Autodrome
SINCE 1953
ANNUAL REPORT
2010/11

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If you have any questions on the use of the digital copy of this report, please call 2326181 or 2314804. The contact person at the time of publishing this annual report is Mr. Upul Gunaratne, Financial Controller.

If you wish to Email instead, please use the address finance@autodrome.lk. The fax number is 2314805.

The web address for download of this report is: http://financial.autodrome.lk

Corporate Information

The Autodrome PLC

304 Union Place, Colombo 2. Sri Lanka
T 2326181/2, 5869347~50
F 2338611, 2314805, 2325594
W www.autodrome.lk

- **Legal Form**
  A Limited Liability Company incorporated in Ceylon on 23.07.1953 Public Co. 1957.

- **Stock Exchange Listing**
  The issued Ordinary shares of the Company are listed since 1975 under Motors on the Main Board of the Colombo Stock Exchange of Sri Lanka.

- **Company Registration No.**
  PQ-84

- **Board of Directors**

  Joseph A. Aloysius
  B.Sc. Chairman

  Ms. Bernadette J. Aloysius
  B.A. Deputy Chairperson

  Jeremy D. Aloysius
  MBA (USA) Joint Managing Director

  Rajeev A.J. Aloysius
  FCMA (UK), FCMA (LK), MBA (Sri. J.) Joint Managing Director

  Ms. J. Joanne B. Aloysius
  B.Sc. (Lond.), MBA Marketing Director

  Ms. Julie A. Aloysius
  BA (USA) Executive Director

  M. Raviraj Ratnasabapathy
  FCMA(UK), MBA

  Prof. John A. Aloysius
  B.Sc (Col.), PhD (USA)

  M. Suresh Dominic
  BSc (Hons) (USB, London)

  C. Lakshman Sirimanne
  Dip. Eng, IMS (UK)

  Sarath C. Weerasooria
  FCA

- **Company Secretaries**
  Accounting Systems Secretarial Services (Pvt) Ltd.
  Level 4, No 2, Castle Lane, Colombo 04.

- **Lawyers**
  M/s. D.L. & F. de Saram

- **Auditors**
  M/s. KPMG Ford Rhodes Thornton & Co.

- **Bankers**
  Bank of Ceylon, Metropolitan Br.
  Commercial Bank of Ceylon PLC., City
  Hatton National Bank PLC, Greenpath Br.
  HSBC, Main Office
  People's Bank, Union Place Br.

- **Senior Executives**
  S. Enaksha S.M. Fernando *General Manager*
  Upul C. Gunaratne *BComm, ACA Financial Controller*
  Ms. Freeda Perera *Sales Consultant*
  Ms. Asha Peiris Nishantha *Manager - Sales*
  Erandaka Hewanayake *Manager - Marketing*
  T.D. Thilakasiri *Administration Manager*
  Nelson Nonis *Manager - Warehouse*
  Ranjith Dharmasena *Manager - Stores*
  Rajiv Perera *Manager - Workshop*
  Denny Joseph *Manager - IT and Webmaster*

- **Nature of Business**
  Sole Distributors in Sri Lanka for:
  BRIDGESTONE Tyres, Tubes and Flaps (Japan, Indonesia & Thailand)
  YOKOHAMA Automotive Batteries (Malaysia)
  FUTEK Alloy Wheels (China)
  CHINA SOONG Wheels and Tyre Accessories (China)
  REVLON LANKA Cosmetics and Beauty Care

  Subsidiary
  Tourama (Pvt) Ltd Travel Agency and Destination Management Co.

Notice of Annual General Meeting

THE AUTODROME PLC
Reg. No. PQ-84

NOTICE IS HEREBY GIVEN that the Fifty-Ninth Annual General Meeting of The Autodrome PLC will be held at the Registered Office of the Company at 304, Union Place, Colombo 2 on Friday, 30 September 2011 at 3.30pm, and the business to be brought before the meeting will be:

Agenda

Ordinary Business

1. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31 March 2011 together with the Report of the Auditors thereon.

2. To re-elect as a director, Mr. J. D. Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

3. To re-elect as a director, Ms. J.J.B. Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

4. To re-elect as a director, Mr. R.A.J. Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

5. To pass the following ordinary resolutions: To re-elect Mr. Joseph Anthony Aloysius, Mr. Sarath C. Weerasooria and Mrs. Bernadette J. Aloysius as Directors of the company, special notices have been received from a shareholders pursuant to section 211 of the Companies Act No 7 of 2007 of the intention to propose the following resolution as ordinary resolutions.

   RESOLVED THAT Mr. Joseph Anthony Aloysius who has reached the age of 82 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 in the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

6. **RESOLVED THAT** Mr. Sarath Chandra Weerasooria who has reached the age of 72 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 of the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

7. **RESOLVED THAT** Mrs. Bernadette Jeyaleela Aloysius who has reached the age of 70 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 of the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

8. To re-appoint M/s KPMG Ford Rhodes Thornton & Company as Auditors and authorise the Directors to determine their remuneration.

