, but not least, I would like to thank the members of our Staff for their loyalty, my colleagues the Executive Directors and all Board members, who have given of their time and wisdom to achieve the heights, which we shall continue to ascend.

Joseph A. Aloysius, Chairman
Monday, 7th June, 2004.

Director's Report

The directors present their report and audited financial statements of the Group and Company for the year ended 31 March 2004, set out on pages 8 to 25..

Principal Activities

The principal activities of the Company are as follows:

Import and distribution of:
(a)BRIDGESTONE Tyres from Japan, Indonesia and Thailand
(b)YOKOHAMA Batteries from Malaysia
(c)FUTEK Alloy Wheels from Taiwan
(d)NINGBO KANGTAI Tyre Accessories from China

Providing logistical and marketing services to HINDUSTAN PETROLEUM CORPORATION of India.
The principal activities of the subsidiary are set out in note 12 to the financial statements.

Responsibility of directors for financial statements

The board of directors is responsible for preparing and presenting the financial statements for the period 1 April 2003 to 31 March 2004, set out on pages 8 to 25.

Turnover

The turnover of the Company for the year under review, net of turnover based taxes, was Rs 316,530,799 (2003 - Rs 297,881,010), while the turnover of the Group net of turnover based taxes was Rs 316,543,949 (2003 - Nil).

Property, plant and equipment

The movements in property, plant and equipment during the year are shown in note 10 on page 19 of the financial statements.

Value of properties

The market value of land owned by the Company is included in the financial statements at Rs 104,567,000 based on a valuation made by qualified valuer.

Share capital and reserves

The total reserves as at 31 March 2004 amounted to Rs 117,407,564 (2003 - Rs 106,735,275) comprising capital reserve of Rs 591,846 (2003 - Rs 591,846), revaluation reserve of Rs 97,068,784 (2003 - Rs 97,068,784) and revenue reserve of Rs 19,746,934 (2003 - Rs 9,074,645).

Approved donations

Donations to charitable organisations amounted to Rs 85,000 (2003 - Rs 35,000).

Taxation

It is the policy of the Company to provide for deferred taxation on all known timing differences on the liability method. Corporate tax rate was 32.5%.

Report of the directors continued on page 2

Share information

Information relating to earnings, dividends, net assets, and share trading is given on page 4.

Events occurring after the balance sheet date

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

Going concern

As described in the statement of directors' responsibilities, the directors have adopted the going concern basis in preparing the financial statements.

Directorate

The following directors have been directors of the Company throughout the year under review.

Mr Joseph A Aloysius	Mr M Lakshman Samarasinghe
Mrs Bernadette J Aloysius	Professor John A Aloysius
Mr Jeremy D Aloysius	Mrs Julie A Paul
Mr Sarath C Weerasooria	Dr Dennis J Aloysius
Mr Rajeev A J Aloysius	Eng. David P Dominic

Mr Rajeev A J Aloysius, Dr Dennis J Aloysius and Mr David P Dominic retire in rotation in terms of the Company's Articles of Association. Mr Joseph A Aloysius who is over 70 years of age also retires and a notice of a resolution has been received from a shareholder in terms of Section 181 of the Companies Act No 17 of 1982. Notices of resolutions have also been received from shareholders in terms of Section 181 of the Companies Act No. 17 of 1982 in respect of Dr Dennis J Aloysius, who is over 70 years of age and Mr David P Dominic, who has reached the age of 70 years, that the age limit will not apply to them.

Directors shareholdings

The Directors' shareholdings in the Company were as follows:

	2004		2003	
	No	**Par Value**	**No**	**Par Value**
Mr Joseph A Aloysius	11,192	1,119,200	11,192	1,119,200
Mrs Bernadette J Aloysius	6,693	669,300	6,693	669,300
Mr J A Aloysius and Mrs B J Aloysius	30,000	3,000,000	30,000	3,000,000
Mr Jeremy D Aloysius	6,385	638,500	6,385	638,500
Mr Rajeev A J Aloysius	6,385	638,500	6,385	638,500
Professor John A Aloysius	6,385	638,500	6,385	638,500
Mrs Julie A Paul	6,385	638,500	6,385	638,500
Dr Dennis J Aloysius and Mrs C Aloysius	1,209	120,900	1,209	120,900
Sarath C Weerasooria	136	13,600	136	13,600
Eng. David P Dominic	100	10,000	100	10,000
Mr M Lakshman Samarasinghe	1	100	1	100
Total	**74,871**	**7,487,100**	**74,871**	**7,487100**

Directors' interests in contracts

The directors' interest in contracts and proposed contracts with the Group, both direct and indirect are set out in Note 26 on pages 24 and 25 of the financial statements. The directors have disclosed the nature of their interest in contracts and proposed contracts with the Group, at meetings of the Board, of the Company.

Major shareholdings

Details of the 20 largest shareholdings as at 31 March 2004 are given below:

	No. of shares	%
Joseph Anthony Aloysius & Bernadette Jeyaleela Aloysius	30,000	25.00
Sanjeev Edward Chittampalam Gardiner	11,795	9.83
Joseph Anthony Aloysius	11,192	9.33
Mercury Limited	8,400	7.00
Mrs Bernadette Jeyaleela Aloysius	6,693	5.58
John Arjuna Aloysius	6,385	5.32
Miss Julie Anita Aloysius	6,385	5.32
Jeremy Dilipkumar Aloysius	6,385	5.32
Rajeev Abraham Joseph Aloysius	6,385	5.32
Jennifer Joanne Bernadette Aloysius	6,385	5.32
Galle Face Hotel Company Limited	5,532	4.61
Seventy Limited	4,201	3.50
Cyril Gardiner Limited	1,610	1.34
Dr Dennis Jesuthasan Aloysius and Sybil Christobel Rita Aloysius	1,209	1.01
Shabir Abbas Gulamhussein	847	0.71
Mrs Mangalam St. George	638	0.53
Dr Rohan Aloysius	597	0.50
Gardiners Limited	545	0.45
Anthonypilli Saverimuttu	497	0.41
Estate of the late James A C R Peiris	490	0.41
	116,171	**96.81**

Public Holding

The percentage of shares held by the public as at 31 March 2004 was 21.87% (2003 - 21.42%).

