CONTENTS

Corporate Information	1
Notice of annual General Meeting	2
Chairman's Statement	3
Corporate Governance	4
Directors' Report	5 – 8
Statement of Directors' Responsibilities	9
Auditors' Report	10
Income Statement	11
Balance Sheet	12
Cash Flow	13
Statement of Changes in Equity	14
Accounting Policies	15 - 18
Notes to the Financial Statements	19 – 29
Ten Year Summary	30 – 31
Graphical Review	32
Statement of Value Added	33
Share Information	34
Form of Proxy	35

CORPORATE INFORMATION

Name of the Company	The Autodrome Limited
Legal Form	A Limited Liability Company Incorporated in Ceylon on 23.07.1953 Original Reg.No.PvS.1307. Converted into a Public Company in 1957
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** B.Sc. *Chairman* **Mrs. Bernadette J.Aloysius** B.A. *Dep. Chairperson & Marketing Director* **Jeremy D. Aloysius** MBA (USA) *Joint Managing Director* **Rajeev A.J. Aloysius** FCMA, FSCMA, MBA *Joint Managing Director* **Mrs. Julie A. Paul** BA (USA) *Executive Director* **Dr. Dennis J. Aloysius** MBBS, FCGP **Prof. John A. Aloysius** B.Sc, PhD (USA) *Alternate:* **Ms. Joanne Aloysius** B.Sc. (London) **David P. Dominic** BSc (Eng), C.Eng, MIMechE & MIMarE (UK) **M. Lakshman Samarasinghe** **Sarath C. Weerasooria** FCA
Company Secretaries	Accounting Systems Secretarial Services Ltd.
Registered Office	304, Union Place, Colombo 2
Lawyers	M/s. D.L. & F. de Saram
Auditors	M/s. 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* **S. Enaksha S.M. Fernando** *General Manager* **Mrs. Freeda Perera** *Sales Consultant* **W. Nirosh Fernando** *Manager, Technical Service & Admin.* **M. Shanmugapragash** *Manager, Tyre Service Centre* **W.W. Kumudu P. Fernando** *Stores Manager* **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 OF ANNUAL GENERAL MEETING

THE AUTODROME LTD
Reg. No. PvS.1307.PbS

NOTICE IS HEREBY GIVEN that the Fifty-Third 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 **Tuesday, August 4, 2005** at 3.00 p.m. and the business to be brought before the meeting will be:

AGENDA

Ordinary Business

1. To receive and consider the Report of the Directors and the Statement of Accounts for the year ended March 31, 2005 with the Report of the Auditors thereon.
2. To resolve that the Interim Dividend of 15% paid on June 3, 2004 be deemed to be the Final Dividend for the Year Ended March 31, 2005.
3. To re- elect as a Director Prof. John A. Aloysius, who retires by rotation.
4. To re-relect as a Director Mrs. Julie A. Paul, who retires by rotation.
5. To re-elect as a Director Mr. M. Lakshman Samarasinghe , who retires by rotation.
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.

Special Business

Amendment to the Articles of Association
To consider and if thought fit to pass the following special resolution

"Resolved by way of a Special Resolution that the Articles of Association of the Company be amended by the addition of the following Clause as 22B to the Article 4A of the Articles of Association.

> **22B "Notwithstanding any provision in these Articles suggesting the contrary, shares quoted on the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such quoted Shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements."**

By Order of the Board

Accounting Systems Secretarial Services Ltd.
Secretaries

Colombo, July 7, 2005

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.

CHAIRMAN'S STATEMENT

It gives me great pleasure to present the Audited Accounts, Financial and General Review of our business for the Year ended March 31, 2005. It is with pride that I state that this year, we were once again among the first companies on the Colombo Stock Exchange to submit its quarterly accounts. For this we are especially indebted to our Joint Managing Director Mr. Rajeev Aloysius and his team for having the monthly accounts ready within a few days of each month-end. Our Company's progress can continue to be monitored on our special purpose website http://financial.autodrome.lk.

We have seen a marginal growth in Sales Turnover of 1.58% during the year under review, but our gross profit declined by 4.58%. Our Net Profit before Tax however, increased from Rs.18,013,686 to Rs.18,334,674, due to new and improved sources of revenue, from Rs.1,314,682 to Rs.3,967,652. Cash flow remained healthy, thanks to very efficient financial control and marketing, resulting in lower finance costs.

Autodrome Building

Our new headquarters building's rentable space was fully occupied by the J-Power Project, by Vidullanka Ltd and by our subsidiary Tourama (Pvt) Ltd. Our investment in the building was completed without any special purpose loan from Banks. We have also completed the building of our Warehouse Complex at Ekala, without obtaining a loan. Net Assets Per Share grew from Rs.1,078.40 to Rs.1,166.90.

Business Environment

The Country faced instability in government policy, but Exchange rates and Bank interest rates declined enabling us to weather the turbulence. We 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.400 on 31.03.2004 to Rs.1,100 on 31.03.2005.

Expansion

The Building we constructed on 88.4 perches at Ekala, Ja-Ela, is being used for warehousing and for improvement of our delivery service and sales channel infrastructure. The improvements to the rooftop of our headquarters building have been completed. We now propose to develop the land at the rear of our premises at 304/1, Union Place, where our present tyre Store stands.

Dividend

An Interim Dividend of 15% was paid on 03 June 2004. This will be treated as Final.

Future Prospects

Our margins and cash flow should continue to improve, through efficiency and continued support from our stakeholders. We anticipate 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 Fleetowners, to our Suppliers for their excellent support and to both our Bankers. 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 enable us to reach the heights, which we shall continue to ascend.

Joseph A. Aloysius,
Chairman
Thursday, July 7, 2005.

CORPORATE GOVERNANCE

A brief overview of some of the guiding principles formulated by the Institute of Chartered Accountants of Sri Lanka, is given below:

Board of Directors

The Board consists of five Executive and five Non-Executive Directors. The Joint Managing Directors function as joint Chief Executive Officers of the Company. The Non-Executive Directors are not involved in the day to day running of the company, but participate in the review and monitoring of operations, while also participating in the Audit Committee (see below).

Audit Committee

The audit committee is headed by the Chairman of the company, and other members include one of the Joint Managing Directors and two non-Executive directors of the Company, and meets to discuss Internal Audit reports, the annual Management Letter of the Auditors and the quarterly accounts of the company.