9. To authorise the directors to determine contributions to charity.

10. Any other business, for which due notice shall have been given.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LIMITED
Secretaries

Colombo, 31 August 2011

Chairman's Statement

"Phenomenal Growth ... Simplified Tax ... to realise our Collective Vision"

Welcome to the 59th Annual General Meeting of the Company.

Results

I am pleased to inform you that the company has achieved a phenomenal growth in turnover of 20%, gross profit of 21% and net profit after taxation of 56%, after a challenging year 2009/10. The fact that many other companies on the Colombo bourse have achieved similar performance gains is a testament to the improved business climate in the country.

Business Environment

The World Economy has suffered many blows, which began to affect Sri Lanka in the middle of the year under review. The European financial crisis, and the slow recovery in the United States, has since been made worse by natural disasters. The Japanese tsunami affected our supplier, Bridgestone Corporation. We are pleased to inform you that they have recovered from the crisis, though their sales are affected by the fallout from it. Our administrative, operational and financial expenses have been contained to a great extent, and we have been successful in retaining staff with better remuneration. Interest rates and inflation have fallen during the year, and we have taken steps to improve our cash flow position.

Dividend and Share

An interim dividend of Rs. 4 per share for the year 2010/2011 was declared on 07 September 2010, and paid on 29 September 2010. The Board recommends that this be treated as Final.

The closing price of the share at the end of the year was Rs. 860 (2010-369.25).

Future Prospects

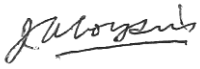
We have begun to grow our new business of Revlon cosmetics and beauty care products. The tax system of the country was simplified and revamped in 2011, giving relief to the business sector as well as the wage earner. Society's many other problems of inequality need to be addressed, to take the company and the country forward.

Digital Reporting

You have received this Report on CD, and if you have not, it is available on the web for quick download. As usual, the CD also contains an Excel file so that you may perform your own calculations easily. We will continue to provide you with hard copies of the report if you request for it in writing. In keeping with this trend, the Stock Exchange will go scripless from the end of this year. Please refer the instructions at the end of this report.

Thanks

I would like to thank all our stakeholders for the support given during the year. The Board of The Autodrome PLC combines knowledge and experience in our businesses, and I thank them for their advice and guidance. We will work to grow The Autodrome PLC to realise our collective vision.



Joseph A Aloysius
Chairman of the Board

Colombo, 31 August 2011

Directors' Profiles

Mr. Joseph A. Aloysius

Mr. Joseph Aloysius has served on the Board of the Company since 1963, having joined the company as a Manager in 1956. He is currently the Chairman of the Board. He holds a Bachelor of Science degree (Chemistry) from the University of Ceylon. He was a long-serving Chairman of both the Ceylon Motor Trader's and the Ceylon Tyre Traders' Associations of the Ceylon Chamber of Commerce. He also holds Directorates in Tourama (Pvt) Limited, Mercury Ltd. and Seventy Ltd. He has previously served on the Boards of The Galle Face Co. (Pvt) Ltd, Associated Hotels Ltd, DFCC, Cargills (Ceylon) Ltd, Millers Ltd and the Ceylon Hotels Corporation among others.

Mrs. Bernadette J. Aloysius

Mrs. Bernadette Aloysius was appointed to the Board in 1989 and is presently the Deputy Chairman/Marketing Director. She holds a B.A. degree from the University of Peradeniya. She also holds Directorates in Tourama (Pvt) Limited, Mercury Limited and Seventy Limited.

Mr. Jeremy D. Aloysius

Mr. Jeremy Aloysius was appointed to the Board in 1989, was made an executive director in April 1992, and presently serves as the Joint Managing Director of the Company. He holds a Masters in Business Administration from the American University in Asia (USA). He has undergone technical training at the Bridgestone Firestone Training and Communication Centre, in Nong Khae, Thailand. He is also a Director of Tourama (Pvt) Ltd.

Mr. Rajeev A. J. Aloysius

Mr Rajeev Aloysius was appointed to the board in 1992 , was made an executive director in June 1997 and serves as the Joint Managing Director of the Company, heading the Finance and IT Division. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura, and is a Fellow of the Chartered Institute of Management Accountants (UK) and a Fellow of the Certified Management Accountants (Sri Lanka). He is a past president/chairman of two affiliated associations at the Ceylon Chamber of Commerce. He concurrently serves as the Managing Director of the subsidiary Tourama (Pvt) Ltd, and is its chief Travel Consultant. He is currently the Hon. Treasurer of the Chamber Music Society of Colombo, and also serves as Webmaster for a number of organisations in Colombo.

Ms. Julie A. Aloysius

Ms. Julie A. Aloysius joined the board in 1990 and is presently an Executive Director of The Autodrome PLC and Tourama (Pvt) Ltd. She earned her Bachelors degree in Mass Communications from Aquinas College, Grand Rapids, Michigan, USA.