Dividend

An interim dividend of 12.5%, amounting to Rs 1,500,000 was paid on 7 July 2003, for the year ended 31 March 2004 from retained profits as at 31 March 2003.

Statutory payments

The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the employees and the Government have been made up to date.

Annual General Meeting

The Annual General Meeting of the Company will be held at the Registered Office Autodrome Building, 304 Union Place, Colombo 2, on 7 July 2004. The notice of the AGM will be found on page 2.

Auditors

Messrs PricewaterhouseCoopers have expressed their willingness to accept re-appointment as Auditors. A resolution to re-appoint them will be proposed at the Annual General Meeting.

Disclosure as per CSE Rule No 3.3

	2004 Rs. cts	2003 Rs. cts
Market price per share as at 31 March	**400.00**	250.00
Highest / lowest share price this year	**400.00/325.00**	250.00/250.00
Earnings per share	**101.42**	54.38
Dividend per share	**12.50**	12.50
Net asset value per share	**1,078.40**	989.46

BY ORDER OF THE BOARD
Accounting Systems Secretarial Services Limited.

SECRETARIES

Colombo 07th June 2004.

Statement of Directors' Responsibilities

The responsibilities of the Directors in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in their report appearing on page 6.

The Companies Act No. 17 of 1982 requires the Directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company as at end of the financial year. In preparing the financial statements appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and all applicable accounting standards have been followed.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No. 17 of 1982. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors continue to adopt the going concern basis in preparing Accounts. The Directors, after making enquiries and following a review of the Company's cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

The Directors are confident that they have discharged their responsibilities as set out in this statement. The Directors also confirm that to the best of their knowledge, all statutory payments payable by the Group as at the balance sheet date have been paid or where relevant, provided for.

BY ORDER OF THE BOARD

ACCOUNTING SYSTEMS AND
SECRETARIAL SERVICES LIMITED
SECRETARIES

To the members of The Autodrome Limited

1. We have audited the balance sheet of The Autodrome Limited (the Company) and its subsidiary (the Group) as at 31 March 2004, the consolidated balance sheet of the Group as at that date, and the related income, changes in equity and cash flow statements for the year then ended, together with the accounting policies and notes thereto appearing on pages 8 to 25.

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 2004, and to the best of our information and according to the explanations given to us, the said balance sheet and related statements of income, changes in equity and cash flow 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 of 1982 and give a true and fair view of the Company's state of affairs as at 31 March 2004 and of the results of its operations and its changes in equity and cash flows for the year then ended.

Report of the auditors continued on page 7

5. In our opinion, the consolidated balance sheet and related income, changes in equity and cash flow statements and the accounting polices and notes thereto have been properly prepared and presented in accordance with the Sri Lanka Accounting Standards and the Companies Act No. 17 of 1982 and give a true and fair view of the state of affairs as at 31 March 2004 and of the results of the operations and cash flows and changes in equity for the year than ended of the Company and its subsidiary dealt with thereby, so far as concerns the members of the Company.

Directors' interests in contracts with the Company

6. According to the information made available to us, the Directors of the Company were not directly or indirectly interested in contracts with the Group during the year ended 31 March 2004, except as stated in Note 26 to these financial statements.

Signed
PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
08th June 2004
Colombo

Income Statement

(all amounts in Sri Lanka Rupees)

	Notes	Group		Company	
		2004	**2003**	**2004**	**2003**
Sales	1	**316,543,999**	-	**316,530,799**	297,881,010
Cost of sales		**(260,690,289)**	-	**(260,690,289)**	(258,531,513)
Gross profit		**55,853,710**	-	**55,840,510**	39,349,497
Other operating income	2	**692,325**	-	**689,775**	282,014
Distribution costs		**(4,669,417)**	-	**(4,669,417)**	(3,884,637)
Administrative expenses		**(29,870,999)**	-	**(29,855,291)**	(22,175,461)
Operating profit	3	**22,005,619**	-	**22,005,577**	13,571,413
Non operating income	5	**1,314,682**	-	**1,314,682**	180,599
Finance costs	6	**(5,306,573)**	-	**(5,306,573)**	(2,942,910)
Profit before tax		**18,013,728**	-	**18,013,686**	10,809,102
Tax	7	**(5,843,439)**	-	**(5,843,439)**	(4,282,721)
Net profit		**12,170,289**	**-**	**12,170,247**	**6,526,381**
Earnings per share basic	8	**101.42**	**-**	**101.42**	54.38

The accounting policies on pages 12 to 15 and notes on pages 16 to 25 form an integral part of these financial statements

Report of the auditors - pages 6 and 7

Balance Sheet

(all amounts in Sri Lanka Rupees)	Notes	Group		Company	
		2004	2003	2004	2003
ASSETS					
Non-current assets					
Property, plant and equipment	10	**168,386,556**	-	**168,386,556**	150,300,984
Capital work in progress	11	**65,806**	-	**65,806**	Nil
Investments	12	**10,162**	-	**260,112**	10,162
		168,462,524	-	**168,712,474**	150,311,146
Current assets					
Inventories	13	**44,308,924**	-	**44,308,924**	35,279,685
Receivables and prepayments	14	**21,189,248**	-	**21,189,248**	20,867,535
Cash and cash equivalents	15	**676,225**	-	**592,583**	622,752
		66,174,397	-	**66,090,755**	56,769,972
Total assets		**234,636,921**	-	**234,803,229**	**207,081,118**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	**12,000,000**	-	**12,000,000**	12,000,000
Capital reserves	22	**591,846**	-	**591,846**	591,846
Revaluation reserve	23	**97,068,784**	-	**97,068,784**	97,068,784
Retained profit		**19,746,934**	-	**19,744,892**	9,074,645
		129,407,564	-	**129,405,522**	118,735,275
Minority interest		**50**	-	**Nil**	Nil
Non-current liabilities					
Deferred tax liabilities	18	**3,057,186**	-	**3,057,186**	1,914,687
Defined benefit obligations	19	**1,772,351**	-	**1,772,351**	1,683,626
		4,829,537	-	**4,829,537**	3,598,313
Current liabilities					
Trade and other payables	16	**5,610,090**	-	**5,778,490**	13,562,636
Current tax liabilities		**2,286,151**	-	**2,286,151**	635,240
Borrowings	17	**92,503,529**	-	**92,503,529**	70,549,654
		100,399,770	-	**100,568,170**	84,747,530
Total liabilities		**105,229,307**	-	**105,397,707**	**88,345,843**
Total equity and liabilities		**234,636,921**	-	**234,803,229**	**207,081,118**

These financial statements were approved by the Board on 03rd June 2004.