Compensation Committee

The Compensation committee consists of 4 Executive Directors of the company, and meets to discuss increments and promotions prior to the Annual Performance Review in September each year. Input is obtained from all staff regarding the performance of their colleagues, in as objective a basis as possible.

Code of Ethics and Best Practices

A formal Code of Ethics and Best Practices has not been adopted at the given time. The principles underlying such a code have been practiced during the past few years, resulting in the performance shown in the 10 Year summary in this Annual Report.

Shareholder Relations

The company assigns a high priority for the communication of results and prospects for the future to its shareholders, as a responsible member of the Colombo Stock Exchange. Each quarter, Autodrome's accounts have consistently set the benchmark being the first to be released on the CSE, also being simultaneously updated on the company's website at financial.autodrome.lk. The policy of maximum disclosure is followed insofar as such information would not be detrimental to company interests vis-à-vis its competitors. Since the business is highly competitive, segmental information is not published.

THE AUTODROME LIMITED AND ITS SUBSIDIARY

The Directors present their Report and audited financial statements of the Group and Company for the year ended 31st March 2005, set out on pages 11 to 29.

Principal activities

1. The principal activities of the Company are as follows:

   Import & Distribution of:
   a) BRIDGESTONE Tyres from Japan, Indonesia & 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 of the financial statements.

Responsibility of Directors for financial statements

2. The Board of Directors is responsible for preparing and presenting the financial statements for the period 1 April 2004 to 31 March 2005, set out on pages 11 to 29.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs.321,528,857 (2004 – Rs.316,530,799), while the turnover of the Group net of turnover based taxes was Rs.324,453,333 (2004- Rs.316,543,999)

Property, plant & equipment

4. The movement of Property, Plant and Equipment for the year are shown in note 10 on page 22 of the financial statements.

Value of properties

5. 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

6. The total Reserves as at 31st March 2005 amounted to Rs.128,027,880 (2004-Rs.117,405,552) comprising Capital Reserve of Rs.591,846 (2004-Rs.591,846), Revaluation Reserve of Rs.97,033,826 (2004-Rs.97,068,784) and Revenue Reserve of Rs.30,402,208 (2004-Rs.19,744,892)

Approved Donations

7. Donations to charitable organisations amounted to Rs.82,500 (2004-Rs.85,000)

Taxation

8. 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%.

DIRECTORS' REPORT *contd.*

Share Information

9. Information relating to earnings, dividends, net assets, and share trading is given on page 8.

Events occurring after the balance sheet date

10. No circumstances have arisen since the Balance Sheet date which would require adjustment or disclosures in the financial statements.

Going Concern

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

Directorate

12. The following Directors have been Directors of the Company throughout the year under review:

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

Miss Joanne J. B. Aloysius was nominated as his Alternate Director by Prof. John A. Aloysius and her appointment was approved by the Board on 7th July, 2004.

Prof. John A. Aloysius, Mrs. Julie A. Paul, and Mr. M. Lakshman Samarasinghe retire in rotation in terms of the Company's Articles of Association and offer themselves for re-election with the unanimous support of the continuing Directors.

Directors' Shareholdings

13. Directors' shareholdings in the company were as follows:

	No	Per Value	No	Per 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 & 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
Mrs. Julie A. Paul	**6,385**	**638,500**	6,385	638,500
Professor John A. Aloysius	**6,385**	**638,500**	6,385	638,500
Dr. Dennis J. Aloysius & Mrs.S.R.C. Aloysius	**1,209**	**120,900**	1,209	120,900
Mr. 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
	74,871	**7,487,100**	74,871	7,487,100

Directors' Interests in Contracts

14. The Directors' interest in contracts and proposed contracts with the Company, both direct and indirect are set out in Note 26 on pages 28 and 29 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

15. Details of major shareholdings as at 31 March 2005 are given below:

	No. of Shares	%
Joseph Anthony Aloysius & Mrs. 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
Prof. John Arjuna Aloysius	6,385	5.32
Mrs. Julie Anita Paul	6,385	5.32
Jeremy Dilipkumar Aloysius	6,385	5.32
Rajeev Abraham Joseph Aloysius	6,385	5.32
Miss 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 & Mrs. Sybil Christobel Rita Aloysius	1,209	1.01
Mrs. Mangalam St. George	638	0.53
Dr. Rohan Aloysius	597	0.50
Anthonypillai Saverimuttu	560	0.47
Gardiners Limited	545	0.45
Shabbir Abbas Gulamhussein	483	0.40
Hiranjan Cyril William Aloysius	462	0.39
	115,842	**96.54**

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2005 was 21.79% (2004 – 21.87%)

Dividend

17. An Interim Dividend of 15% amounting to Rs.1,800,000 for the Year ended 31 March 2005 was paid on 03 June 2004, from retained Profits as at 31 March 2004.

DIRECTORS' REPORT *contd.*

Statutory payments

18. 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

19. The Annual General Meeting of the Company will be held at the Registered Office, Autodrome Building, 304, Union Place, Colombo 2 on August 4, 2005. The notice of the AGM will be found on page 2.

Auditors

20. 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

21.

	2005	2004
	Rs. Cts	Rs. Cts
Market Price per Share as at 31 March	1,100.00	400
Highest/Lowest Share Price this Year	1,200.00/1,000.00	400.00/325.00
Earnings per Share	103.51	101.42
Dividend per Share	15	12.5
Net Asset Value per Share	**1,166.90**	**1,078.40**

BY ORDER OF THE BOARD

ACCOUNTING SYSTEMS SECRETARIAL SERVICES LTD.
Secretaries
Colombo,
July 8, 2005

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

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 10.

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 and of the profit or loss of the Company for 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 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 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 stationary payments payable by the Group as at the balance sheet data paid or where relevant, provided for.

By Order of the Board
ACCOUNTING SYSTEMS SECRETARIAL SERVICES LTD.
Secretaries

AUDITORS' REPORT

To the members of The Autodrome Limited

1. We have audited the balance sheet of The Autodrome Limited (the Company) as at 31 March 2005, the consolidated balance sheet of the Company and its subsidiary (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 11 to 29.

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 2005, 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 2005 and of the results of its operations and its changes in equity and cash flows for the year then ended.

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 2005 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 2005, except as stated in Note 26 to these financial statements.