Ms. J. Joanne B. Aloysius

Ms. Joanne Aloysius joined the board in 2004 and serves the Company as an Executive Director. She heads Revlon operations for the Company. She earned her B.Sc. in Law with Management from the University of London, and holds an MBA from the Postgraduate Institute of Management, University of Sri Jayewardenepura. She is also a Director of Tourama (Pvt) Ltd.

Prof. John A. Aloysius

Prof. John Aloysius has served as a Non-Executive director of the board since 1990. He is currently an Associate Professor of the Walton School of Business at the University of Arkansas, USA. He holds a PhD. from Temple University, Philadelphia, USA and a Bachelor of Science Degree in Mathematics and Statistics, with First Class honours from the University of Colombo. He conducts lectures in the US and internationally in his field of expertise.

Mr. Sarath C. Weerasooria

Mr. Sarath Weerasooria was appointed to the board in 1994 as a Non-Executive Director. He is a senior Fellow of the ICASL. He is Chairman of the Board of the Finco / Alpha Group of companies. He is a member of the main Committee of the The Ceylon Chamber of Commerce, representing an affiliated association. He currently chairs the Audit Committee of the Company, and is a member of the Remuneration Committee.

Mr. M. Raviraj Ratnasabapathy

Mr. M.R. Ratnasabapathy joined the board in 2007. He is a Fellow of the Chartered Institute of Management Accountants (UK) and holds an MBA from PIM. With over 25 years' experience in finance, he is currently Head of Corporate Finance of Suntel Ltd. He chairs the Remuneration Committee, and is a member of the Audit Committee.

Mr. C. Lakshman Sirimanne

Mr. Lakshman Sirimanne was appointed to the Board in 2007. He possesses extensive experience at Senior Management level in the Corporate Sector, including Ceylon Tobacco Co Ltd. for over 26 years, and thereafter on the Main Board at EastWest Properties Ltd. group and its subsidiaries for over 10 years. He is presently the Group Director - Corporate Development at the Galle Face Hotel Group.

Mr. M. Suresh Dominic

Mr. Suresh Dominic was appointed to the board in 2007. He holds a B.Sc. degree in Mathematics & Computing from the South Bank University, London, UK. Presently, he is a Consultant to Interblocks (Pvt) Ltd, a multinational company developing banking finance software. He is a member of the Remuneration Committee.

Statutory Committees

REMUNERATION COMMITTEE

Members

1) Sarath C. Weerasooria
2) Ravi Ratnasabapathy (Chairman)
3) M. Suresh Dominic

By invitation

1) Bernadette Aloysius *or alternate*
2) Jeremy Aloysius

Terms of Reference

1. Membership

1.1 The Committee shall be composed of at least three members.

1.2 The Board shall appoint the Committee Chairman. In the absence of the Committee chairman and/ or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

2. Authority

2.1 For the Chairman, all executive directors and Special Grade Executives and Higher Grade Executives:

(a) Agree the framework and/or broad policy for remuneration, terms of employment and any changes, including service contract, remuneration, basis of bonus and participation in incentive plans; and the targets for any performance related pay schemes.

(b) Agree terms for cessation of employment;

(c) Authorise execution by the Company of all relevant documents.

2.2 Recommend to the Board the form and content of the report to shareholders on directors remuneration in the Annual Report, including the work of the Committee.

2.3 The Committee is authorised through the Executive Director to seek any information it requires from an employee of the company in order to perform its duties.

2.4 Delegate any of its powers to one or more of its members or the Secretary.

3. Proceedings

3.1 A quorum for the Committee is two Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities and duties vested in or exercisable by the Committee.

3.2 The Chairman and the Group Chief Executives may attend the meetings at the invitation of the Committee to contribute to its deliberations but shall not be present when their own position is under discussion.

3.3 Formal decisions are made by a simple majority vote, with the Chairman of the meeting holding a casting vote.

3.4 The committee meets at least once a year.

3.5 All non-executive directors may receive papers and minutes on request.

AUDIT COMMITTEE

Terms of Reference

Members

1. Sarath C. Weerasooria, FCA (Chairman)
2. M. Ravi Ratnasabapathy
3. C. Lakshman Sirimanne

By invitation

1. Rajeev Aloysius, Joint Managing Director
2. Joanne Aloysius, Executive Director

1. Membership

1.1 The Committee shallbe composed of at least three members.

1.2 The Committee shall consist of at least two independent non-executive directors, and the Chairman shall have significant, recent and relevant financial experience.

1.3 The Board shall appoint the Committee Chairman. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

Statutory Committees

Audit Committee...

2. Proceedings

2.1 A quorum for the Committee is two Committee members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities and duties vested in or exercisable by the Committee.

2.2 The Joint Managing Director and Executive Director, although not members of the Committee will attend meetings with the agreement of the Chairman of the Committee.

2.3 Autodrome's other directors may attend with the agreement of the Chairman of the Committee.

2.4 Any Committee member may call additional meetings as necessary.

2.5 The terms of reference and the effectiveness of the Committee shall be reviewed annually and any necessary recommendations made to the Board.