1. Joseph A. Aloysius
Chairman & Managing Director

2. Jeremy D. Aloysius
Deputy Managing Director

The accounting policies on pages 12 to 15 and notes on pages 16 to 25 form an integral part of these financial statements

Report of the auditors - pages 6 and 7

(all amounts in Sri Lanka Rupees)

Company	Notes	Capital reserves					
		Share capital	Share premium	Other capital reserves	Revaluation reserve	Retained profit	Total
Balance at 1 April 2002		12,000,000	440,000	151,846	85,968,258	4,048,264	102,608,368
Revaluation surplus	23	-	-	-	11,100,526	-	11,100,526
Net profit		-	-	-	-	6,526,381	6,526,381
Dividends	9	-	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 March 2003		**12,000,000**	**440,000**	**151,846**	**97,068,784**	**9,074,645**	**118,735,275**
Balance at 1 April 2003		12,000,000	440,000	151,846	97,068,784	9,074,645	118,735,275
Net profit		-	-	-	-	12,170,247	12,170,247
Dividends	9	-	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 March 2004		**12,000,000**	**440,000**	**151,846**	**97,068,784**	**19,744,892**	**129,405,522**
Group							
Balance at 1 April 2003		12,000,000	440,000	151,846	97,068,784	9,074,645	118,735,275
Net profit		-	-	-	-	12,170,289	12,170,289
Dividends		-	-	-	-	(1,500,000)	(1,500,000)
Balance at 31 March 2004		**12,000,000**	**440,000**	**151,846**	**97,068,784**	**19,744,934**	**129,405,564**

Report of the auditors - pages 6 and 7

Cash Flow Statement

(all amounts in Sri Lanka Rupees)

	Notes	Group		Company	
		2004	**2003**	**2004**	**2003**
Operating activities					
Cash generated from operations	24	**30,808,307**	-	**30,979,616**	35,372,270
Interest expense	6	**(3,459,655)**	-	**(3,459,655)**	(1,939,437)
Interest received		**11,710**	-	**11,710**	14,979
Income tax paid		**(3,050,028)**	-	**(3,050,028)**	(3,473,675)
Terminal benefits paid	19	**(310,325)**	-	**(310,325)**	Nil
Net cash from operating activities		**24,000,009**	-	**24,166,318**	**29,974,137**
Investing activities					
Investments in subsidiary company		**Nil**	-	**(249,950)**	Nil
Purchase of property, plant and equipment	12	**(23,596,332)**	-	**(23,596,332)**	(43,148,830)
Capital work in progress	11	**(65,806)**	-	**(65,806)**	6,906,676
Proceeds from disposal of property, plant and equipment		**526,174**	-	**526,174**	180,000
Dividends received	5	**412**	-	**412**	599
Net cash used in investing activities		**(23,135,552)**	-	**(23,385,502)**	**(36,061,555)**
Financing activities					
Finance lease payment		**Nil**	-	**Nil**	(259,238)
Dividend paid		**(1,500,000)**	-	**(1,500,000)**	(1,491,821)
Net cash used in financing activities		**(1,500,000)**	-	**(1,500,000)**	**(1,751,059)**
Decrease in cash and cash equivalents		**(635,542)**	-	**(719,184)**	**(7,838,477)**
Movement in cash and cash equivalents					
At start of year		**(19,444,267)**	-	**(19,444,267)**	(11,605,791)
Decrease		**(635,542)**	-	**(719,184)**	(7,838,477)
At end of year	15	**(20,079,809)**	-	**(20,163,451)**	**(19,444,268)**

The accounting policies on pages 12 to 15 and notes on pages 16 to 25 form an integral part of these financial statements

Report of the auditors - pages 6 and 7

The principal accounting policies adopted in the preparation of the financial statements are set out 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 Consolidation

Subsidiary undertakings, which are those entities in which the Group, directly or indirectly has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations have been consolidated. Consolidated financial statements are prepared from the date on which effective control is transferred to the Group and are no longer consolidated from the date of cessation of such control through disposal or otherwise. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. The accounting policies of the subsidiary are the same as those of the Company. No disclosure of minority interest is made as the subsidiary is wholly owned.

The Group reporting dates are set out in Note 25.

3 Foreign currency translation

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

4 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.

5 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 is stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment 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 income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transferred from revaluation reserve to retained earnings.

5 Property, plant and equipment (Contd)

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amount, 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 comparing proceeds with carrying amount and are included in operating profit. On disposal of revalued assets, the revaluation amounts pertaining to the asset in revaluation reserve are transferred to retained earnings.

6 Accounting for leases - where Company is the lessee

Leases of property, plant and equipment where the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum 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 cost is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

7 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 selling expenses.

8 Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

9 Cash and cash equivalents

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

10 Share capital

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

11 Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred.

12 Deferred income taxes

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, provisions for pensions and other post retirement benefits and tax losses carried forward.

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

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

13 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.

14 Defined contribution plans

All employees of the Company are members of either the Executives' Provident Fund or the Employees' Provident Fund and also of the 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.

15 Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, or on the performance of services. Sales are shown net of sales taxes, rebates and trade discounts.

Other revenues earned by the Company are recognised on the following bases:

Rental income - on an accrual basis.
Interest income - on an accrual basis
Dividend income - when the shareholders right to receive payment is established.

16 Comparatives

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

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

Sales	**Group**		**Company**	
1	**2004**	**2003**	**2004**	**2003**
Gross sale of tyres, tubes and other automotive accessories	**320,366,786**	-	**320,366,786**	301,285,006
Commission from sale of air tickets	**13,200**	-	**-**	-
Less : Direct taxes	**(3,835,987)**	-	**(3,835,987)**	(3,403,996)
	316,543,999	**-**	**316,530,799**	**297,881,010**

Other operating income

2 Other operating income mainly consists of sundry income **Rs 13,629** (2003- Rs 69,108), profit on sale of property, plant and equipment **Rs 576,022** (2003 - Rs 107,974) and tyre fitting centre income **Rs 94,173** (2003 - Rs 104,932).