(Signed)
PRICEWATERHOUSE COOPERS
CHARTERED ACCOUNTANTS
COLOMBO
8 July 2005

INCOME STATEMENT

for the year ended 31 March 2005	Notes	Group		Company	
		2005	2004	2005	2004
Sales	1	324,453,333	316,543,999	321,528,857	316,530,799
Cost of sales		(272,891,381)	(260,690,289)	(268,245,237)	(260,690,289)
Gross profit		51,561,952	55,853,710	53,283,620	55,840,510
Other operating income	2	569,560	692,325	569,560	689,775
Distribution costs		(3,744,030)	(4,669,417)	(3,744,030)	(4,669,417)
Administrative expenses		(30,948,372)	(29,870,999)	(32,941,575)	(29,855,291)
Operating profit	3	17,439,110	22,005,619	17,167,575	22,005,577
Non operating income	5	3,967,652	1,314,682	3,967,652	1,314,682
Finance costs	6	(2,813,687)	(5,306,573)	(2,800,553)	(5,306,573)
Profit before tax		18,593,075	18,013,728	18,334,674	18,013,686
Tax	7	(5,912,316)	(5,843,439)	(5,912,316)	(5,843,439)
Net profit		**12,680,759**	**12,170,289**	**12,422,358**	**12,170,247**
Earnings per share basic	8	105.67	101.42	103.51	101.42

The accounting policies on pages 15 to 18 and notes on pages 19 to 29 form an integral part of these financial statements

BALANCE SHEET

As at 31st March	Notes	Group 2005	Group 2004	Company 2005	Company 2004
ASSETS					
Non-current assets					
Property, plant and equipment	10	183,106,327	168,386,556	183,106,327	168,386,556
Capital work in progress	11	Nil	65,806	Nil	65,806
Investments	12	21,037	10,162	270,987	260,112
		183,127,364	168,462,524	183,377,314	168,712,474
Current assets					
Inventories	13	64,772,471	44,308,924	64,772,471	44,308,924
Receivables and prepayments	14	26,943,986	21,189,248	26,797,434	21,189,248
Cash and cash equivalents	15	624,575	676,225	302,348	592,583
		92,341,032	66,174,397	91,872,253	66,090,755
Total assets		**275,468,396**	234,636,921	**275,249,567**	**234,803,229**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	22	12,000,000	12,000,000	12,000,000	12,000,000
Capital reserves	22	591,846	591,846	591,846	591,846
Revaluation reserve	23	97,033,826	97,068,784	97,033,826	97,068,784
Retained profit		30,660,651	19,746,934	30,402,208	19,744,892
		140,286,323	129,407,564	140,027,880	129,405,522
Minority interest		50	50	Nil	Nil
Non-current liabilities					
Deferred tax liabilities	18	3,640,536	3,057,186	3,640,536	3,057,186
Defined benefit obligations	19	2,147,051	1,772,351	2,147,051	1,772,351
		5,787,587	4,829,537	5,787,587	4,829,537
Current liabilities					
Trade and other payables	16	11,382,219	5,610,090	11,421,883	5,778,490
Current tax liabilities		903,067	2,286,151	903,067	2,286,151
Borrowings	17	117,109,150	92,503,529	117,109,150	92,503,529
		129,394,436	100,399,770	129,434,100	100,568,170
Total liabilities		**135,182,023**	**105,229,307**	**135,221,687**	**105,397,707**
Total equity and liabilities		**275,468,396**	**234,636,921**	**275,249,567**	**234,803,229**

These financial statements were approved by the Board on July 1, 2005
Rajeev Aloysius, Joint Managing Director
Jeremy Aloysius, Joint Managing Director

The accounting policies on pages 15 to 18 and notes on pages 19 to 29 form an integral part of these financial statements

CASH FLOW

for the year ended 31 March 2005	Notes	Group		Company	
		2005	2004	2005	2004
OPERATING ACTIVITIES					
Cash generated from operations	24	25,161,534	30,808,307	24,922,949	30,974,616
Interest expense	6	(2,271,873)	(3,459,655)	(2,271,873)	(3,459,655)
Interest received		1,312	11,710	1,312	11,710
Income tax paid		(6,712,052)	(3,050,028)	(6,712,052)	(3,050,028)
Terminal benefits paid	19	(79,600)	(310,325)	(79,600)	(310,325)
Net cash from operating activities		**16,099,321**	**24,000,009**	**15,860,736**	**24,166,318**
INVESTING ACTIVITIES					
Investments in quoted shares	12	(14,707)	Nil	(14,707)	(249,950)
Purchase of property, plant and equipment		(20,496,227)	(23,596,332)	(20,496,227)	(23,596,332)
Capital work in progress	11	Nil	(65,806)	Nil	(65,806)
Proceeds from disposal of property, plant and equipment		41,522	526,174	41,522	526,173
Disposal of investment		3,832	Nil	3,832	Nil
Dividends received	5	512	412	512	412
Net cash used in investing activities		**(20,465,068)**	**(23,135,552)**	**(20,465,068)**	**(23,385,503)**
FINANCING ACTIVITIES					
Dividend paid		(1,800,000)	(1,500,000)	(1,800,000)	(1,500,000)
Net cash used in financing activities		**(1,800,000)**	**(1,500,000)**	**(1,800,000)**	**(1,500,000)**
Decrease in cash and cash equivalents		**(6,165,747)**	**(635,543)**	**(6,404,332)**	**(719,185)**
Movement in cash and cash equivalents					
At start of year		(20,079,810)	(19,444,267)	(20,163,452)	(19,444,267)
Decrease		(6,165,747)	(635,543)	(6,404,332)	(719,185)
At end of year	15	**(26,245,557)**	**(20,079,810)**	**(26,567,784)**	**(20,163,452)**

The accounting policies on pages 15 to 18 and notes on pages 19 to 29 form an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