2.6 The Committee shall meet at least four times a year, linked to the announcement of the Autodrome's Group financial results.

3. Minutes

The minutes of meetings of the Committee are circulated to all members of the Committee and to nominated recipients as soon as practicable after the meeting. The minutes are also circulated to all members of the Board.

4. Authority

The Committee has authority to:

(a) oversee any investigation of activities which are within its terms of reference;

(b) require provision of any necessary information to fulfil the above;

(c) call any member of staff, through the Executive Director, to be questioned at a meeting of the Committee as and when required;

(d) meet with the external auditors without management present.

5. Principal Duties

5.1 External Audit

5.1.1 Recommend to the Board the appointment and reappointment of external auditors to Autodrome PLC, ensuring that key partners are rotated at appropriate intervals; and consider their resignation and removal and recommend appropriate action.

5.1.2 Review the performance of the external auditors including the scope of their audit and recommend to the Board appropriate remuneration.

5.1.3 Review, at least annually, the cost effectiveness of the audit and the qualification, expertise, independence and objectivity of the external auditors, including the nature and extent of non-audit and consultancy services to ensure that independence or objectivity is not impaired.

5.1.4 Review and approve the Group Audit Engagement Letter.

5.1.5 Discuss with the external auditors the scope of their audits before they commence and review the results and consider their Management Letter, and report the results of those reviews to the Board.

5.1.6 Review and discuss any reports from the external auditors on critical accounting policies, including management's response.

5.2 Internal Audit
There is no internal audit function at present. However, if the Audit Committee deems it necessary, at any time; it may appoint a firm of accountants to conduct an internal audit and to determine the scope of such audit, at the Company's expense.

5.3 Financial Reporting
5.3.1 Review the annual, half year and quarterly financialresults and the Annual Report and other published information to satisfy itself that they meet all statutory requirements, SEC requirements, Sri Lanka Accounting Standards and the regulations of the Colombo Stock Exchange.

5.3.2 Review annually the accounting policies and make recommendations to the Board.

5.4 Internal control and risk management

5.4.1 Monitor and review the standards of internal control, including the processes and procedures for ensuring that material business risks, fraud and related matters, are properly identified and managed, the effectiveness of internal control, financial reporting, accounting policies and procedures.

5.4.2 Review processes for dealing with complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters ('whistleblowing' procedures), ensuring arrangements are in place for the proportionate and independent investigation and appropriate follow up action.

6. Other
The Committee shall:
6.1 Review any other matter referred to it by either the Board or the Chairman;
6.2 Delegate any of its powers to one or more of its members, or the Secretary if it deems this appropriate.

Corporate Governance

A brief overview of our application of some of the Guiding Principles formulated by the Institute of Chartered Accountants of Sri Lanka, as well as the current listing rules of the Colombo Stock Exchange is given below.

We the Board confirm that as at the date of the Annual Report, that the Company is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

Board of Directors

The composition of the Board of Directors throughout the year under review from 01 April to 31 March, has been 6 Executive Directors and 5 non-Executive Directors. The profiles of these directors , and their qualifications are on page 6. A disclosure of the status of the board, whether non-executive, executive or independent non-executive, is given on page 12, in note 13 of the Management Review. There have been no changes to the composition of the board during the year.

The Chairman of the Board and Managing Director positions are held by different persons. 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 Governance Committees *(see below)*. Three directors are both Independent and Non-Executive, as per the definitions given by the Colombo Stock Exchange.

In addition, in accordance with CSE Listing Rule 3.1.16 a), it was unanimously resolved at a board meeting held on 07 September 2010, that Mr. Sarath C. Weerasoria, FCA, having served for more than 9 years on the board, considering his credentials, and his position as Chairman of a privately-held conglomerate of companies, is considered nevertheless independent.

All Non-Executive Directors have submitted a declaration on the status of their independence to the Company.

Audit Committee

The audit committee consists of three independent, non-executive directors. The committee is chaired by a member of a professional accounting body, and at least one other member has equivalent professional qualifications. The audit committee consists only of non-executive directors, and two executive directors are invited for clarifications at meetings. The functions of the Audit Committee are in accordance with Rule 7.10.6 (b) of the Listing Rules. The invited executive directors include the Joint Managing Director / CEO.The audit committee met five times during the year under review, on 20 May 2010, 09 July 2010, 07 August 2010, 12 October 2010 and 20 January 2011, and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Audit Committee may be found on page 7 and 8.

Remuneration Committee

The Remuneration committee consists of a Chairman who is an an independent non-Executive Director, and two other independent non-executive directors.

The Remuneration Committee met twice during the year under review on 21 December 2010 and 08 March 2011, and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Remuneration Committee may be found on page 7.

Remuneration Policy

As Executive Directors are also major shareholders, in the interest of the company, rates below market and industry rates are used for Executive Directors' remuneration. The Remuneration Committee meets once a year to review the key management personnel remuneration policy. The aggregate remuneration of key management personnel is disclosed under note 26, on page 38.