Operating profit

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

	Group		**Company**	
	2004	**2003**	**2004**	**2003**
Directors' emoluments	**2,475,000**	-	**2,475,000**	2,107,716
Auditors' remuneration				
- Audit fees	**81,000**	-	**79,000**	60,000
- Non audit fees	**15,000**	-	**15,000**	12,100
Depreciation on property, plant and equipment (Note 10)				
- owned assets	**5,560,605**	-	**5,560,605**	4,597,237
- leased assets under finance leases	**-**	-	**-**	301,783
Profit on disposal of property, plant and equipment	**(576,022)**	-	**(576,022)**	(102,999)
Repairs and maintenance expenditure	**1,714,406**	-	**1,714,406**	809,566
Advertising	**2,971,923**	-	**2,971,923**	2,070,190
Staff costs (Note 4)	**8,808,763**	-	**8,808,763**	7,821,515
Provision / (reversal) for slow moving stocks	**310,392**	-	**310,392**	(158,574)

Staff costs

4

	Group		Company	
	2004	**2003**	**2004**	**2003**
Wages and salaries	**7,730,034**	-	**7,730,034**	6,438,417
Defined contribution plan	**679,679**	-	**679,679**	905,385
Defined benefit obligations (Note 19)	**399,050**	-	**399,050**	477,713
	8,808,763	-	**8,808,763**	**7,821,515**
Average monthly number of persons employed by the Group / Company during the year:				
Full time	**50**	-	**50**	45

Non operating income

5 Non operating income wholly consists of rent received **Rs 1,314,270** (2003- Rs 180,000) and dividend received **Rs 412** (2003 - Rs 599).

Finance costs

6

	Group		Company	
	2004	**2003**	**2004**	**2003**
Interest expense				
- bank overdrafts	**3,142,956**	**-**	**3,142,956**	1,762,123
- other borrowings	**316,699**	**-**	**316,699**	177,313
- finance leases	**Nil**	**-**	**Nil**	58,960
Interest income	**(11,710)**	**-** **-**	**(11,710)**	(14,979)
Exchange losses	**1,858,628**	**-**	**1,858,628**	959,493
	5,306,573	**-**	**5,306,573**	**2,942,910**

Tax

7

	Group		Company	
	2004	**2003**	**2004**	**2003**
Current tax	**4,700,940**	-	**4,700,940**	3,229,961
Deferred tax (Note 18)	**1,142,499**	-	**1,142,499**	1,052,760
	5,843,439	-	**5,843,439**	**4,282,721**

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:

	Group		Company	
	2004	**2003**	**2004**	**2003**
Profit before tax	**18,013,728**	-	**18,013,686**	10,809,102
Tax calculated at a tax rate of 32.5%(2003-35%)	**4,967,974**	-	**4,967,974**	3,783,186
Income not subject to tax	**(292,002)**	-	**(292,002)**	(97,143)
Expenses not deductible for tax purposes	**417,776**	-	**417,776**	661,586
Effect of different tax rates	**749,691**	-	**749,691**	(64,908)
Tax charge	**5,843,439**	-	**5,843,439**	**4,282,721**

Further information about deferred tax is presented in Note 18.

Earnings per share

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

	Group		Company	
	2004	**2003**	**2004**	**2003**
Net profit attributable to shareholders	**12,170,289**	-	**12,170,247**	6,526,381
Weighted average number of ordinary shares in issue	**120,000**	-	**120,000**	120,000
Basic earnings per share	**101.42**	-	**101.42**	54.38

Dividend per share

9 An interim dividend of 12.5% amounting to **Rs 1,500,000** (2003 - Rs 1,500,000) was paid on 7 July 2003, for the year ended 31 March 2004 from retained profits as at 31 March 2003.

Property, plant and equipment

10 **Group and Company**

	Freehold land and buildings	Plant and machinery and equipment	Motor vehicles	Furniture and fittings	Computer	Total
Year ended 31 March 2003						
Cost or valuation	142,692,727	11,027,460	5,873,100	3,859,489	2,215,505	165,668,281
Accumulated depreciation	(1,183,591)	(5,905,075)	(4,899,235)	(1,663,117)	(1,716,279)	(15,367,297)
Net book amount	**141,509,136**	**5,122,385**	**973,865**	**2,196,372**	**499,226**	**150,300,984**
Year ended 31 March 2004						
Opening net book amount	141,509,136	5,122,385	973,865	2,196,372	499,226	150,300,984
Revaluation reserve (Note 23)						-
Transferred from capital work in progress	13,031,407	Nil	Nil	Nil	Nil	13,031,407
Additions / transfers	7,279,000	2,058,648	254,139	945,586	240,811	10,778,184
Disposals	Nil	Nil	Nil	(163,414)	Nil	(163,414)
Depreciation charge	(1,008,189)	(2,312,496)	(985,651)	(923,180)	(331,089)	(5,560,605)
Closing net book amount	**160,811,354**	**4,868,537**	**242,353**	**2,055,364**	**408,948**	**168,386,556**
At 31 March 2004						
Cost or valuation	163,003,134	13,086,108	6,160,739	3,705,842	2,456,316	188,412,139
Accumulated depreciation	(2,191,780)	(8,217,571)	(5,918,386)	(1,650,478)	(2,047,368)	(20,025,583)
Net book amount	**160,811,354**	**4,868,537**	**242,353**	**2,055,364**	**408,948**	**168,386,556**

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

(b) 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 was derequisitioned in 2001 and 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.

(c) The land marked Lots 1A, 1B and 1C bearing assessment No. 304, Union Place, Colombo 2 were revalued on 31 March 2003 by an independent valuer.

Property, plant and equipment (Contd)

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

	Group		Company	
	2004	**2003**	**2004**	**2003**
Cost	**3,204,911**	-	**3,204,911**	3,204,911
Accumulated depreciation	**(587,575)**	-	**(587,575)**	(523,477)
Net book amount	**2,617,336**	-	**2,617,336**	**2,681,434**

(d) Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2004 amounted to **Rs 11,613,647** (2003 - Rs 5,879,126).