Company	Notes	Capital reserves					
		Share capital	Share premium	Other capital reserves	Revaluation reserve	Retained profit	Total
Balance at1Apr 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 Mar 2004		**12,000,000**	**440,000**	**151,846**	**97,068,784**	**19,744,892**	**129,405,522**
Balance at 1Apr 2004		12,000,000	440,000	151,846	97,068,784	19,744,892	129,405,522
Net profit		-	-	-	-	12,422,358	12,422,358
Depreciation transfer	23	-	-	-	(34,958)	34,958	-
Dividends	9	-	-	-	-	(1,800,000)	(1,800,000)
Balance at 31Mar 2005		**12,000,000**	**440,000**	**151,846**	**97,033,826**	**30,402,208**	**140,027,880**
Group							
Balance at 1 Apr 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	9	-	-	-	-	(1,500,000)	(1,500,000)
Balance at 31Mar 2004		**12,000,000**	**440,000**	**151,846**	**97,068,784**	**19,744,934**	**129,405,564**
Balance at 1April2004		12,000,000	440,000	151,846	97,068,784	19,744,934	129,405,564
Net profit		-	-	-	-	12,680,759	12,680,759
Depreciation transfer	23	-	-	-	(34,958)	34,958	-
Dividends		-	-	-	-	(1,800,000)	(1,800,000)
Balance at 31Mar 2005		**12,000,000**	**440,000**	**151,846**	**97,033,826**	**30,660,651**	**140,286,323**

ACCOUNTING POLICIES

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

1. Basis of preparation

The consolidated financial statements have been 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 transactions

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement. Such balances are translated at 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 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 on hand, deposits held at call with banks and 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.

Accounting Policies *contd.*

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.

NOTES TO THE FINANCIAL STATEMENTS

1. Sales

	Group		Company	
	2005	2004	2005	2004
Gross sale of tyres, tubes and other automotive accessories	325,300,330	320,366,786	325,300,330	320,366,786
Sale of air tickets	2,924,476	13,200	-	-
Less : Indirect taxes (VAT and TT)	(3,771,473)	(3,835,987)	(3,771,473)	(3,835,987)
	324,453,333	**316,543,999**	**321,528,857**	**316,530,799**

2. Other operating income

Other operating income mainly consists of sundry income Rs 29,641(2004- Rs 13,629), profit on sale of property, plant and equipment Rs 41,522 (2004 - Rs 576,022), tyre fitting centre income Rs 101,004 (2004 -Rs 94,173) returned cheque charges - Rs 6,450 (2004 - Rs 5,950), recovery of bad debts write off Rs 314,269 (2004 - Nil), recovery of slow moving provision Rs 23,761 (2004 - Nil) and sales of shares Rs 52,913 (2004 - Nil).

3. Operating profit

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

	Group		Company	
	2005	2004	2005	2004
Directors' emoluments	3,080,000	2,475,000	3,080,000	2,475,000
Auditors' remuneration				
- Audit fees	79,000	81,000	79,000	79,000
- Non audit fees		15,000		15,000
Depreciation on property, plant And equipment (Note 10)				
- owned assets	5,842,263	5,560,605	5,842,263	5,560,605
Profit on disposal of property, plant and equipment	(41,522)	(576,022)	(41,522)	(576,022)
Repairs and maintenance expenditure	1,614,592	1,714,406	1,614,592	1,714,406
Advertising	1,814,059	2,971,923	1,814,059	2,971,923
Staff costs (Note 4)	10,200,060	8,808,763	10,200,060	8,808,763
Provision for slow moving stocks	Nil	310,392	Nil	310,392

4. Staff costs

	Group		Company	
	2005	**2004**	**2005**	**2004**
Wages and salaries	8,795,087	7,730,034	8,795,087	7,730,034
Defined contribution plan	950,673	679,679	950,673	679,679
Defined benefit obligations (Note 19)	454,300	399,050	454,300	399,050
	10,200,060	**8,808,763**	**10,200,060**	**8,808,763**
Average monthly number of persons employed by the Group / Company during the year:				
Full time	**50**	**50**	**50**	**50**

5. Non operating income

Non operating income wholly consists of rent received Rs 3,967,140 (2004- Rs 1,314,270) and dividend received Rs 512 (2004 - Rs 412).

6. Finance costs

	Group		Company	
	2005	**2004**	**2005**	**2004**
Interest expense				
- bank overdrafts	1,800,934	3,142,956	1,800,934	3,142,956
- other borrowings	470,939	316,699	470,939	316,699
Interest income	(1,312)	(11,710)	(1,312)	(11,710)
Exchange losses	543,126	1,858,628	529,992	1,858,628
	2,813,687	**5,306,573**	**2,800,553**	**5,306,573**

7. Tax

	Group		Company	
	2005	**2004**	**2005**	**2004**
Current tax	5,328,966	4,700,940	5,328,966	4,700,940
Deferred tax (Note 18)	583,350	1,142,499	583,350	1,142,499
	5,912,316	**5,843,439**	**5,912,316**	**5,843,439**

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	
	2005	**2004**	**2005**	**2004**
Profit before tax	18,593,075	18,013,728	18,334,674	18,013,686
Tax calculated at a tax rate of 32.5% (2004-32.5%)	6,042,749	4,967,974	5,958,769	4,967,974
Income not subject to tax	(347,842)	(292,003)	(347,842)	(292,003)
Expenses not deductible for tax purposes	112,622	417,776	112,622	417,776
Effect of different tax rates	104,787	749,692	188,767	749,692
Tax charge	**5,912,316**	**5,843,439**	**5,912,316**	**5,843,439**

Further information about deferred tax is presented in Note 18.

8. Earnings per share

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	
	2005	**2004**	**2005**	**2004**
Net profit attributable to shareholders	12,680,759	12,170,289	12,422,358	12,170,247
Weighted average number of ordinary shares in issue	120,000	120,000	120,000	120,000
Basic earnings per share	105.67	101.42	103.51	101.42

9. Dividend per share

An interim dividend of 15% amounting to Rs 1,800,000 (2004 - Rs 1,500,000) was paid on 7 July 2004, for the year ended 31 March 2005 from retained profits as at 31 March 2004.

