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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 No.	PvS 1307 PbS
Board of Directors	**Joseph A. Aloysius** B.Sc**.** *Chairman* **Ms. Bernadette J. Aloysius** B.A. *Dpty. 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) **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	**Upul Gunaratne** B.Comm, ACA *Accountant* **S. Enaksha S.M. Fernando** *General Manager* **Ms. Freeda Perera** *Sales Consultant* **Ms. Asha Pieris Nishantha** *Sales Manager* **W. Nirosh Fernando** *Manager, Technical Service & Admin.* **M. Shanmugapragash** *Manager, Tyre Service Centre* **W.W. Kumudu P. Fernando** *Stores Manager*
Nature of Business	Sole Distributors in Sri Lanka for**:** **BRIDGESTONE** Tyres, Tubes and Flaps (Japan, Indonesia & Thailand) **YOKOHAMA** Automotive Batteries (Malaysia) **FUTEK** Alloy Wheels (Taiwan & China) **CHINA SOONG** Wheels and Tyre Accessories (China) Providers of logistical and marketing services to: **HINDUSTAN PETROLEUM CORPORATION** (India) **Subsidiary** **Tourama (Pvt) Ltd.** Travel and Destination Management Co.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that the Fifty-fourth 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 **Friday, September 8, 2006** 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, 2006 with the Report of the Auditors thereon.
2. To resolve that the Interim Dividend of 15% paid on 10 May 2005 be deemed to be the Final Dividend for the Year Ended March 31, 2006.
3. To re-elect as a Director Sarath C. Weerasooria, who retires by rotation.
4. To re-elect as a Director Joanne J.B. Aloysius, who was co-opted to the Board on 7 April 2006.
5. To re-elect as a Director Bernadette J. Aloysius, who retires by rotation.
6. To authorise the Directors to determine contributions to Charities.
7. To appoint Messrs. SJMS Associates as Auditors and authorise the Directors to determine their remuneration.

By Order of the Board
Accounting Systems Secretarial Services Ltd.
Secretaries
Colombo, July 8, 2006

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

We have come to the end of another successful year, despite a difficult business climate with political instability, a Presidential Election and the threat of war hovering over Sri Lanka. It is my pleasure to report that we continue to prosper. Our subsidiary, Tourama (Pvt) Ltd has also grown in profitability as much as its parent company.

The Autodrome Ltd. had a considerable growth in Sales Turnover of over 26% during the year, from Rs.321.5m to **Rs.406.3m.** This resulted in a gross profit growth from Rs.53.2m to **Rs.83.6m.** The operating profit after tax has more than doubled from Rs.12.4m to **Rs.29.7m** in the year under review.

Revaluation of our Head Office property at 304, Union Place, Colombo 2 and development of our Warehouse & Truck Tyre Service Centre at 58/10A, Raja Mawatha, Ekala has resulted in a growth of Nett Assets from Rs.140.0m (Rs.1,166.90 per share) to **Rs.362.1m** (Rs.3,017.90 per share) as at 31 March 2006. Our new Twin Warehouse at Ekala is now complete, and provides a Truck & Bus Radial Tyre Fitting Service at that venue. Once again, this was completed, without a special purpose term loan from banks, but from funds generated internally.

Business Environment

The Company, as well as the country, faced instability, renewed low-level violence, Elections, exchange rate hikes, interest rate hikes and spiralling inflation. Our Brand and Corporate images remain as strong as ever, with the help of our Principals and our capable well trained staff, very favourably impacting on the bottom lines of all the financial statements that you now hold.

Dividend and Share Value

An Interim Dividend of 15% for the Year 2005/2006 was paid on 10 May 2005. This is to be treated as Final. Our share price which peaked at Rs.1,875 on 20 October 2005, dropped slightly (though less than most of the rest of the market) to close at Rs.1,750 as at 31 March 2006.

Future Prospects

We look forward to introducing new lines of business, when the risk-reward trade-off is conducive to such a move, while growing and rethinking our core business to its obvious future potential. We have to continue to invest in land, new buildings and business projects, to add further to the value to our shareholder funds. A glance at the Ten Year results summary on page 28 will give an idea of the quantitative growth in the company over that period. New and strategic thinking will drive your Company to new heights, with growth and consolidation in all key financial and non-financial areas.

Thanks

I would like to place on record my thanks to our valued Dealers & Fleetowners, to our Suppliers for their excellent support, and to both our main Bankers (our Partner in Progress and The World's Local Bank) who continue to support us with state-of-the-art financial solutions. 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.

Joseph A. Aloysius
Chairman

Colombo, 7 July 2006

CORPORATE GOVERNANCE

A brief overview of our application 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 six Executive and five Non-Executive Directors. The Chairman of the Board and Managing Director positions are held by different executives. 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 to 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 in so far as such information would not be detrimental to company interests in relation to its competitors. Since all of the businesses are highly competitive, segmental and area information is not published.

DIRECTORS' REPORT

THE AUTODROME LIMITED AND ITS SUBSIDIARY

The Directors present their Report and audited financial statements of the Group and Company for the year ended 31 March 2006, set out on pages 11 to 27.

Principal Activities

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

Import & Distribution of:
a) BRIDGESTONE Tyres, Tubes and Flaps from Japan, Indonesia & Thailand
b) YOKOHAMA Batteries from Malaysia
c) FUTEK Alloy Wheels from Taiwan & China
d) CHINA SOONG (formerly NINGBO KANGTAI) Wheels and 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 13 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 2005 to 31 March 2006, set out on pages 11 to 27.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs. 406,368,918 (2005- Rs. 321,528,857), while the turnover of the Group net of turnover based taxes was Rs. 414,236,341 (2005- Rs. 324,453,333)

Property, plant & equipment

4. The movement of Property, Plant and Equipment for the year are shown in note 11 on page 20 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. 293,669,000, based on a valuation made by qualified Valuer.

Share Capital and Reserves

6. The total Reserves as at 31 March 2006 amounted to Rs. 350,806,412 (2005-Rs.128,027,880) comprising Capital Reserve of Rs.591,846 (2005-Rs.591,846), Revaluation Reserve of Rs.290,978,550 (2005-Rs.97,033,826) and Revenue Reserve of Rs.59,236,016 (2005-Rs.30,402,208)

Approved Donations

7. Donations to charitable organisations amounted to Rs.44,711 (2005-Rs.82,500)

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%.

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 7 July 2004. She was co-opted to the board on 7 April 2006.