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

Capital work in progress

11	Group		Company	
	2004	**2003**	**2004**	**2003**
At beginning of year	**Nil**	-	**Nil**	6,906,676
Cost incurred during the year	**13,097,213**	-	**13,097,213**	34,208,579
Transferred to property, plant and equipment	**(13,031,407)**	-	**(13,031,407)**	(41,115,255)
At end of year	**65,806**	-	**65,806**	**Nil**

Investments

12	Group		Company	
	Value		**Value**	
	2004	**2003**	**2004**	**2003**
Listed shares at cost				
Ceylon Hotels Corporation	**3,832**	-	**3,832**	3,832
Unlisted shares at cost				
Gardiners Limited	**1,330**		**1,330**	1,330
Global Films Limited	**5,000**		**5,000**	5,000
Tourama (Private) Limited	**Nil**	-	**249,950**	Nil
	6,330	-	**256,280**	6,330
Aggregate value of listed and unlisted investments	**10,162**	**-**	**260,112**	**10,162**
Market value of the listed shares at 31 March	**24,716**	**-**	**24,716**	**22,650**

Tourama (Private) Limited was incorporated on 21 January 2004 and commenced operations from that date. Its principal activity is to act as ticketing agent for airlines.

Inventories

13	Group		Company	
	2004	**2003**	**2004**	**2003**
Tyres, tubes and batteries	**45,195,059**	-	**45,195,059**	27,083,587
Goods in transit	**Nil**	-	**Nil**	8,771,841
Provision for slow moving stocks	**(886,135)**	-	**(886,135)**	(575,743)
	44,308,924	**-**	**44,308,924**	**35,279,685**

Receivables and prepayments	**Group**		**Company**	
14	**2004**	**2003**	**2004**	**2003**
Trade receivables	**20,769,921**	-	**20,769,921**	20,123,035
Prepayments	**Nil**	-	**Nil**	413,545
Other receivables	**419,327**	-	**419,327**	330,955
	21,189,248	-	**21,189,248**	**20,867,535**

Cash and cash equivalents	**Group**		**Company**	
15	**2004**	**2003**	**2004**	**2003**
Cash at bank and in hand	**676,225**	**-**	**592,583**	**622,752**

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

	Group		**Company**	
	2004	**2003**	**2004**	**2003**
Cash and bank balances	**676,225**	-	**592,583**	622,752
Bank overdrafts (Note 17)	**(20,756,035)**	-	**(20,756,035)**	-20,067,019
	(20,079,810)	-	**(20,163,452)**	**-19,444,267**

Trade and other payables	**Group**		**Company**	
16	**2004**	**2003**	**2004**	**2003**
Accrued expenses	**435,133**	-	**435,133**	1,578,067
Social security and other taxes	**1,764,948**	-	**1,764,948**	3,140,867
Other payables	**3,368,473**	-	**3,536,873**	8,814,766
Dividend payable	**41,536**	-	**41,536**	28,936
	5,610,090	-	**5,778,490**	**13,562,636**

Other payables includes rent advance **Rs 1,433,600** (2003 - Nil) and rent deposit Rs 1,075,968 (2003 - Nil)

Borrowings

17	**Group**		**Company**	
	2004	**2003**	**2004**	**2003**
Current				
Bank overdrafts (Note 15)	**20,756,035**	-	**20,756,035**	20,067,019
Bank borrowings	**68,412,494**	-	**68,412,494**	48,987,635
Loans from directors and their families (Note 26)	**3,085,000**	-	**3,085,000**	1,245,000
Loan from related company (Note 26)	**250,000**	-	**250,000**	250,000
	92,503,529	-	**92,503,529**	**70,549,654**

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

	Group		**Company**	
	2004	**2003**	**2004**	**2003**
Total borrowings:				
- at fixed rates	**92,253,529**	-	**92,253,529**	70,549,654

Borrowings (contd)

17 Weighted average effective interest rates:

	Group		Company	
	2004	**2003**	**2004**	**2003**
- bank overdrafts	**11.69%**	-	**11.69%**	16.37%
- loans from directors, their families and related Companies	**12.00%**	-	**12.00%**	14.4%

(a) Bank overdrafts are secured :

- o on mortgage over property bearing Assessment No. 304, Union Place, Colombo 2 - Rs 36,000,000.

(b) Bank borrowings which wholly consist of bank facilities are secured as follows:

- o bills acceptances are secured on mortgage over property bearing Assessment No. 304/1, Union Place, Colombo 2 - Rs 78,000,000.
- o stock mortgage Rs 22,000,000 .

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

(d) Loan from related companies are unsecured and have no fixed repayment terms.

Deferred income tax

18 Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of **32.5%** (2003 - 35%)

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

	Group		Company	
	2004	**2003**	**2004**	**2003**
At beginning of year	**1,914,687**	-	**1,914,687**	861,927
Income statement charge (Note 7)	**1,142,499**	-	**2,028,975**	1,052,760
At end of year	**3,057,186**	-	**3,943,662**	**1,914,687**

Defined benefit obligations

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

	Group		Company	
	2004	**2003**	**2004**	**2003**
At beginning of year	**1,683,626**	-	**1,683,626**	1,205,913
Charge for the year (Note 4)	**399,050**	-	**399,050**	477,713
Contribution paid	**(310,325)**	-	**(310,325)**	Nil
At end of year	**1,772,351**	-	**1,772,351**	**1,683,626**

Contingent liabilities

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

Commitments

21

Financial commitments

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

Capital commitments

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

Ordinary shares and share premium

22

	Number of shares	Ordinary shares	Share premium	Total
At 1 March 2003	120,000	12,000,000	440,000	12,440,000
At 31 March 2004	**120,000**	**12,000,000**	**440,000**	**12,440,000**

The total authorised number of ordinary shares is **140,000** ordinary shares (2003 - 140,000 ordinary shares) with a par value of **Rs 100** per share (2003 - Rs 100 per share).

All issued shares were fully paid.

Revaluation reserve

23

	Group		Company	
	2004	**2003**	**2004**	**2003**
At beginning of year / period	**97,068,784**	-	**97,068,784**	85,968,258
Additions during the year (Note 10)	**Nil**	-	**Nil**	11,100,526
At end of year	**97,068,784**	**-**	**97,068,784**	**97,068,784**

The revaluation reserve is non distributable.