10. Property, plant and equipment

Group and Company

	Freehold land and buildings	Plant and machinery and equipment	Motor vehicles	Furniture And fittings	Computer	Total
Year ended 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**
Year ended 31 March 2005						
Opening net book amount	160,811,354	4,868,537	242,353	2,055,364	408,948	168,386,556
Transferred from capital work in progress	65,806	Nil	Nil	Nil	Nil	65,806
Additions / transfers	16,172,130	1,910,437	145,142	1,806,486	462,032	20,496,227
Disposals	Nil	Nil	Nil	Nil	Nil	-
Depreciation charge	(1,332,949)	(2,698,474)	(125,695)	(1,364,722)	(320,422)	(5,842,262)
Closing net book amount	**175,716,341**	**4,080,500**	**261,800**	**2,497,128**	**550,558**	**183,106,327**
At 31 March 2005						
Cost or valuation	179,241,070	14,996,545	6,185,881	5,512,328	2,918,348	208,854,172
Accumulated depreciation	(3,524,729)	(10,916,045)	(5,924,081)	(3,015,200)	(2,367,790)	(25,747,845)
Net book amount	**175,716,341**	**4,080,500**	**261,800**	**2,497,128**	**550,558**	**183,106,327**

(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 2004 by an independent valuer.

(d)Cost of fully depreciated assets sold during the year Rs 120,000.

10. Property, plant and equipment *Contd.*

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
Cost	3,204,911	3,204,911	3,204,911	3,204,911
Accumulated depreciation	(651,673)	(587,575)	(651,673)	(587,575)
Net book amount	**2,553,238**	**2,617,336**	**2,553,238**	**2,617,336**

(d)Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2005 amounted to Rs 12,719,847 (2004 - Rs 11,613,647). (e)Bank facilities are secured on the Company's property at No 304, Union Place, Colombo 2.

11. Capital work in progress

	Group		Company	
	2005	**2004**	**2005**	**2004**
At beginning of year	65,806	Nil	65,806	Nil
Cost incurred during the year	Nil	13,097,213	Nil	13,097,213
Transferred to property, plant and equipment	(65,806)	(13,031,407)	(65,806)	(13,031,407)
At end of year	**Nil**	65,806	**Nil**	**65,806**

12. Investments

	Group Value		Company Value	
	2005	**2004**	**2005**	**2004**
Listed shares at cost				
Ceylon Hotels Corporation	Nil	3,832	Nil	3832
Central Securities Limited	14,707	Nil	14707	Nil
Unlisted shares at cost				
Gardiners Limited	1,330	1,330	1,330	1330
Global Films Limited	5,000	5,000	5,000	5000
Tourama (Private) Limited	Nil	Nil	249,950	249950
	21,037	6,330	270987	256280
Aggregate value of listed and unlisted investments	**6330**	**10,162**	**256280**	**260112**
Market value of the listed shares at 31 March	**14,000**	**24,716**	**14,000**	**24,716**

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

13. Inventories

	Group		Company	
	2005	**2004**	**2005**	**2004**
Tyres, tubes and batteries	60,829,241	45,195,059	60,829,241	45,195,059
Goods in transit	4,805,604	Nil	4,805,604	Nil
Provision for slow moving stocks	(862,374)	(886,135)	(862,374)	(886,135)
	64,772,471	**44,308,924**	**64,772,471**	**44,308,924**

14. Receivables and prepayments

	Group		Company	
	2005	**2004**	**2005**	**2004**
Trade receivables	18,449,087	20,769,921	18,302,535	20,769,921
Amounts due from related company	3,129,700	Nil	3,129,700	Nil
Other receivables	5,365,199	419,327	5,365,199	419,327
	26,943,986	**21,189,248**	**26,797,434**	**21,189,248**

Other receivables mainly includes Value Added Tax receivable of Rs 4,736,797.

15. Cash and cash equivalents

	Group		Company	
	2005	**2004**	**2005**	**2004**
Cash at bank and in hand	624,575	676,225	302,348	592,583

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
Cash and bank balances	624,575	676,225	302,348	592,583
Bank overdrafts (Note 17)	(26,870,132)	(20,756,035)	(26,870,132)	(20,756,035)
	(26,245,557)	(20,079,810)	(26,567,784)	(20,163,452)

16. Trade and other payables

	Group		Company	
	2005	**2004**	**2005**	**2004**
Accrued expenses	7,991,336	435,133	7,991,336	435,133
Amounts due to subsidiary [Note 26 (c)]	-	-	246,971	111,900
Social security and other taxes	1,163,647	1,764,948	1,163,647	1,764,948
Other payables	2,185,700	3,368,473	1,978,393	3,424,973
Dividend payable	41,536	41,536	41,536	41,536
	11,382,219	**5,610,090**	**11,421,883**	**5,778,490**

Other payables includes rent advance of Rs 728,960 (2004 - Rs 1,433,600) and rent deposit Rs 1,190,313 (2004 - Rs 1,075,968)

17. Borrowings

	Group		Company	
	2005	**2004**	**2005**	**2004**
Current				
Bank overdrafts (Note 15)	26,870,132	20,756,035	26,870,132	20,756,035
Bank borrowings	85,209,018	68,412,494	85,209,018	68,412,494
Loans from directors and their families (Note 26)	4,780,000	3,085,000	4,780,000	3,085,000
Loan from related company (Note 26)	250,000	250,000	250,000	250,000
	117,109,150	**92,503,529**	**117,109,150**	**92,503,529**

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
Total borrowings:- at fixed rates	**116,860,464**	**92,253,529**	**116,860,462**	**92,253,529**

Weighted average effective interest rates:

	Group		Company	
	2005	**2004**	**2005**	**2004**
- bank overdrafts	10.27%	11.69%	10.27%	11.69%
- loans from directors, their families and related Companies	11.4%	12.00%	11.4%	12.00%

17. Borrowings *Contd.*

(a) Bank overdrafts are secured :
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:
bills acceptances are secured on mortgage over property bearing Assessment No. 304/1, Union Place, Colombo 2 - Rs 78,000,000.

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.

18. Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 32.5% (2004 - 32.5%)

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

	Group		Company	
	2005	**2004**	**2005**	**2004**
At beginning of year	3,057,186	1,914,687	3,057,186	1,914,687
Income statement charge (Note 7)	583,350	1,142,499	583,350	1,142,499
At end of year	**3,640,536**	**3,057,186**	**3,640,536**	**3,057,186**

19. Defined benefit obligations

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2005	**2004**	**2005**	**2004**
At beginning of year	1,772,351	1,683,626	1,772,351	1,683,626
Charge for the year (Note 4)	454,300	399,050	454,300	399,050
Contribution paid	(79,600)	(310,325)	(79,600)	(310,325)
At end of year	**2,147,051**	**1,772,351**	**2,147,051**	**1,772,351**

20. Contingent liabilities

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

21. Commitments

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

Financial commitments

Capital commitments

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

22. Ordinary shares and share premium

	Number of shares	Ordinary shares	Share premium	Total
At 1 March 2004	120,000	12,000,000	440,000	12,440,000
At 31 March 2005	**120,000**	**12,000,000**	**440,000**	**12,440,000**

The total authorised number of ordinary shares is 140,000 ordinary shares (2004 - 140,000 ordinary shares) with a par value of Rs 100 per share (2004 - Rs 100 per share).