Mrs. Bernadette J. Aloysius and Mr. Sarath C. Weerasooria 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.

Miss Joanne Aloysius, who was co-opted to the Board on 7 April 2006, also retires and offers herself for re-election with the unanimous support of the continuing Directors.

Directors' Shareholdings

13. Directors' shareholdings in the company as at 31 March were as follows:

	2006		**2005**	
	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 & 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
Mr. 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 27 on page 26 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 are given below:

	2006		2005	
	No of Shares	**%**	No of Shares	%
Joseph Anthony Aloysius & Mrs. Bernadette Jeyaleela Aloysius	**30,000**	**25.00**	30,000	25.00
Sanjeev Edward Chittampalam Gardiner	**11,795**	**9.83**	11,795	9.83
Joseph Anthony Aloysius	**11,192**	**9.33**	11,192	9.33
Mercury Limited	**8,400**	**7.00**	8,400	7.00
Mrs. Bernadette Jeyaleela Aloysius	**6,693**	**5.58**	6,693	5.58
Prof. John Arjuna Aloysius	**6,385**	**5.32**	6,385	5.32
Mrs. Julie Anita Paul	**6,385**	**5.32**	6,385	5.32
Jeremy Dilipkumar Aloysius	**6,385**	**5.32**	6,385	5.32
Rajeev Abraham Joseph Aloysius	**6,385**	**5.32**	6,385	5.32
Miss Jennifer Joanne Bernadette Aloysius	**6,385**	**5.32**	6,385	5.32
Galle Face Hotel Company Limited	**5,532**	**4.61**	5,532	4.61
Seventy Limited	**4,101**	**3.42**	4,201	3.50
Cyril Gardiner Limited	**1,610**	**1.34**	1,610	1.34
Dr. Dennis Jesuthasan Aloysius & Mrs. Sybil Christobel Rita Aloysius	**1,209**	**1.01**	1,209	1.01
Mrs. Mangalam St. George	**638**	**0.53**	638	0.53
Dr. Rohan Aloysius	**597**	**0.50**	597	0.50
Anthonypillai Saverimuttu	**560**	**0.47**	560	0.47
Gardiners Limited	**545**	**0.45**	545	0.45
Shabbir Abbas Gulamhussein	**483**	**0.40**	483	0.40
Hiranjan Cyril William Aloysius	**462**	**0.39**	462	0.39
	115,742	**96.48**	**115,842**	**96.54**

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2006 was 21.87% (2005 – 21.79%)

Dividend

17. An Interim Dividend of 15% amounting to Rs.1,800,000 was declared on 12 April 2005 and was paid on 10 May 2005, from Retained Profits. This will be treated as final.

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 September 8, 2006. The notice of Annual General Meeting is on page 2.

Auditors

20. A resolution has been proposed by a shareholder to appoint SJMS Associates as the Auditors of the Company for the year 2006/07. This resolution has the support of the Board of Directors, and will be put before the Annual General Meeting, with special notice of 28 days, for approval.

Disclosure as per CSE Rule No. 3.3

21.

	2006 Rs. Cts	**2005 Rs. Cts**
Market Price per Share as at 31 March	1,750.00	1,100.00
Highest/Lowest Share Price this Year	1,875.00/1,250.00	1,200.00/1,000.00
Earnings per Share	247.60	103.51
Dividend per Share	15.00	15.00
Net Asset Value per Share	3,023.39	1,169.05

BY ORDER OF THE BOARD
ACCOUNTING SYSTEMS SECRETARIAL SERVICES LTD.
Secretaries
Colombo, 7 July 2006

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 the 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 stationery payments payable by the Group as at the balance sheet data are paid, or where relevant, provided for.

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

Colombo, 8 July 2006

AUDITORS' REPORT

PRICEWATERHOUSECOOPERS

To the members of The Autodrome Limited

1. We have audited the balance sheet of The Autodrome Limited (the Company) as at 31 March 2006, 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 8 to 24.

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 2006, 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 flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with Sri Lanka Accounting Standards, provide the information required by the Companies Act, No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31 March 2006 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 2006 and of the results of operations, changes in equity and cash flows for the year 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 2006, except as stated in Note 27 to these financial statements.

(Signed)
PRICEWATERHOUSE COOPERS
CHARTERED ACCOUNTANTS
COLOMBO
30 June 2006

INCOME STATEMENT

For the year ended 31 March	Notes	Group		Company	
		2006	2005	2006	2005
(all amounts in Sri Lanka Rupees)					
Sales	3	**414,236,341**	324,453,333	**406,368,918**	321,528,857
Cost of sales		**(330,162,826)**	(272,891,381)	**(322,783,391)**	(268,245,237)
Gross profit		**84,073,515**	51,561,952	**83,585,527**	53,283,620
Other operating income	4	**4,509,706**	4,537,212	**4,494,370**	4,537,212
Distribution costs		**(2,252,366)**	(3,744,030)	**(2,169,475)**	(3,744,030)
Administrative expenses	5	**(36,137,924)**	(30,948,372)	**(36,218,456)**	(32,941,575)
Operating profit		**50,192,931**	21,406,762	**49,691,966**	21,135,227
Finance costs	7	**(5,949,109)**	(2,813,687)	**(5,949,109)**	(2,800,553)
Profit before tax		**44,243,822**	18,593,075	**43,742,857**	18,334,674
Tax	8	**(14,131,102)**	(5,912,316)	**(14,030,909)**	(5,912,316)
Net profit		**30,112,720**	**12,680,759**	**29,711,948**	**12,422,358**
Earnings per share-basic	9	**250.94**	105.67	**247.60**	103.51

The notes on pages 15 to 27 form an integral part of these financial statements. The Report of the Auditors is on page 10.