Code of Ethics and Best Practice

A formal Code of Ethics and Best Practices has not been formulated and adopted at the given time. The principles and Best Practices underlying such a code have been in practice for some time. The company operates to meet the aspirations of its stakeholders.

Corporate Governance *contd.*

Independence of Auditors

The auditors of the Company are KPMG Ford Rhodes Thornton & Co, a member firm of the KPMG network of independent member firms affiliated with the KPMG International cooperative. As far as the Directors are aware, the Auditors do not have any relationship or interests (other than that of auditors) with the Company. They confirm that they are independent in accordance with the Code of Ethics of The Institute of Chartered Accountants of Sri Lanka.

Shareholder Relations

The Company assigns a high priority to the communication of results and prospects for the future to its shareholders, as a responsible listed company on the Colombo Stock Exchange. The Quarterly and Annual reports are simultaneously updated on the company's website at http://financial.autodrome.lk. This year too, we have an Excel sheet on the website for ease of analysis.

If you have any questions on the use of the digital copy of this report, please call (011) 2326181 or 2314804. The contact person at the time of publishing this annual report is Mr. Upul C. Gunaratne, Financial Controller. If you wish to Email instead, the address is finance@autodrome.lk. The fax number is (011) 2314805.

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.

Management Review

(all amounts in Sri Lanka Rupees '000)

THE AUTODROME PLC AND ITS SUBSIDIARY

The Board of Directors of the Company are pleased to present their Annual Report and audited financial Statements of the Group and Company for the year ended 31 March 2011, set out on pages 17 to 39.

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 Wheels and Tyre Accessories from China

   The Company is the local distributor of Beauty care and cosmetics for Revlon Lanka (Pvt) Ltd, a Joint venture of the Modi Group of India and Revlon USA.

   Other activities include the provision of services related to the above; Real Estate: Rental and Lease (as Landlord); Design and hosting and maintenance of websites.

   The subsidiary Tourama (Pvt) Ltd, is an IATA accredited travel agent and destination management company.

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 2010 to 31 March 2011, set out on pages 17 to 39.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs.613,669 (2010- Rs. 510,404), while the turnover of the Group net of turnover based taxes was Rs. 615,130 (2010- Rs. 511,571).

Property, plant & equipment

4. The movement of Property, plant and equipment for the year are shown in note 10 on page 32 of the financial statements.

Value of properties

5. The market value of land owned by the company is estimated at Rs. 293,687 based on Acquisition cost or valuation made by a qualified Valuer. Directors estimate the market value of assets, to be significantly similar to their carrying values.

Share Capital and Reserves

6. The total Reserves as at 31 March 2011 amounted to Rs. 513,107(2010-Rs. 471,393), comprising of Revaluation Reserve of Rs. 289,665 (2010-Rs. 289,927), and Revenue Reserve of Rs. 223,442 (2010-Rs. 181,466).

Approved Donations

7. Donations to approved charitable organizations amounted to Rs. 220 (2010-Rs. 358)

Taxation

8. It is the policy of the Company to provide for deferred taxation on all known temporary differences on the Liability method. The corporate tax rate was 35% (2010-35%)

Management Review *contd.*

Share Information

9. Information relating to earnings, dividends, net assets, and share trading is given on page 44.

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 have been Directors of the Company throughout the year, and the dates of their original appointment are in brackets. Their status / independence is also disclosed below:

Mr. Joseph A. Aloysius	(25.09.1963)	Chairman of the Board
Mrs. Bernadette J. Aloysius	(08.09.1989)	Deputy Chairperson
Prof. John A. Aloysius	(27.04.1990)	Non-Executive
Mr. Jeremy D. Aloysius	(08.09.1989)	Joint Managing Director / CEO
Mr. Rajeev A.J. Aloysius	(20.03.1992)	Joint Managing Director / CEO
Ms. Joanne J.B. Aloysius	(07.07.2004)	Marketing Director
Ms. Julie A. Aloysius	(27.04.1990)	Executive
Mr. Sarath C. Weerasooria	(27.01.1994)	Independent Non-Executive*
Mr. M. Raviraj Ratnasabapathy	(14.09.2007)	Independent Non-Executive
Mr. M. Suresh Dominic	(14.09.2007)	Independent Non-Executive
Mr. C. Lakshman Sirimanne	(14.09.2007)	Independent Non-Executive

The definitions of Independent and Non-Executive used, are according to definitions given in the amended Listing Rules of the CSE. * It was resolved by the Board in September 2010, that Mr. Sarath C. Weerasooria, being Chairman of a major privately-held conglomerate and a finance professional, having served more than 9 years on the Board, is deemed to be nevertheless independent. In accordance with the s. 210 of the prevalent Companies Act, Mr. Joseph A. Aloysius, Mr. Sarath C. Weerasooria and Mrs. Bernadette J. Aloysius retire at the AGM. Shareholders have proposed that the retiring age of 70 years not be applied to Mr. Joseph A. Aloysius, Mr. Sarath C. Weerasooria and Mrs. Bernadette Aloysius respectively, re-electing them for a further year, according to s. 211 of the Act. The names of the retiring directors seeking re-election may be found in the AGM notice on Page 4. The Independent Directors have submitted a declaration of their independence to the Company. In terms of the Act, the Company maintained an Interest Register, and entries have been made therein.