Cash generated from operations

24 Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2004	**2003**	**2004**	**2003**
Profit before tax	**18,013,728**	-	**18,013,686**	10,809,102
Adjustments for:				
Depreciation (Note 10)	**5,560,605**	-	**5,560,605**	4,899,020
Dividend received (Note 5)	**(412)**	-	**(412)**	(599)
Profit on disposal of property, plant and equipment (Note 3)	**(576,022)**	-	**(576,022)**	(102,998)
Interest income (Note 6)	**(11,710)**	-	**(11,710)**	(14,979)
Interest expense (Note 6)	**3,459,655**	-	**3,459,655**	1,998,396
Provision / (reversal) for slow moving stocks	**310,392**	-	**310,392**	(158,574)
Changes in working capital				
- trade and other receivables	**321,713**	-	**321,713**	3,539,848
- inventories	**(9,029,240)**	-	**(9,029,240)**	(10,671,177)
- payables	**12,360,549**	-	**12,526,900**	24,596,518
Defined benefit obligation (Note 19)	**399,050**	-	**399,050**	477,713
Cash generated from operations	**30,808,307**	-	**30,979,616**	**35,372,270**

Group reporting dates

25 The financial statements of Tourama (Private) Limited, a wholly owned subsidiary is prepared to 31 March each year.

Directors' interests in contracts with the Company

26 (a) The following directors of the Company are also directors of the Companies mentioned below with which the Company has transactions:

Name of director	**Name of Company**	**Nature of transactions**
Joseph A Aloysius	Mercury Limited	Agent for Company's Insurance
	Shrimpex Limited	Loan of Rs 200,000 given to the Company @ 12.4% interest p.a.
Mrs Bernadette J Aloysius	Mercury Limited	Agent for Company's Insurance
	Shrimpex Limited	Loan of Rs 200,000 given to the Company @ 12.4% interest p.a.
Sarath C Weerasooria	Finco Limited	Building materials worth of Rs 272,932 have been purchased for construction of building during the year.

(b) All directors of The Autodrome Limited except Dennis J Aloysius, Prof. John A Aloysius, David P Dominic, Lakshman Samarasinghe and Sarath C Weerasooria are also directors of Tourama (Private) Limited from which the Company purchased air tickets worth Rs 424,425.

Directors' interests in contracts with the Company (Contd)

26 (c) The following transactions were carried out with related parties

(I) **Loans from directors**

Loans from directors of the Company (and their families):

	Group		Company	
	2004	**2003**	**2004**	**2003**
At beginning of year	**1,245,000**	-	**1,245,000**	1,155,000
Received during the year	**2,230,000**		**2,230,000**	200,000
Repaid during the year	**(390,000)**	-	**(390,000)**	(110,000)
At end of year (Note 17)	**3,085,000**	-	**3,085,000**	1,245,000

(ii) **Loan from related company**

Loan from Shrimpex Limited:

	Group		Company	
	2004	**2003**	**2004**	**2003**
At beginning of year	**250,000**	-	**250,000**	50,000
Repaid during the year	**Nil**	-	**Nil**	Nil
Received during the year	**Nil**	-	**Nil**	200,000
At end of the year	**250,000**	-	**250,000**	250,000

(iii) **Outstanding balance**

	Group		Company	
	2004	**2003**	**2004**	**2003**
Payable to:				
Tourama (Private) Limited	**Nil**	-	**111,900**	Nil

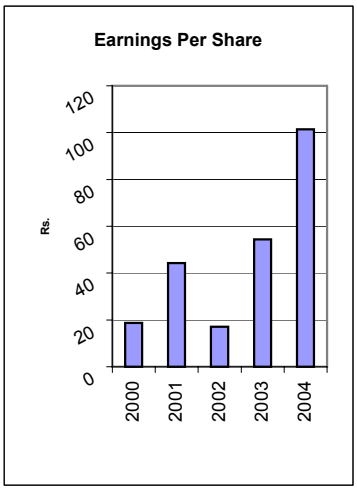
Related party transactions

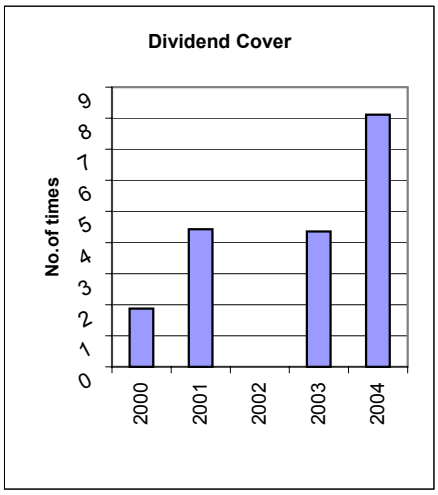
27 There were no related parties or related party transactions other than those disclosed in Note 26 to these financial statements.

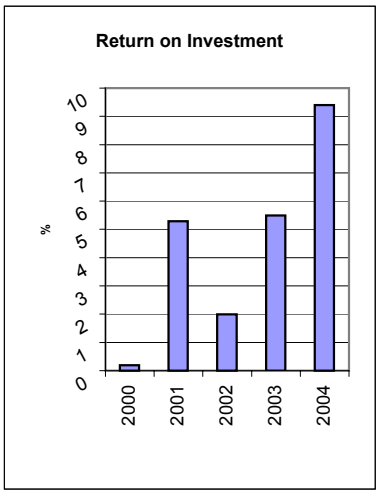
Post balance sheet events

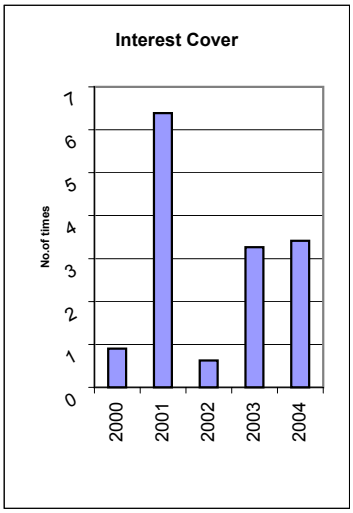
28 No events have occurred since the balance sheet date which would require adjustments to, or disclosure in, these financial statements.