BALANCE SHEET

for the year ended 31 March	Notes	Group 2006	Group 2005	Company 2006	Company 2005
(all amounts in Sri Lanka Rupees)					
ASSETS					
Non-current assets					
Property, plant and equipment	11	373,666,381	183,106,327	373,666,381	183,106,327
Capital work in progress	12	1,108,404	Nil	1,108,404	Nil
Investments	13	6,330	21,037	256,280	270,987
		374,781,115	183,127,364	375,031,065	183,377,314
Current assets					
Inventories	14	53,118,767	64,772,471	53,118,767	64,772,471
Receivables and prepayments	15	23,157,845	26,943,986	23,048,952	26,797,434
Cash and cash equivalents	16	8,832,478	624,575	8,176,366	302,348
		85,109,090	92,341,032	84,344,085	91,872,253
Total assets		**459,890,205**	**275,468,396**	**459,375,150**	**275,249,567**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	23	12,000,000	12,000,000	12,000,000	12,000,000
Share premium	23	440,000	440,000	440,000	440,000
Other capital reserves		151,846	151,846	151,846	151,846
Revaluation reserve	24	290,978,550	97,033,826	290,978,550	97,033,826
Retained profit		59,236,016	30,660,651	58,576,801	30,402,208
		362,806,412	140,286,323	362,147,197	140,027,880
Minority interest		50	50	Nil	Nil
Non-current liabilities					
Deferred tax liabilities	19	3,506,483	3,640,536	3,506,483	3,640,536
Defined benefit obligations	20	2,206,100	2,147,051	2,206,100	2,147,051
		5,712,583	5,787,587	5,712,583	5,787,587
Current liabilities					
Trade and other payables	17	74,419,822	96,591,237	74,626,290	96,630,901
Current tax liabilities		9,416,338	903,067	9,354,080	903,067
Borrowings	18	7,535,000	31,900,132	7,535,000	31,900,132
		91,371,160	129,394,436	91,515,370	129,434,100
Total liabilities		**97,083,743**	**135,182,023**	**97,227,953**	**135,221,687**
Total equity and liabilities		**459,890,205**	**275,468,396**	**459,375,150**	**275,249,567**

These financial statements were approved by the Board on June 28, 2006.
Rajeev Aloysius, Joint Managing Director
Jeremy Aloysius, Joint Managing Director

The accounting policies on pages 15 to 18 and notes on pages 15 to 27 form an integral part of these financial statements. The Report of the Auditors is on page 10.

CASH FLOW

For the year ended 31 March	Notes	Group		Company	
		2006	2005	2006	2005
(all amounts in Sri Lanka Rupees)					
Operating activities					
Cash generated from operations	25	47,657,125	47,285,301	47,285,301	23,148,349
Interest paid	7	(3,305,194)	(2,271,873)	(3,305,194)	(2,271,873)
Interest received		Nil	1,312	Nil	1,312
Income tax paid		(5,751,884)	(6,712,052)	(5,713,949)	(6,712,052)
Net cash generated from operating activities		**38,600,047**	**38,302,688**	**38,266,158**	**14,165,736**
Investing activities					
Purchase of current investments	13	Nil	(14,707)	Nil	(14,707)
Purchase of property, plant and equipment	11	(3,514,867)	(20,496,227)	(3,514,867)	(20,496,227)
Capital work in progress	12	(1,108,404)	Nil	(1,108,404)	Nil
Proceeds from disposal of property, plant and equipment		157,626	41,522	157,626	41,522
Disposal of current investment	13	39,633	3,832	39,633	3,832
Dividends received		139	512	139	512
Net cash used in investing activities		**(4,425,873)**	**(20,465,068)**	**(4,425,873)**	**(20,465,068)**
Financing activities					
Repayment of loans from directors	27	(591,612)	Nil	(591,612)	(80,000)
Loan proceeds received from directors		3,096,612	Nil	3,096,612	1,775,000
Dividends paid	10	(1,601,139)	(1,800,000)	(1,601,139)	(1,800,000)
Net cash generated from / (used in) financing activities		**903,861**	**(1,800,000)**	**903,861**	**(105,000)**
Increase/(decrease) in cash and cash equivalents		**35,078,035**	**16,037,620**	**34,744,146**	**(6,404,332)**
Movement in cash and cash equivalents					
At start of year		(26,245,557)	(20,079,810)	(26,567,784)	(20,163,452)
Increase/(decrease)		35,078,035	(6,165,747)	34,744,150	(6,404,332)
At end of year	16	**8,832,478**	**(26,245,557)**	**8,176,366**	**(26,567,784)**

The accounting policies on pages 15 to 18 and notes on pages 15 to 27 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lanka Rupees)

Company	Notes	Share capital	Share premium	Other capital reserves	Revaluation reserve	Retained profit	Total
Balance at 1 April 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					(34,958)	34,958	-
Dividends	10	-	-	-	-	(1,800,000)	(1,800,000)
Balance at 31 March 2005		**12,000,000**	**440,000**	**151,846**	**97,033,826**	**30,402,208**	**140,027,880**
Balance at 1 April 2005		12,000,000	440,000	151,846	97,033,826	30,402,208	140,027,880
Net profit		-	-	-	-	29,711,948	29,711,948
Depreciation transfer	24	-	-	-	(262,645)	262,645	Nil
Dividends	10	-	-	-	-	(1,800,000)	(1,800,000)
Revaluation surplus		-	-	-	194,207,369	-	194,207,369
Balance at 31 March 2006		**12,000,000**	**440,000**	**151,846**	**290,978,550**	**58,576,801**	**362,147,197**
Group							
Balance at 1 April 2004		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	24				(34,958)	34,958	
Dividends	10	-	-	-	-	(1,800,000)	(1,800,000)
Balance at 31 March 2005		**12,000,000**	**440,000**	**151,846**	**97,033,826**	**30,660,651**	**140,286,323**
Balance at 1 April 2005		12,000,000	440,000	151,846	97,033,826	30,660,651	140,286,323
Net profit		-	-	-	-	30,112,720	30,112,720
Depreciation transfer	24	-	-	-	(262,645)	262,645	Nil
Dividends	10	-	-	-	-	(1,800,000)	(1,800,000)
Revaluation		-	-	-	194,207,369	-	194,207,369
Balance at 31 March 2006		**12,000,000**	**440,000**	**151,846**	**290,978,550**	**59,236,016**	**362,806,412**

The notes on pages 15 to 27 form an integral part of these financial statements. The Report of the Auditors is on page 10.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Autodrome Limited acts as a distributor of Bridgestone tyres, Yokohama batteries, Futek alloy wheels and China Soong (formerly Ningbo Kangtai) wheels and tyre accessories.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements which have been consistently applied to all the years presented, unless otherwise stated, are set out below:

2.1 Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lanka Accounting Standards. The consolidated financial statements are prepared under the historical cost convention is modified by the revaluation of freehold land and buildings.

2.2 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 26.

2.3 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement.