All issued shares were fully paid.

23. Revaluation reserve

	Group		Company	
	2005	2004	2005	2004
At beginning of year	97,068,784	97,068,784	97,068,784	97,068,784
Depreciation transfer	(34,958)	Nil	(34,958)	Nil
At end of year	**97,033,826**	**97,068,784**	**97,033,826**	**97,068,784**

The revaluation reserve is non distributable.

24. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2005	**2004**	**2005**	**2004**
Profit before tax	18,593,075	18,013,728	18,334,674	18,013,686
Adjustments for:				
Depreciation (Note 10)	5,842,262	5,560,605	5,842,262	5,560,605
Dividend received (Note 5)	(512)	(412)	(512)	(412)
Profit on disposal of property, plant and equipment (Note 3)	(41,522)	(576,022)	(41,522)	(576,022)
Interest income (Note 6)	(1,312)	(11,710)	(1,312)	(11,710)
Interest expense (Note 6)	2,271,873	3,459,655	2,271,873	3,459,655
Provision for slow moving stocks	Nil	310,392	Nil	310,392
Changes in working capital				
- trade and other receivables	(5,586,338)	321,713	(5,608,186)	321,713
- inventories	(20,463,547)	(9,029,240)	(20,463,547)	(9,029,240)
- payables	24,093,255	12,360,548	24,134,919	12,526,949
Defined benefit obligation (Note 19)	454,300	399,050	454,300	399,050
Cash generated from operations	**25,161,534**	**30,808,307**	**24,922,949**	**30,974,666**

25. Group reporting dates

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

26. Directors' interests in contracts with the Company

(a) The following directors of the Company are also directors of the companies mentioned below with which the Company had 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 250,000 given to the Company @ 10.8% interest p.a.
Mrs. Bernadette J Aloysius	Mercury Limited	Agent for Company's Insurance
	Shrimpex Limited	Loan of Rs 250,000 given to the Company @ 10.8% interest p.a.

26. Directors' interests in contracts with the Company *contd.*

(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 2,136,995.

(c)Mr Joseph A Aloysius and Mrs Bernadette J Aloysius are directors of Mercury Limited on behalf of whom the Company had incurred Rs 3,129,700 on import of tyres.

(d) The following transactions were carried out with related parties

(I)Loans from directors

Loans from directors of the Company (and their families):	Group		Company	
	2005	**2004**	**2005**	**2004**
At beginning of year	3,085,000	1,245,000	3,085,000	1,245,000
Received during the year	1,775,000	2,230,000	1,775,000	2,230,000
Repaid during the year	(80,000)	(390,000)	(80,000)	(390,000)
At end of year (Note 17)	**4,780,000**	**3,085,000**	**4,780,000**	**3,085,000**

(ii)Loan from related company

Loan from Shrimpex Limited:	Group		Company	
	2005	**2004**	**2005**	**2004**
At beginning of year	250,000	250,000	250,000	250,000
Repaid during the year	Nil	Nil	Nil	Nil
Received during the year	Nil	Nil	Nil	Nil
At end of the year	**250,000**	**250,000**	**250,000**	**250,000**

(iii) Outstanding balance

	Group		Company	
	2005	**2004**	**2005**	**2004**
Payable to:				
Tourama (Private) Limited	**Nil**	**Nil**	**246,971**	**111,900**