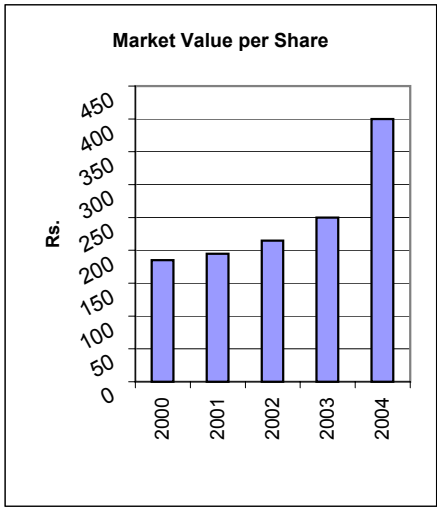
ACCRUAL RATIOS	2004	2003	2002	2001	2000
Liquidity					
Current Ratio	0.66	0.67	0.94	0.99	0.98
Quick Ratio	0.22	0.25	0.47	0.39	0.47
Defensive Interval Measure (%) (current assets less inventories / daily expenditures to operations)	100.23	92.99	99.82	123.53	141.67
Net Working Capital to Total Asset	-0.15	-0.14	-0.02	0.00	-0.01
Capital Adequacy					
Total Liabilities / Sales (%)	33.24	29.66	20.05	26.88	27.93
Interest Cover (No.of times Interest)	8.33	9.35	4.75	30.16	3.67
Profitability					
Return on Equity	9.40	5.50	1.99	5.28	0.19
Return on Total Assets (%)	5.05	3.15	1.30	3.09	1.68
Operating Margin / Sales (%)	17.64	13.21	13.36	15.17	11.50
Earning Per Share (Rs.)	101.42	54.39	17.02	44.29	18.76
Efficiency (turnover ratios)					
Inventory Turnover Period(times)	6.55	8.66	7.11	6.29	5.72
Average Collection Period (days)	24.25	27.74	34.48	37.07	46.65
MARKET-BASED RATIOS					
Firm Ratios					
Dividend Payout Ratio	0.127	0.230		0.226	0.533
Dividend Cover (No. of Times)	8.113	4.351		4.429	1.876
Interest Cover (No. of Times)	3.417	3.266	0.624	6.390	0.904
Net Assets Per Share	1,078.40	989.461	855.07	838.048	616.259
Combined Ratios					
Dividend Yield	3.125	5		5.13	5.41
Price Earning Ratio (Times)	3.94	4.60	12.63	4.40	9.86
Market to Book Ratio (%) (stock price per share / book value per share)	37.18	25.27	25.14	23.27	30.02

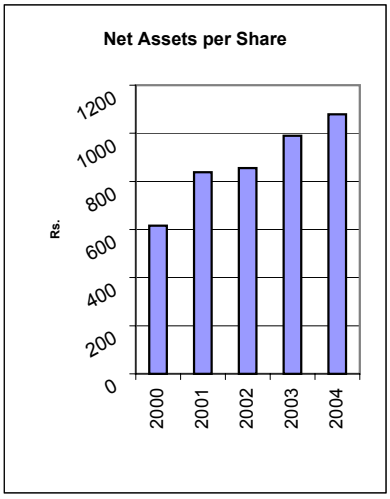

Earnings Per Share
Rs.
0
20
40
60
80
100
120
2000
2001
2002
2003
2004

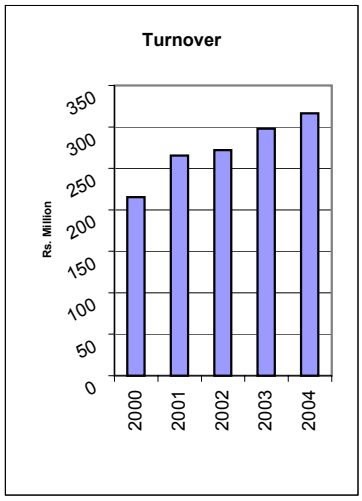

Dividend Cover
No.of times
0
1
2
3
4
5
6
7
8
9
2000
2001
2002
2003
2004

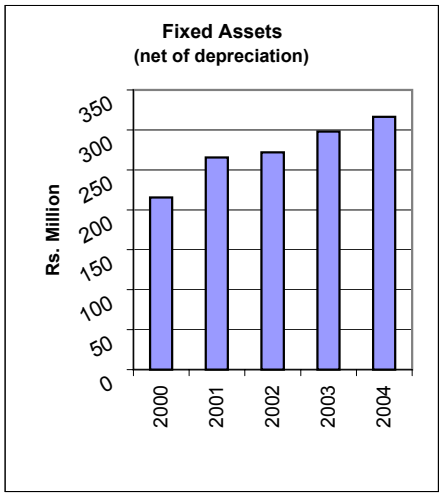

Return on Investment
%
0
1
2
3
4
5
6
7
8
9
10
2000
2001
2002
2003
2004

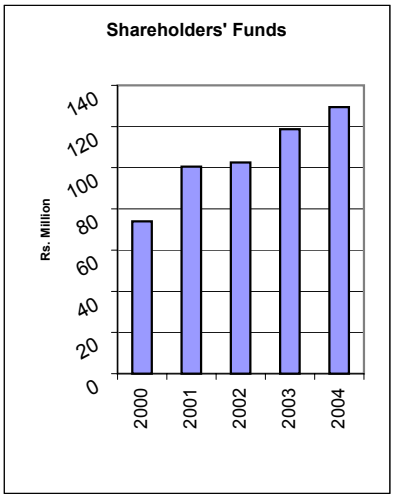

Interest Cover
No.of times
0
1
2
3
4
5
6
7
2000
2001
2002
2003
2004


Market Value per Share
Rs.
0
50
100
150
200
250
300
350
400
450
2000
2001
2002
2003
2004