2.4 Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by externally independent valuers, less subsequent depreciation for building. All other property, plant and equipment is sated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve. 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 revalued carrying amount of the asset (the depreciation charged to the income statement) and depreciation based on the asset's original cost is transfered from revaluation reserved to retained earnings.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2.4 Property, plant and equipment (Contd)

Depreciation is calculated on the straight line method to write off the cost of each asset, or the revalued amounts to their residual values over their estimated useful life as follows:

	Rate per annum %
Building	2
Plant and machinery	25
Computers	25
Furniture and fittings	25
Motor vehicles	25

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

An assets carrying amount is written down immediately to its fair value.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. On the disposal of revalued assets, amounts to revaluation relating to that asset are transffered to retained earnings.

Capital work-in-progress is transferred to the respective asset account at the time the asset is made ready for utilisation.

2.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost includes all expenses incidental to purchasing. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.6 Trade receivables

Trade receivables are carried at anticipated realisable value. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the income statement within "distribution costs".

2.7 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less net of bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.8 Share capital

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in the statement of changes in equity in the period in which they are declared.

2.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

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

3 Sales

	Group		Company	
	2006	**2005**	**2006**	**2005**
Gross sale of tyres, tubes and other automotive accessories	411,159,018	325,300,330	411,159,018	325,300,330
Sale of air tickets - etc	7,867,423	2,924,476	-	-
Less : Turnover Tax	(4,790,100)	(3,771,473)	(4,790,100)	(3,771,473)
	414,236,341	**324,453,333**	**406,368,918**	**321,528,857**

4 Other operating income

Other operating income mainly consists of rent received Rs 3,667,156 (2005 - Rs 3,967,652).

5 Operating profit

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

	Group		Company	
	2006	**2005**	**2006**	**2005**
Directors' emoluments	3,765,000	3,080,000	3,765,000	3,080,000
Auditors' remuneration				
- Audit fees	100,000	79,000	100,000	79,000
Depreciation on property, plant and equipment (Note 11)				
- owned assets	7,030,682	5,842,262	7,030,682	5,842,262
Profit on disposal of property, plant and equipment	(26,126)	(41,522)	(26,126)	(41,522)
Repairs and maintenance expenditure	2,338,570	1,614,592	2,338,570	1,614,592
Advertising	Nil	1,814,059	Nil	1,814,059
Staff costs (Note 6)	13,119,838	10,967,327	13,119,838	10,967,327
Profit on sale or shares	(24,926)	Nil	(24,926)	Nil

6 Staff costs

	Group		Company	
	2006	**2005**	**2006**	**2005**
Wages and salaries	11,247,627	9,324,066	11,247,627	9,324,066
Defined contribution plan	1,373,063	1,188,961	1,373,063	1,188,961
Defined benefit obligations (Note 20)	499,148	454,300	499,148	454,300
	13,119,838	**10,967,327**	**13,119,838**	**10,967,327**
Average monthly number of persons employed by the Group / Company during the year:	**50**	**51**	**50**	**51**

7 Finance costs

	Group		Company	
	2006	**2005**	**2006**	**2005**
Interest expense				
- bank overdrafts	2,677,662	1,800,934	2,677,662	1,800,934
- other borrowings	627,532	470,939	627,532	470,939
Interest income	Nil	(1,312)	Nil	(1,312)
Net foreign exchange losses	2,643,915	543,126	2,643,915	529,992
	5,949,109	**2,813,687**	**5,949,109**	**2,800,553**

8 Tax

	Group		Company	
	2006	**2005**	**2006**	**2005**
Current tax	14,265,155	5,328,966	14,164,962	5,328,966
Deferred tax (Note 19)	(134,053)	583,350	(134,053)	583,350
	14,131,102	**5,912,316**	**14,030,909**	**5,912,316**

8 Tax (Contd)

The tax on the Group's/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	
	2006	**2005**	**2006**	**2005**
Profit before tax	44,243,822	18,593,075	42,965,824	18,334,674
Tax calculated at a tax rate of 32.5% (2005-32.5%)	14,379,242	6,042,749	13,963,893	5,958,769
Income not subject to tax	(424,924)	(347,842)	(178,124)	(347,842)
Expenses not deductible for tax purposes	245,140	112,622	245,140	112,622
Effect of different tax rates	(68,356)	104,787	Nil	188,767
Tax charge	**14,131,102**	**5,912,316**	**14,030,909**	**5,912,316**

Further information about deferred tax is presented in Note 19.

9 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	
	2006	**2005**	**2006**	**2005**
Net profit attributable to shareholders	30,112,720	12,680,759	29,711,948	12,422,358
Weighted average number of ordinary shares in issue	120,000	120,000	120,000	120,000
Basic earnings per share	250.94	105.67	247.60	103.51

10 Dividend per share

An interim dividend of 15% amounting to Rs.1,800,000 (2005 - Rs.1,800,000) was paid in April, for the year ended 31 March 2006 from retained profits as at 31 March 2005.

11 Property, plant and equipment

	Freehold land and buildings	Plant and machinery & equipment	Motor vehicles	Furniture and fittings	Computer	Total
As at 1 April 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
Additions/transfers	16,172,130	1,910,437	145,142	1,806,486	462,032	20,496,227
Transfer from capital WIP	65,806					65,806
Depreciation charge	(1,332,949)	(2,698,474)	(125,695)	(1,364,722)		(5,842,262)
Closing net book amount	**175,716,341**	**4,080,500**	**261,800**	**2,497,128**	**870,980**	**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**
Year ended 31 March 2006						
Opening net book amount	175,716,341	4,080,500	261,800	2,497,128	550,558	183,106,327
Additions	457,250	2,033,451	501,900	164,206	358,060	3,514,867
Revaluation	194,207,370	Nil	Nil	Nil	Nil	194,207,370
Disposals	Nil	Nil	(131,500)	Nil	Nil	(131,500)
Depreciation charge	(1,954,264)	(3,093,857)	(210,170)	(1,398,539)	(373,853)	(7,030,683)
Closing net book amount	**368,426,697**	**3,020,094**	**422,030**	**1,262,795**	**534,765**	**373,666,381**
At 31 March 2006						
Cost or valuation	373,905,690	17,029,996	6,556,281	5,676,534	3,276,408	406,444,909
Accumulated depreciation	(5,478,993)	(14,009,902)	(6,134,251)	(4,413,739)	(2,741,643)	(32,778,528)
Net book amount	**368,426,697**	**3,020,094**	**422,030**	**1,262,795**	**534,765**	**373,666,381**

(a) The land and buildings at 304/1, Union Place, Colombo 2 were revalued on 30 September 1990, 13 June 1996 and on 10 January 2006 respectively 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 and on 10 January 2006 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 was revalued on 31 March 2004 and on 10 January 2006 by an independent valuer.