Directors' Shareholdings

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

	2011		**2010**	
	No. of Shares	%	No. of Shares	%
Mr. Joseph A.Aloysius	**111,920**	**9.33**	111,920	9.33
Mrs. Bernadette J. Aloysius	**66,930**	**5.58**	66,930	5.58
Mr. J.A.Aloysius & Mrs. B.J.Aloysius	**300,000**	**25.00**	300,000	25.00
Mr. Jeremy D. Aloysius	**63,850**	**5.32**	63,850	5.32
Mr. Rajeev A.J. Aloysius	**63,850**	**5.32**	63,850	5.32
Mrs. Julie A. Aloysius	**63,850**	**5.32**	63,850	5.32
Ms. J. Joanne B. Aloysius	**63,850**	**5.32**	63,850	5.32
Prof. John A. Aloysius	**63,850**	**5.32**	63,850	5.32
Mr. M. Suresh Dominic	**500**	**0.04**	500	0.04
Mr. Sarath C. Weerasooria	**1,360**	**0.11**	1,360	0.11
Mr. M. Raviraj Ratnasabapathy	**-**	**-**	-	-
Mr. C. Lakshman Sirimanne	**-**	**-**	-	-
	799,960	**66.66**	799,960	66.66

As at 31st March 2011, there were 342 registered share holders.

Management Review *contd.*

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 page 38 of this report. 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:

	2011		2010	
	No of Shares	**%**	No of Shares	%
Joseph Anthony Alousius & Mrs. Bernadette Jeyaleela Aloysius	**300,000**	**25.00**	300,000	25.00
Sanjeev Edward Chittampalam Gardiner	**117,950**	**9.83**	117,950	9.83
Joseph Anthony Aloysius	**111,920**	**9.33**	111,920	9.33
Mercury Limited	**84,000**	**7.00**	84,000	7.00
Mrs. Bernadette Jeyaleela Aloysius	**66,930**	**5.58**	66,930	5.58
Prof. John Arjuna Aloysius	**63,850**	**5.32**	63,850	5.32
Mrs.Julie Anita Aloysius	**63,850**	**5.32**	63,850	5.32
Jeramy Dilipkumar Aloysius	**63,850**	**5.32**	63,850	5.32
Rajeev Abraham Joseph Aloysius	**63,850**	**5.32**	63,850	5.32
Miss. Jennifer Joanne Bernadette Aloysius	**63,850**	**5.32**	63,850	5.32
Seylan Bank PLC/Galle Face Hotel Company (Pvt) Ltd	**53,320**	**4.44**	53,320	4.44
Seventy Limited	**41,010**	**3.42**	41,010	3.42
Cyril Gardiner Limited	**16,100**	**1.34**	16,100	1.34
Dr.Dennis Jesuthasan Aloysius & Mrs. Sybil Christobel Rita Aloysius	**6,540**	**0.55**	10,190	0.85
Dr. Rohan Aloysius	**-**	**-**	5,970	0.50
Hiranjan Cyril William Aloysius	**5,570**	**0.46**	4,620	0.39
Anthonypillai Saverimuttu	**4,900**	**0.41**	5,000	0.42
Shabbir Abbas Gulamhussein	**3,630**	**0.30**	4,830	0.40
Mrs.Mangalam St. George	**1,900**	**0.16**	3,570	0.30
George L.A. Ondaatjie	**3,000**	**0.25**	3,000	0.25
	1,136,020	**94.67**	1,147,660	95.64

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2011 was 22.87% (2010 - 22.91%)

Dividend

17. An Interim Dividend of Rs. 4 per share amounting to Rs. 4,800,000 was declared on 07 September 2010 andwas paid on 29 September 2010, from Retained Profits. A Solvency Certificate under the provisions of the Companies Act was obtained from the auditors, KPMG for this purpose.

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.

Management Review *contd.*

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 Friday, 30 September 2011. The notice of Annual General Meeting is on page 2.

Auditors

20. Messrs. KPMG Ford Rhodes Thornton & Company have expressed their willingness to be reappointed as the Auditors of the Company for the year 2011/12. A resolution will be passed at the Annual General Meeting for this purpose. As far as the Directors are aware, the Auditors do not have any relationship (other than that of auditors) with the Company other than those disclosed above. The Auditors do not have any interest in the Company or its Group Companies. They confirm that they are independent in accordance with the Code of Ethics of The Institute of Chartered Accountants of Sri Lanka.

The Fees paid for the auditors are disclosed in Note 6 to the financial statements.