27. Related party transactions

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

28. Post balance sheet events

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

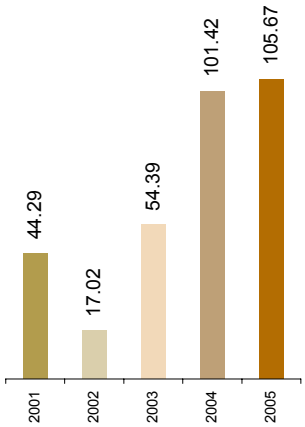
TEN YEAR SUMMARY

Year ended 31st March (In Rs. '000)	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
OPERATING RESULTS										
Turnover	**324,453**	316,544	297,881	272,006	269,385	215,488	209,329	219,622	164,036	102,774
Profit before finance charges	**17,439**	22,006	13,571	13,137	22,731	8,921	8,624	5,886	4,057	5,330
Finance cost	**2,814**	5,307	2,943	6,939	12,531	4,148	7,079	6,493	5,743	3,380
Non operating income	**3,968**	1,314	181	181	181	180	180	187	492	607
Profit before taxation	**18,593**	18,014	10,809	6,379	10,380	4,954	1,725	(420)	(1,195)	2,557
Taxation	**5,912**	5,843	4,283	4,336	5,066	2,702	1,520	1,415	-	1,658
Profit after taxation	**12,681**	12,170	6,526	2,043	5,315	2,252	205	(1,835)	(1,195)	900
BALANCE SHEET										
Share Capital	**12,000**	12,000	12,000	12,000	12,000	12,000	12,000	8,800	8,800	8,800
Share Premium	**440**	440	440	440	440	440	440	440	-	-
Capital Reserves	**97,186**	97,221	97,221	86,120	86,120	63,620	63,935	67,135	67,575	67,875
Revenue Reserves	**30,661**	19,747	9,075	4,048	2,006	(2,109)	(3,475)	(3,680)	(1,845)	(71)
	140,286	**129,408**	**118,735**	**102,608**	**100,566**	**73,951**	**72,899**	**72,694**	**74,529**	**76,604**
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**183,127**	168,463	150,311	107,944	102,965	77,395	76,468	76,699	78,365	78,419
Current Assets	**92,341**	66,174	56,770	49,192	68,922	56,088	65,914	81,414	50,410	44,699
Current Liabilities	**(129,394)**	(100,400)	(84,748)	(52,460)	(69,414)	(57,432)	(67,282)	(83,780)	(52,057)	(43,979)
Non - Current Liabilities	**(5,788)**	(4,830)	(3,598)	(2,068)	(1,908)	(2,100)	(2,200)	(1,639)	(2,189)	(2,535)
	140,286	**129,408**	**118,735**	**102,608**	**100,566**	**73,951**	**72,899**	**72,694**	**74,529**	**76,604**
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	0.71	0.66	0.67	0.94	0.99	0.98	0.98	0.97	0.97	1.02
Quick Ratio	0.21	0.22	0.25	0.47	0.39	0.47	0.43	0.43	0.54	0.71
Capital Adequacy										
Total Liabilities / Sales (%)	41.66	33.24	29.66	20.05	26.88	27.93	33.19	38.89	33.07	45.26
Interest Cover (No. of times Interest)	11.76	7.80	8.88	3.61	16.05	3.50	1.29	1.02	1.15	2.26
Profitability										
Return on Equity	9.04	9.40	5.50	1.99	5.28	0.19	0.02	(0.21)	(0.14)	0.10
Return on Total Assets (%)	4.60	5.05	3.15	1.30	3.09	1.68	0.14	(1.16)	(0.93)	0.73
Operating Margin / Sales (%)	15.89	17.64	13.21	13.36	15.17	11.50	10.30	7.74	9.46	11.50
Earning Per Share (Rs.)	105.67	101.42	54.39	17.02	44.29	18.76	1.71	(15.29)	(9.95)	7.50
Revenue Growth (%)	2.50	6.27	9.51	0.97	25.01	2.94	(4.69)	33.89	59.61	-
Profit Before Tax Growth (%)	3.22	66.65	69.45	(38.55)	109.56	187.17	(510.86)	(64.85)	(146.71)	-
Profit After Tax Growth (%)	4.19	86.48	219.51	(61.57)	136.04	997.95	(111.18)	53.62	(232.80)	-
Efficiency (turnover ratios)										
Inventory Turnover Period (times)	5.00	6.55	8.66	7.11	6.29	5.72	4.57	8.96	8.26	-
Average Collection Period (days)	27.07	24.25	27.74	34.48	37.07	46.65	55.90	29.88	65.62	-

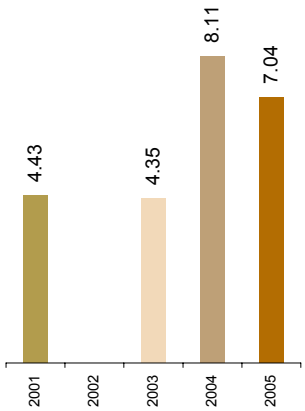
MARKET-BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	0.14	0.120	0.23	-	0.23	0.53	-	-	(0.74)	9.78
Dividend Cover (No. of Times)	7.04	8.113	4.35	-	4.43	1.88	-	-	(1.36)	1.02
Net Assets Per Share	1,169.05	1,078.40	989.46	855.07	838.05	616.26	607.50	605.79	621.08	638.37
Combined Ratios										
Dividend Yield	1.25	3.125	5	-	5.13	5.41	-	-	-	-
Price Earning Ratio (Times)	11.36	3.94	4.60	12.63	4.40	9.86	-	-	-	-
Market to Book Ratio (%) (stock price per share / book value per share)	102.65	37.18	25.27	25.14	23.27	30.02	30.45	-	-	-

GRAPHICAL REVIEW

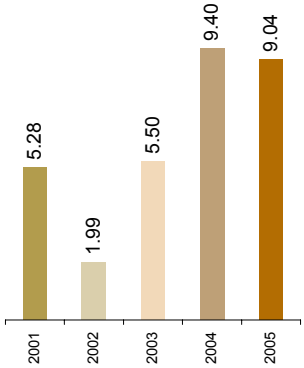
Earnings Per Share
Rs.



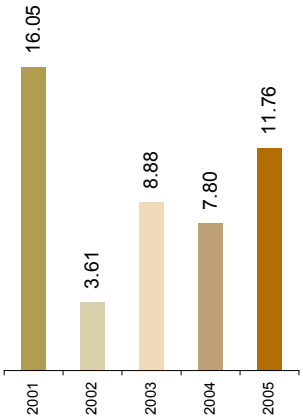
Dividend Cover
No of Times



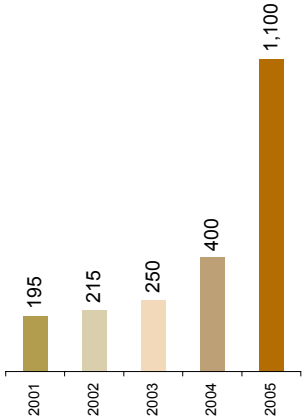
Return on Investment
No of Times



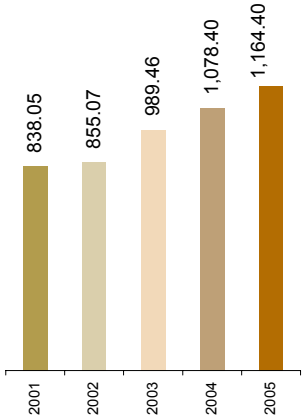
Interest Civer
No of Times



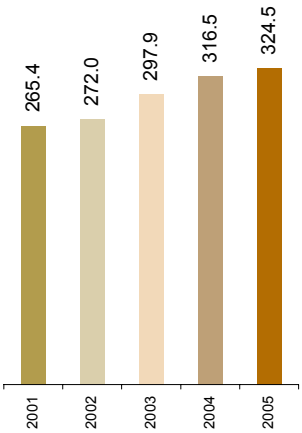
Market Value over share
Rs.



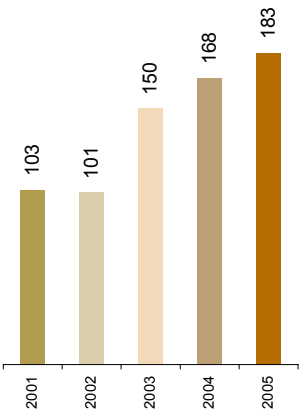
Net Assets per share
Rs.