(d) The cost of fully depreciated assets sold during the year was Rs 32,500 (2005 - Rs 120,000).

11 Property, plant and equipment (Contd)

(e) The buildings at Union Place were revalued during the year. If they were stated on historical cost basis, the amounts would be as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
Historical Cost	58,133,647	58,133,647	58,133,647	58,133,647
Accumulated depreciation	(5,872,624)	(3,927,139)	(5,872,624)	(3,927,139)
Net book amount	**52,261,023**	**54,206,508**	**52,261,023**	**54,206,508**

(f) Property, plant and equipment include fully depreciated assets, the cost of which at 31 March 2006 amounted to Rs.16,463,932 (2005 - Rs.12,719,847).

(g) Bank facilities are secured on the Company's property at No 304, Union Place, Colombo 2 and at 58/10A, Raja Mawatha, Ekala.

12 Capital work in progress

	Group		Company	
	2006	**2005**	**2006**	**2005**
At beginning of year	Nil	65,806	Nil	65,806
Cost incurred during the year	1,108,404	Nil	1,108,404	Nil
Transferred to property, plant and equipment	Nil	(65,806)	Nil	(65,806)
At end of year	**1,108,404**	**Nil**	**1,108,404**	**Nil**

13 Investments

	Group		Company	
	2006	**2005**	**2006**	**2005**
Listed shares at cost				
Central Securities Limited	Nil	14,707	Nil	14,707
Unlisted shares at cost				
Gardiners Limited	1,330	1,330	1,330	1,330
Global Films Limited	5,000	5,000	5,000	5,000
Tourama (Private) Limited	Nil	Nil	249,950	249,950
	6,330	21,037	256,280	270,987
Aggregate value of listed and unlisted investments	**6,330**	**21,037**	**256,280**	**270,987**
Market value of the listed shares at 31 March	**Nil**	**14,000**	**Nil**	**14,000**

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

14 Inventories

	Group		Company	
	2006	**2005**	**2006**	**2005**
Tyres, tubes and batteries	54,135,593	60,829,241	54,135,593	60,829,241
Goods in transit	Nil	4,805,604	Nil	4,805,604
Provision for slow moving stocks	(1,016,826)	(862,374)	(1,016,826)	(862,374)
	53,118,767	**64,772,471**	**53,118,767**	**64,772,471**

15 Receivables and prepayments

	Group		Company	
	2006	**2005**	**2006**	**2005**
Trade receivables	18,826,601	18,246,845	18,717,708	18,100,293
Amounts due from related company [Note 27 (iii)]	2,434,623	3,129,700	2,434,623	3,129,700
Other receivables	1,896,621	5,567,441	1,896,621	5,567,441
	23,157,845	**26,943,986**	**23,048,952**	**26,797,434**

Other receivables mainly includes Value Added Tax receivable of Rs 262,278 (2005 - Rs 4,736,797), tender deposits Rs 564,495 (2005 - Rs 560,745) staff receivables Rs 295,922 (2005 - Rs 269,900) and receivable from Bridgestone Corporation Rs 773,927 (2005 - Rs Nil).

16 Cash and cash equivalents

	Group		Company	
	2006	**2005**	**2006**	**2005**
Cash at bank and in hand	**8,832,478**	**624,575**	**8,176,366**	**302,348**

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

	Group		Company	
	2006	**2005**	**2006**	**2005**
Cash and bank balances	8,832,478	624,575	8,176,366	302,348
Bank overdrafts (Note 18)	Nil	(26,870,132)	Nil	(26,870,132)
	8,832,478	**(26,245,557)**	**8,176,366**	**(26,567,784)**

17 Trade and other payables

	Group		Company	
	2006	**2005**	**2006**	**2005**
Trade payables	69,388,023	85,209,018	69,388,023	85,209,018
Accrued expenses	231,935	7,991,336	278,500	7,991,336
Amounts due to subsidiary [Note 27 (iii)]	Nil	Nil	256,207	246,971
Social security and other taxes	1,392,047	1,163,647	1,392,047	1,163,647
Other payables	3,167,420	2,185,700	3,071,116	1,978,393
Dividend payable	240,397	41,536	240,397	41,536
	74,419,822	**96,591,237**	**74,626,290**	**96,630,901**

Other payables mainly consists of rent advance of Rs 1,041,516 (2005 - Rs 728,960) and rent deposit Rs 1,693,953 (2005 - Rs 1,190,313).

18 Borrowings

	Group		Company	
	2006	**2005**	**2006**	**2005**
Current				
Bank overdrafts (Note 16)	Nil	26,870,132	Nil	26,870,132
Loans from directors and their families [Note 27 (i)]	7,285,000	4,780,000	7,285,000	4,780,000
Loan from related company [Note 27 (ii)]	250,000	250,000	250,000	250,000
	7,535,000	**31,900,132**	**7,535,000**	**31,900,132**

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

	Group		Company	
	2006	**2005**	**2006**	**2005**
Total borrowings:				
- at fixed rates	**7,535,000**	**31,900,132**	**7,535,000**	**31,900,132**

Weighted average effective interest rates:

	Group		Company	
	2006	**2005**	**2006**	**2005**
- bank overdrafts	11.50%	11.69%	11.50%	11.69%
- loans from directors, their families and related Companies	10.80%	12.00%	10.80%	12.00%

(a) Bank overdrafts are secured :
- o on mortgage over property bearing Assessment No. 304, Union Place, Colombo 2 and 58/10A, Raja Mawatha, Ekala. Rs 36,000,000 and Rs. 10,000,000 respectively.

(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, Union Place, Colombo 2 - Rs 78,000,000.
- o stock and book debts mortgage - Rs 100,000,000.

(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.

19 Deferred income tax

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 32.5% (2005 - 32.5%).
The movement on the deferred income tax account is as follows :

	Group		Company	
	2006	**2005**	**2006**	**2005**
At beginning of year	3,640,536	3,057,186	3,640,536	3,057,186
Income statement (release)/charge	(134,053)	583,350	(134,053)	583,350
At end of year	**3,506,483**	**3,640,536**	**3,506,483**	**3,640,536**

20 Defined benefit obligations

The amounts recognised in the balance sheet are as follows:

	Group		Company	
	2006	**2005**	**2006**	**2005**
At beginning of year	2,147,051	1,772,351	2,147,051	1,772,351
Charge for the year (Note 6)	499,148	454,300	499,148	454,300
Contribution paid	(440,099)	(79,600)	(440,099)	(79,600)
At end of year	**2,206,100**	**2,147,051**	**2,206,100**	**2,147,051**

21 Contingent liabilities

22 Commitments

Capital commitments

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

Financial commitments

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

23 Ordinary shares and share premium

	No of Shares	Share Capital	Share Premium	Total
At 31 March 2005	120,000	12,000,000	440,000	12,440,000
At 31 March 2006	**120,000**	**12,000,000**	**440,000**	**12,440,000**

The total authorised number of ordinary shares is 140,000 shares (2005 - 140,000 shares) with a par value of Rs 100 per share (2005 - Rs 100 per share).