Remuneration of Directors

21. The total remuneration of Directors paid during the year is disclosed in Note no.26 to the financial statements.

Statutory Payments

22. To the best of their knowledge and belief, the Directors are satisfied that all statutory payments in relation to Government and to the Employees have been settled to date or are provided for in the books of the Company.

23. **Disclosure as per CSE Rule No. 3.3**

	2011 Rs. Cts	2010 Rs. Cts
Market Price per Share as at 31 March (Rs.)	860.00	369.25
No. of shares in issue	1,200,000	1,200,000
Highest/Lowest Share Price this Year (Rs.)	1,550.00/500.00	380.00/350.00
Earnings per Share (Company) (Rs.)	38.40	24.58
Dividend per Share (Rs.)	4.00	3.00
Net Asset Value per Share (Company)	435.73	401.33

See Ten Year Summary for more information.

BY ORDER OF THE BOARD

Joseph A. Aloysius
Chairman

Rajeev Aloysius
Joint Managing Director / CFO

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries.
Colombo, 31 August 2011

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 16.

The Companies Act No. 7 of 2007 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 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 7 of 2007. 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 Financial Statements. The Directors, after making enquiries and following a review of the Company's cash flows and borrowing facilities, consider that the Company has adequate resources to continue in operation.

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

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries

Colombo, 31 August 2011

Independent Auditors' Report

KPMG Ford, Rhodes, Thornton & Co.
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300,
Sri Lanka.

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Internet : www.lk.kpmg.com

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE AUTODROME PLC

Report on the Financial Statements

We have audited the accompanying financial statements of The Autodrome PLC (the "Company"), the consolidated financial statements of the Company and its subsidiary (the "Group") as at March 31, 2011, which comprise the balance sheet as at March 31, 2011, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 17 to 39 of this Annual Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of Audit and Basis of Opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

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

Company

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended March 31, 2011 and the financial statements give a true and fair view of the Company's state of affairs as at March 31, 2011 and its profit and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Group

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs as at March 31, 2011, the profit and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiary dealt with thereby, so far as concerns the members of the Company.

Report on Other Legal and Regulatory Requirements

These financial statements also comply with the requirements of Sections 153(2) to 153(7) of the Companies Act No. 07 of 2007.

KPMG Ford, Rhodes, Thornton & Co.
Chartered Accountants
Colombo
31st August 2011

KPMG Ford, Rhodes, Thornton & Co., a Sri Lankan Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International cooperative ("KPMG International"), a Swiss entity.

A.N. Fernando FCA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C Abeyrathne ACA
M.R. Mihular FCA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. M. P. Perera FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne ACA

Principals - S.R.I. Perera ACMA, LLB, Attorney-at-Law, H.S. Goonewardene ACA

Income Statement

(all amounts in Sri Lanka Rupees '000)

For the year ended 31 March	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Revenue	4	615,130	511,571	613,669	510,404
Cost of sales		(483,766)	(403,208)	(483,766)	(403,208)
Gross profit		131,364	108,363	129,903	107,196
Investment and other income	5	6,063	2,985	5,984	2,769
Administrative expenses		(60,162)	(50,706)	(59,502)	(49,986)
Distribution and selling expenses		(3,704)	(4,992)	(3,566)	(5,013)
Operating profit	6	73,561	55,650	72,819	54,966
Finance income		4,484	1,049	4,484	1,049
Finance costs		(1,882)	(4,245)	(1,882)	(4,245)
Net finance income	7	2,602	(3,196)	2,602	(3,196)
Profit before taxation		76,163	52,454	75,421	51,770
Income tax expense	8	(29,649)	(22,609)	(29,343)	(22,278)
Net profit for the year		46,514	29,845	46,078	29,492
Earnings per share					
Basic earning per share	9	38.76	24.87	38.40	24.58

The Notes on pages 21 to 39 form an integral part of these financial statements.

Balance Sheet

(all amounts in Sri Lanka Rupees '000)

As at 31 March	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Assets					
Non current assets					
Property, plant and equipment	10	437,932	419,331	437,932	419,331
Capital work-in-progress	10.1	1,299	1,146	1,299	1,146
Investment properties	11	30,508	30,754	30,508	30,754
Investment in subsidiary	12	-	-	500	500
Investment in non quoted companies	13	5	5	5	5
Total Non Current Assets		469,744	451,236	470,244	451,736
Current assets					
Inventories	14	87,812	62,535	87,812	62,535
Receivables and prepayments	15	93,484	65,894	92,615	65,368
Amounts due from related parties	16	-	286	-	311
Current investments	17	3,000	7,000	-	5,000
Cash in hand and at bank	18	3,788	9,419	1,854	7,646
		188,084	145,134	182,281	140,860
Total assets		657,828	596,370	652,525	592,596
Equity and liabilities					
Capital and reserves					
Stated capital	19	12,440	12,440	12,440	12,440
Revaluation reserves	20	289,665	289,927	289,665	289,928
Retained earnings		223,442	181,466	220,770	179,229
Attributable to equity holders of parent co.		525,547	483,833	522,875	481,597
Minority interest		-	-	-	-
Total equity		525,547	483,833	522,875	481,597
Non current liabilities					
Employee benefits	21	6,211	4,922	6,211	4,922
Deferred tax liabilities	8	8,020	7,437	8,020	7,437
		14,231	12,359	14,231	12,359
Current Liabilities					
Borrowings	22	630	630	630	630
Trade and other payables	23	83,835	96,605	81,300	95,094
Amount due to related parties	24	-	-	3	-
Current tax liabilities	25	13,047	2,943	12,948	2,916
Bank overdraft	18	20,538	-	20,538	-
		118,050	100,178	115,419	98,640
Total equity and liabilities		657,828	596,370	652,525	592,596