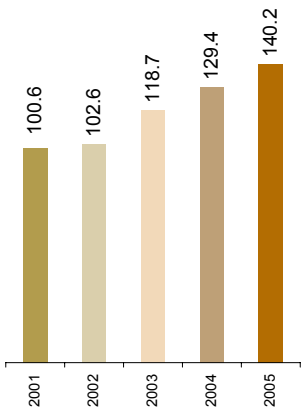
Turnover
Rs. Million



Fixed Assets (net of depreciation)
Rs. Million



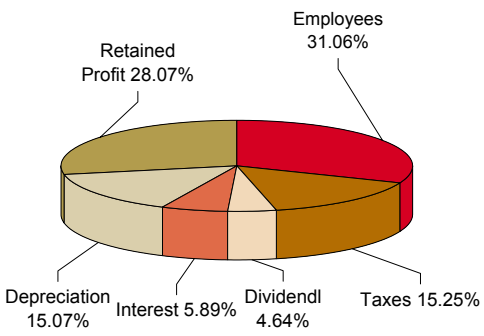
Shareholder's Fund
Rs. Million



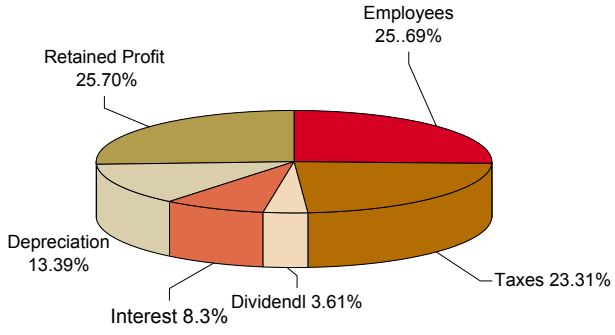
STATEMENT OF VALUE ADDED

For the year ended 31st March	2004/2005 Rs.	%	2003/2004 Rs.	%
CREATION OF VALUE ADDED				
Gross Sales	**324,453,333**		320,366,786	
Other Income	**4,537,212**		2,020,207	
	328,990,545		322,386,993	
Less: Cost of Materials & Services Purchased from External sources	**290,230,886**		280,874,181	
Total Value Added	**38,759,659**		**41,512,812**	
DISTRIBUTED AS FOLLOWS				
		%		%
To Employees as Remuneration	**12,040,627**	**31.06**	10,654,547	25.67
To Government as Taxes	**5,912,316**	**15.25**	9,679,426	23.32
To providers of Capital as				
Dividend	**1,800,000**	**4.64**	1,500,000	3.61
Interest	**2,283,695**	**5.89**	3,447,945	8.31
Retained in the business as				
Depreciation	**5,842,262**	**15.07**	5,560,605	13.39
Retained Profit	**10,880,759**	**28.07**	10,670,289	25.70
	16,723,021		16,230,894	
Distribution of Value Added	**38,759,659**	**100**	41,512,812	100

2005



2004



SHARE INFORMATION

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 2005				31st March 2004			
	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
1-1000	114	160.56	7,443	6.20	57	80.28	7,443	6.20
1001-5000	3	4.23	7,020	5.85	3	4.23	7,020	5.85
5001-10000	8	11.27	52,550	43.79	8	11.27	52,550	43.79
10001-50000	3	4.23	52,987	44.16	3	4.23	52,987	44.16
50001and over	-	-	-	-	-	-	-	-
	128	180.28	120,000	100.00	71	100.00	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	20,514	17.10
Individuals	121	165.75	99,486	82.91	64	87.67	99,486	82.91
Total	128	175.34	120,000	100.00	71	97.26	120,000	100.00
Non Residents	7	9.59	6,908	5.76	7	9.59	13,261	11.05
Residents	121	165.75	113,092	94.24	64	87.67	106,739	88.95
Total	128	175.34	120,000	100.00	71	97.26	120,000	100.00

5. SHARE VALUATION

Market Value	as at 31st March 2005	**Rs. 1,100**	as at 31st March 2004	Rs. 400
Highest	Yr.2004/2005	**Rs. 1,200**	Yr.2003/2004	Rs. 400
Lowest	Yr.2004/2005	**Rs. 1,100**	Yr.2003/2004	Rs. 325
Earning Per Share		**Rs. 105.67**		Rs. 101.42
Dividend per share		**Rs. 15.00**		Rs. 12.50
Net asset value per share		**Rs. 1,169.05**		Rs. 1,078.40

FORM OF PROXY

THE AUTODROME LTD. Reg. No.PvS.1307.PbS
Registered Office, Autodrome Building, 304 Union Place, Colombo 2.

For use at the Fifty- Third Annual General Meeting of The Autodrome Ltd.

I/We.....of.....

.....being member/s of **The Autodrome Ltd,** appoint:

1. ....., whom failing

2. ....., whom failing

3. The Chairman of the Meeting.

as my/our proxy to represent me/us and to vote on my/our behalf at the Fifty Third Annual General Meeting of the Company to be held on 04 August 2005 at 3pm and at any adjournment thereof, and at every poll which may be taken in consequence thereof to vote in the manner indicated below:

(Please indicate with an X in spaces below how you wish your votes to be cast. In the absence of any such indication the Proxy will vote or abstain from voting as he/she thinks fit. Please also *delete* any resolution on which you wish your Proxy to abstain from voting)

RESOLUTION NO	FOR	AGAINST
1. Adoption of Report & Accounts for the Year ended 31 March 2005		
2. Resolution that Interim Dividend of 15% declared on 04.06.2004 be Final		
3. Re-election of Prof. John A. Aloysius		
4. Re-election of Mrs. Julie A. Paul		
5. Re-election of Mr. M. Lakshman Samarasinghe		
6. Authorisation of Directors to determine Contributions to Charities		
7. Re-appointment of Auditors and Authorisation of Directors to fix their Remuneration		
8. Amendment to articles of associations to meet stock exchange requirements.(Special)		

As witness my/our hand this.....day of ..... 2005.
Signature of Member(s)

INSTRUCTIONS FOR COMPLETION OF PROXY FORM

1. To be valid this Form must be filled, signed, dated and deposited at the Registered Office of the Company at 304 Union Place, Colombo 2, not later than 48 hours before the time appointed for holding the meeting.
2. The Form of Proxy must be signed by the appointor or by his/her Attorney duly authorised in writing.
3. In the case of a Corporation, the Form of Proxy must be either under its Common Seal or under the hands of Officers or Attorneys.
4. In the case of joint holders, only one need sign. The votes of the senior holder who tenders a vote will alone be counted.
5. If you wish to appoint any other person other than the Chairman as your proxy, please insert the relevant details at (1) and (2).