All issued shares were fully paid.

24 Revaluation reserve

	Group		Company	
	2006	**2005**	**2006**	**2005**
At beginning of year	97,033,826	97,068,784	97,033,826	97,068,784
Transfer of depreciation to retained earnings	(262,645)	(34,958)	(262,645)	(34,958)
Revaluation during the year	194,207,369	Nil	194,207,369	Nil
At end of year	**290,978,550**	**97,033,826**	**290,978,550**	**97,033,826**

The revaluation reserve is non distributable.

25 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	Group		Company	
	2006	**2005**	**2006**	**2005**
Profit before tax	44,243,822	18,593,075	43,742,857	18,334,674
Adjustments for:				
Depreciation (Note 10)	7,030,683	5,842,262	7,030,683	5,842,262
Dividend received	(139)	(512)	(139)	(512)
Profit on disposal of property, plant and equipment (Note 5)	(26,126)	(41,522)	(26,126)	(41,522)
Interest income (Note 7)	Nil	(1,312)	Nil	(1,312)
Interest expense (Note 7)	3,305,194	2,271,873	3,305,194	2,271,873
Profit on disposal of shares	(24,926)	Nil	(24,926)	Nil
Changes in working capital				
- trade and other receivables	3,786,141	(5,586,338)	3,748,482	(5,608,186)
- inventories	11,653,704	(20,463,547)	11,653,704	(20,463,547)
- payables	(22,370,277)	24,093,255	(22,203,477)	22,439,919
Defined benefit obligation (Note 20)	59,049	374,700	59,049	374,700
Cash generated from operations	**47,657,125**	**25,081,934**	**47,285,301**	**23,148,349**

26 Group reporting dates

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

27 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
Mrs Bernadette J Aloysius	Mercury Limited	Agent for Company's insurance

(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, a wholly owned subsidiary of the Company, from which the Company purchased air tickets worth Rs 257,234.

(c) Mr Joseph A. Aloysius and Mrs Bernadette J. Aloysius are directors of Mercury Limited on behalf of whom the Company had loaned Rs. 3,135,314 for the import of tyres. Mercury Limited has subsequently settled their loan as disclosed in note 27(iii) below.

(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	
	2006	**2005**	**2006**	**2005**
At beginning of year	**4,780,000**	3,085,000	**4,780,000**	3,085,000
Received during the year	**3,096,612**	1,775,000	**3,096,612**	1,775,000
Repaid during the year	**(591,612)**	(80,000)	**(591,612)**	(80,000)
At end of year (Note 18)	**7,285,000**	4,780,000	**7,285,000**	4,780,000

(ii) **Loan from related company**

Loan from Shrimpex Limited:

	Group		Company	
	2006	**2005**	**2006**	**2005**
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 (Note 18)	**250,000**	250,000	**250,000**	250,000

(iii) **Outstanding balance**

	Group		Company	
	2006	**2005**	**2006**	**2005**
Payable to:				
Tourama (Private) Limited (Note 17)	**Nil**	Nil	**256,207**	246,971
Receivable from:				
Mercury Limited				
At the end of the year (Note 15)	**2,434,623**	3,129,700	**2,434,623**	3,129,700
	2,434,623	3,129,700	**2,434,623**	3,129,700

28 Related party transactions

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

29 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

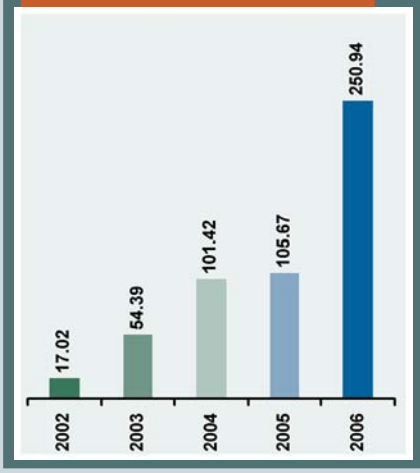
Year ended 31 March (In Rs. '000)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
OPERATING RESULTS										
Turnover	**414,236**	324,453	316,544	297,881	272,006	269,385	215,488	209,329	219,622	164,036
Profit before finance charges	**50,193**	17,439	22,006	13,571	13,137	22,731	8,921	8,624	5,886	4,057
Finance cost	**5,949**	2,814	5,307	2,943	6,939	12,531	4,148	7,079	6,493	5,743
Non operating income	**3,667**	3,968	1,314	181	181	181	180	180	187	492
Profit before taxation	**44,244**	18,593	18,014	10,809	6,379	10,380	4,954	1,725	(420)	(1,195)
Taxation	**14,131**	5,912	5,843	4,283	4,336	5,066	2,702	1,520	1,415	-
Profit after taxation	**30,113**	12,681	12,170	6,526	2,043	5,315	2,252	205	(1,835)	(1,195)
BALANCE SHEET										
Share Capital	**12,000**	12,000	12,000	12,000	12,000	12,000	12,000	12,000	8,800	8,800
Share Premium	**440**	440	440	440	440	440	440	440	440	-
Capital Reserves	**291,130**	97,186	97,221	97,221	86,120	86,120	63,620	63,935	67,135	67,575
Revenue Reserves	**59,236**	30,661	19,747	9,075	4,048	2,006	(2,109)	(3,475)	(3,680)	(1,845)
	362,806	140,287	129,408	118,736	102,608	100,566	73,951	72,900	72,695	74,530
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**374,781**	183,127	168,463	150,311	107,944	102,965	77,395	76,468	76,699	78,365
Current Assets	**85,109**	92,341	66,174	56,770	49,192	68,922	56,088	65,914	81,414	50,410
Current Liabilities	**(91,371)**	(129,394)	(100,400)	(84,748)	(52,460)	(69,414)	(57,432)	(67,282)	(83,780)	(52,057)
Non - Current Liabilities	**(5,713)**	(5,788)	(4,830)	(3,598)	(2,068)	(1,908)	(2,100)	(2,200)	(1,639)	(2,189)
	362,806	140,286	129,407	118,735	102,608	100,565	73,951	72,900	72,694	74,529
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	**0.93**	0.71	0.66	0.67	0.94	0.99	0.98	0.98	0.97	0.97
Quick Ratio	**0.35**	0.21	0.22	0.25	0.47	0.39	0.47	0.43	0.43	0.54
Capital Adequacy										
Total Liabilities / Sales (%)	**23.44**	41.66	33.24	29.66	20.05	26.88	27.93	33.19	38.89	33.07
Interest Cover (No. of times)	**8.44**	11.76	7.80	8.88	3.61	16.05	3.50	1.29	1.02	1.15
Profitability										
Return on Equity	**8.30**	9.04	9.40	5.50	1.99	5.28	0.19	0.02	(0.21)	(0.14)
Return on Total Assets (%)	**0.07**	4.60	5.05	3.15	1.30	3.09	1.68	0.14	(1.16)	(0.93)
Operating Margin / Sales (%)	**20.30**	15.89	17.64	13.21	13.36	15.17	11.50	10.30	7.74	9.46
Earning Per Share (Rs.)	**250.94**	105.67	101.42	54.39	17.02	44.29	18.76	1.71	(15.29)	(9.95)
Revenue Growth (%)	**27.68**	2.50	6.27	9.51	0.97	25.01	2.94	(4.69)	33.89	59.61
Profit Before Tax Growth (%)	**137.96**	3.22	66.65	69.45	(38.55)	109.56	187.17	(510.86)	(64.85)	(146.71)
Profit After Tax Growth (%)	**137.47**	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)	**5.60**	5.00	6.55	8.66	7.11	6.29	5.72	4.57	8.96	8.26
Average Collection Period (days)	**22.08**	27.07	24.25	27.74	34.48	37.07	46.65	55.90	29.88	65.62