Net Assets per Share
Rs.
0
200
400
600
800
1000
1200
2000
2001
2002
2003
2004

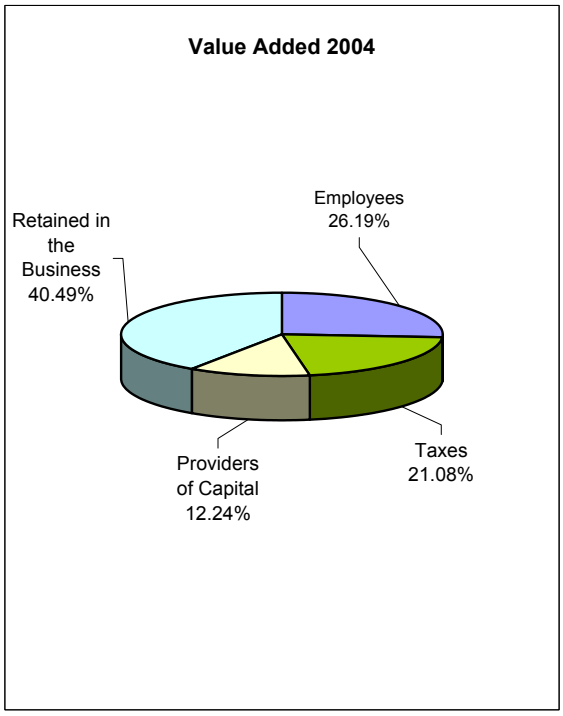

Turnover
Rs. Million
0
50
100
150
200
250
300
350
2000
2001
2002
2003
2004

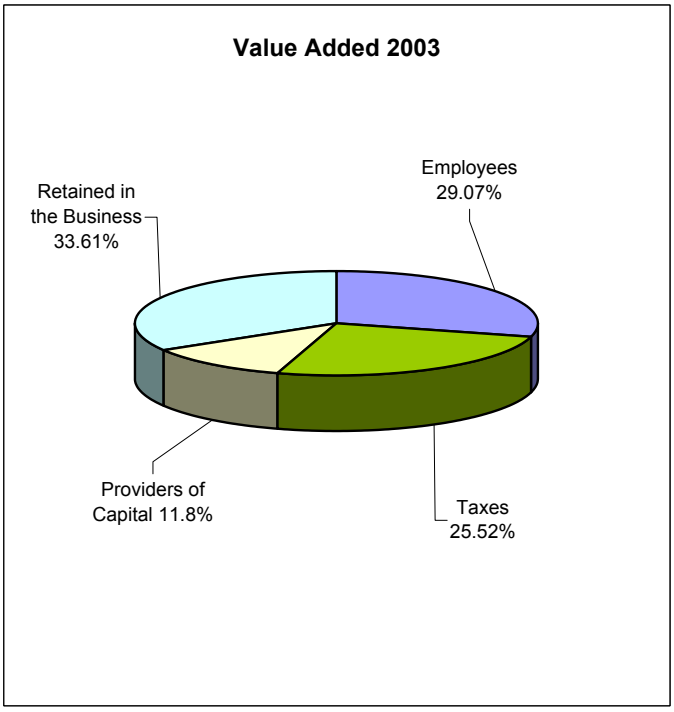

Fixed Assets
(net of depreciation)
Rs. Million
0
50
100
150
200
250
300
350
2000
2001
2002
2003
2004


Shareholders' Funds
Rs. Million
0
20
40
60
80
100
120
140
2000
2001
2002
2003
2004

Statement of Value Added

	2003/2004		2002/2003	
CREATION OF VALUE ADDED				
Gross Sales	320,366,786		302,186,723	
Other Income	2,016,167		462,613	
	322,382,953		302,649,336	
Less: Cost of Materials & Services Purchased from External sources	281,878,373		273,119,244	
Total Value Added	**40,504,580**		**29,530,091**	
DISTRIBUTED AS FOLLOWS				
		%		%
To Employees as Remuneration	10,606,747	26.19	8,585,598	29.07
To Government as Taxes	8,536,927	21.08	7,535,674	25.52
To providers of Capital as				
Dividend	1,500,000	3.70	1,500,000	5.08
Interest	3,459,655	8.54	1,983,418	6.72
Retained in the business as				
Depreciation	5,560,605		4,899,020	
Retained Profit	10,840,646		5,026,381	
	16,401,251	40.49	9,925,401	33.61
Distribution of Value Added	**40,504,580**	100	**29,530,091**	100





1. GENERAL

Authorised Share Capital	Rs. 14,000,000
Class of Shares	120,000 Ordinary Shares of Rs.100/- each
Issued Capital	Rs. 12,000,000
Voting rights	One vote per ordinary share

2. STOCK EXCHANGE LISTING

The issued Ordinary Shares of The Autodrome Ltd. are listed under "Motors" on the Colombo Stock Exchange

3. DISTRIBUTION OF SHAREHOLDINGS

The Shares of The Autodrome Ltd. were held as follows :

Size of shareholdings	31st March 2004				31st March 2003			
	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
1 - 1000	57	80.28	7,443	6.20	59	80.82	7,543	6.29
1001 - 5000	3	4.23	7,020	5.85	3	4.11	6,920	6.80
5001 - 10000	8	11.27	52,550	43.79	8	10.96	52,550	43.79
10001 - 50000	3	4.23	52,987	44.16	3	4.11	52,987	44.16
50001 and over	-	-	-	-	-	-	-	-
	71	100.00	120,000	100.00	73	100	120,000	100.00

4. ANALYSIS OF SHAREHOLDERS

	31st March 2004				31st March 2003			
	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
Institutions	7	9.59	20,514	17.10	7	9.59	20,414	17.01
Individuals	64	87.67	99,486	82.91	66	90.41	99,586	82.99
Total	71	97.26	120,000	100.00	73	100.00	120,000	100.00
Non Residents	7	9.59	13,261	11.05	7	9.59	13,261	11.05
Residents	64	87.67	106,739	88.95	66	90.41	106,739	88.95
Total	71	97.26	120,000	100.00	73	100.00	120,000	100.00

5. SHARE VALUATION

Market Value	as at 31st March 2004	Rs. 400	as at 31st March 2003	Rs. 250
Highest	Yr.2003/2004	Rs. 400	Yr.2002/2003	Rs. 250
Lowest	Yr.2003/2004	Rs. 325	Yr.2002/2003	Rs. 250
Earning Per Share		Rs. 101.42		Rs. 54.38
Dividend per share		Rs. 12.50		Rs. 12.50
Net asset value per share		Rs. 1,078.40		Rs. 989.46