Ten year summary *contd.*

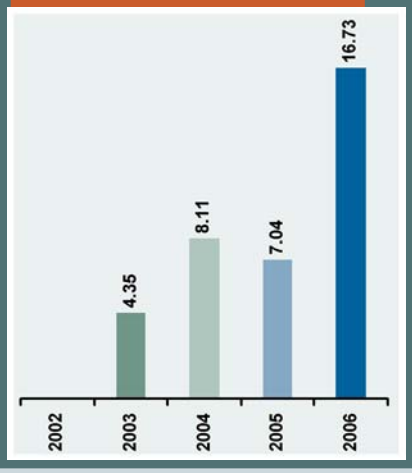
Year ended 31 March (In Rs. '000)	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
MARKET - BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	**0.06**	0.14	0.12	0.23	-	0.23	0.53	-	-	(0.74)
Dividend Cover (Times)	**16.73**	7.04	8.11	4.35	-	4.43	1.88	-	-	(1.36)
Net Assets Per Share	**3023.39**	1169.05	1078.40	989.46	855.07	838.05	616.26	607.50	605.79	621.08
Combined Ratios										
Dividend Yield	**0.86**	1.25	3.13	5.00	-	5.13	5.41	-	-	-
Price Earning Ratio (Times)	**6.98**	11.36	3.94	4.60	12.63	4.40	9.86	-	-	-
Market to Book Ratio (%) (stock price per share / book value per share)	**57.99**	94.09	37.18	25.27	25.14	23.27	30.02	30.45	-	-

GRAPHICAL REVIEW

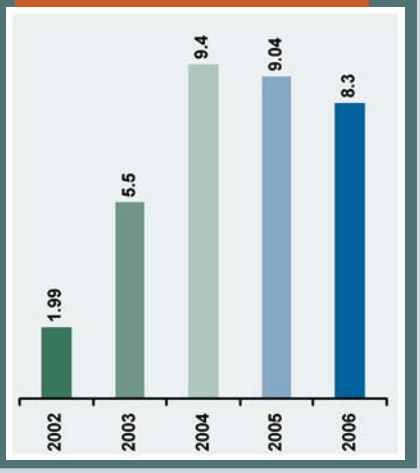
Earnings per share
Rs.



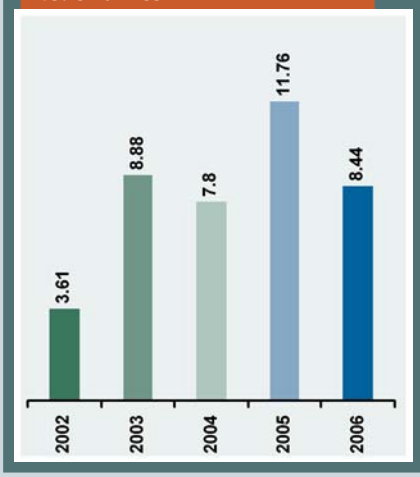
Dividend Cover
No. of times



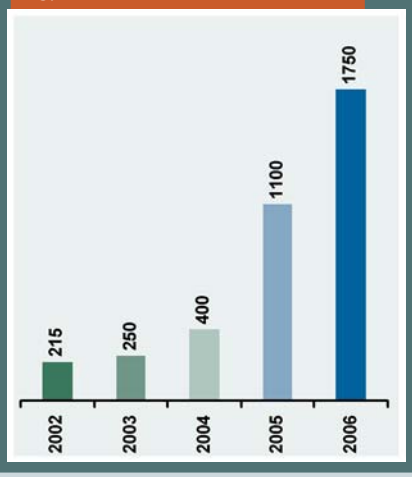
Return on Investment
%



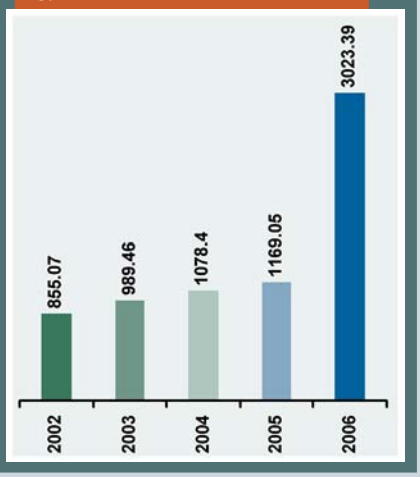
Interest Cover
No. of times



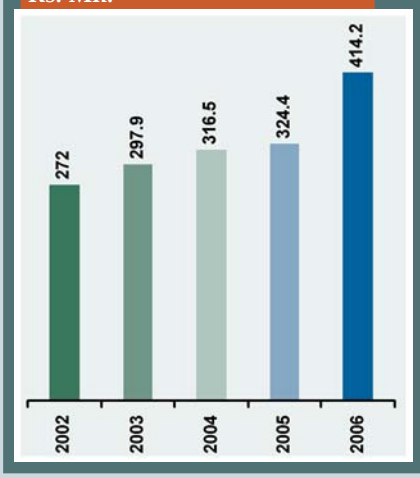
Market Value per Share
Rs.



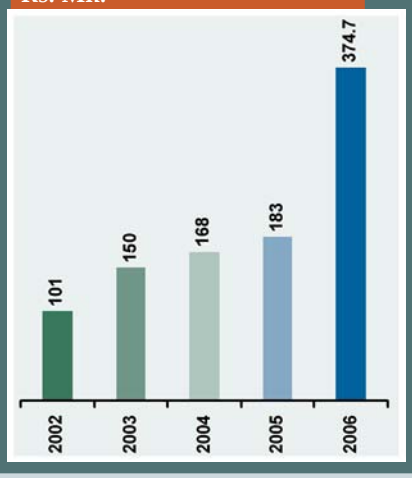
Net Assets per Share
Rs.



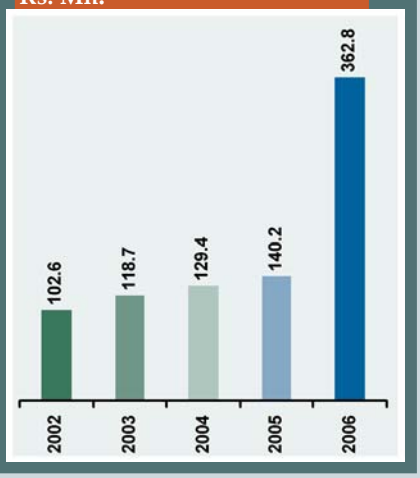
Turnover
Rs. Mn.



Fixed Assets
Rs. Mn.



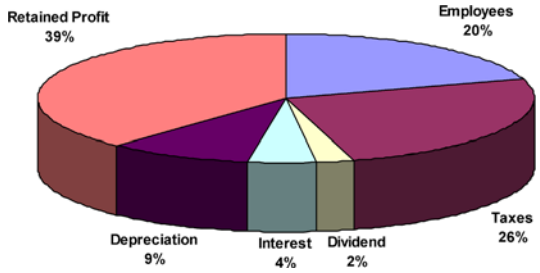
Shareholder's Funds
Rs. Mn.



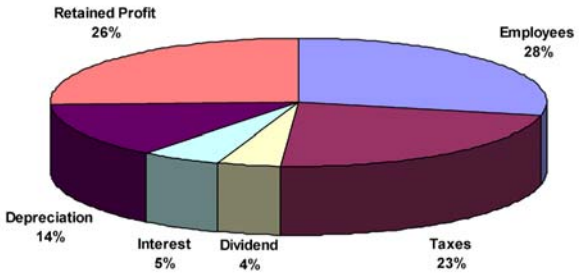
STATEMENT OF VALUE ADDED

	2006 Rs.	2005 Rs.
CREATION OF VALUE ADDED		
Gross Sales	**419,026,441**	328,224,806
Other Income	**827,075**	4,537,212
	419,853,516	332,762,018
Less: Cost of Materials & Services purchased from External Sources	**345,434,417**	290,230,886
Total Value Added	**74,419,099**	42,531,132
DISTRIBUTED AS FOLLOWS		
To Employees as Remuneration	**15,049,301**	12,040,627
To Government as Taxes	**18,921,202**	9,683,789
To providers of Capital as		
Dividend	**1,800,000**	1,800,000
Interest	**3,305,194**	2,283,695
Retained in the business as		
Depreciation	**7,030,682**	5,842,262
Retained Profit	**28,312,720**	10,880,759
	35,343,402	16,723,021
Distribution of Value Added	**74,419,099**	42,531,132

2006



2005



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 Main Board of the Colombo Stock Exchange.

3. DISTRIBUTION OF SHAREHOLDING

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

Size of shareholdings	31 March 2006				31 March 2005			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
1 - 1000	122	89.70%	7,743	6.45%	114	89.07%	7,443	6.20%
1001 - 5000	2	1.47%	6,920	5.77%	3	2.34%	7,020	5.85%
5001 - 10000	9	6.62%	52,350	43.62%	8	6.25%	52,550	43.79%
10001 - 50000	3	2.21%	52,987	44.16%	3	2.34%	52,987	44.16%
50001 and over	-	-	-	-	-	-	-	-
	136	100.00%	120,000	100.00%	128	100.00%	120,000	100.00%

4. ANALYSIS OF SHAREHOLDERS

	31 March 2006				31 March 2005			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
Institutions	10	7.35%	20,417	17.01%	7	5.47%	20,514	17.10%
Individuals	126	92.65%	99,583	82.99%	121	94.53%	99,486	82.90%
Total	136	100.00%	120,000	100.00%	128	100.00%	120,000	100.00%
Non Residents	6	4.41%	6,688	5.57%	7	5.47%	6,908	5.76%
Residents	130	95.59%	113,312	94.43%	121	94.53%	113,092	94.24%
Total	136	100.00%	120,000	100.00%	128	100.00%	120,000	100.00%

5. SHARE VALUATION

Market Value	as at 31 March 2006	**Rs.1,750.00**	as at 31 March 2005	Rs.1,100.00
Highest	Yr.2005/2006	**Rs.1,875.00**	Yr.2004/2005	Rs.1,200.00
Lowest	Yr.2005/2006	**Rs.1,200.00**	Yr.2004/2005	Rs.1,100.00
Earning Per Share		**Rs.247.60**		Rs.103.51
Dividend per share		**Rs.15.00**		Rs.15.00
Net asset value per share		**Rs.3,017.90**		Rs.1,169.05

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 - Fourth 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 Fourth Annual General Meeting of the Company to be held on Friday 08 September 2006 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	FOR	AGAINST
1. Adoption of Report & Accounts for the Year ended 31 March 2006		
2. Resolution that Interim Dividend of 15% declared on 12.04.2005 be Final		
3. Re-election of Mr. Sarath C. Weerasooria		
4. Re-election of Miss Joanne Aloysius		
5. Re-election of Mrs. Bernadette J. Aloysius		
6. Authorisation of Directors to determine Contributions to Charities		
7. Change of Auditors and Authorisation of Directors to fix their Remuneration		

As witness my/our hand this…….day of ..... 2006.

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).