The above balance sheet is to be read in conjunction with the notes to the financial statements on page 21 to 39. These financial statements are in compliance with the requirements of the Companies Act No 7 of 2007 and were approved by the Board of Directors on Wednesday, August 31, 2011

Rajeev Aloysius
Joint Managing Director & CFO

Jeremy Aloysius
Joint Managing Director

Cash Flow Statement

(all amounts in Sri Lanka Rupees '000)

For the year ended 31 March	Notes	Group 2011	Group 2010	Company 2011	Company 2010
Cash Flow from Operating Activities					
Profit before income tax expense		76,163	52,454	75,421	51,770
Adjustments for:					
Depreciation		6,720	4,378	6,720	4,378
Dividend received		-	(2)	(157)	(173)
Interest income		(428)	(614)	(209)	(495)
Interest expense		1,883	4,246	1,883	4,246
Provision for non moving items		153	272	153	272
Provision for retirement benefit obligation		1,384	1,748	1,384	1,748
Operating profit before working capital changes		85,875	62,482	85,195	61,746
Changes in					
Inventories		(25,429)	63,836	(25,429)	63,836
Receivables and prepayments		(27,590)	(21,759)	(27,247)	(21,596)
Amounts due from related parties		-	-	3	(25)
Amounts due to related parties		286	-	311	(426)
Trade and other payables		(12,770)	8,668	(13,794)	9,235
Cash generated from operations		20,371	113,227	19,039	112,770
Interest paid		(1,883)	(4,246)	(1,883)	(4,246)
Income tax paid		(18,960)	(21,199)	(18,727)	(20,569)
Gratuity paid		(95)	(131)	(95)	(131)
Net cash inflow (used in)/from operating activities		(567)	87,651	(1,666)	87,824
Cash flows from investing activities					
Capital work-in progress incurred during the year		(153)	(16,753)	(153)	(16,753)
Purchase of property, plant and equipment		(25,177)	(5,462)	(25,177)	(5,462)
Disposal of shares		-	1	-	1
Dividend received		-	2	157	173
Interest received		428	614	428	495
Acquision of Other Investment		4,100	(2,281)	5,100	(2,830)
Net cash outflow from investing activities		(20,802)	(23,879)	(19,645)	(24,376)
Cash flows from financing activities					
Dividend paid		(4,800)	(3,600)	(4,800)	(3,600)
Net cash outflow from financing activities		(4,800)	(3,600)	(4,800)	(3,600)
Net (decrease)/ increase in cash and cash equivalents		(26,169)	60,172	(26,112)	59,847
Cash & cash equivalents, as at 01 April		9,419	(50,752)	7,646	(52,201)
Cash and cash equivalents as at 31 March (Note 18)		(16,750)	9,419	(18,684)	7,646

The Notes on pages 21 to 39 form an integral part of these financial statements.

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees '000)

Company	Notes	Stated Capital	Revaluation Reserve	Retained Earnings	Minority Interest	Total
Balance at 1 April 2009		12440	290,191	153,074	-	455,705
Net profit for the year		-	-	29,492	-	29,492
Depreciation transfer		-	(263)	263	-	-
Interim Dividend - 2009/10		-	-	(3,600)	-	(3,600)
Balance at 1 April 2010		12,440	289,928	179,229	-	481,597
Net profit for the year		-	-	46,078	-	46,078
Depreciation transfer		-	(263)	263	-	-
Interim Dividend -2010/11		-	-	(4,800)	-	(4,800)
Balance at 31 March 2011		12,440	289,665	220,770	-	522,875
Group						
Balance at 1 April 2009		12,440	290,191	154,957	-	457,588
Net profit for the year		-	-	29,845	-	29,845
Depreciation transfer		-	(263)	263	-	-
Interim Dividend - 2009/10		-	-	(3,600)	-	(3,600)
Balance at 31 March 2010		12,440	289,928	181,465	-	483,833
Balance at 1 April 2010		12,440	289,928	181,465	-	483,833
Net profit for the year		-	-	46,514	-	46,514
Depreciation transfer		-	(263)	263	-	-
Interim Dividend - 2010/11		-	-	(4,800)	-	(4,800)
Balance at 31 March 2011		12,440	289,665	223,442	-	525,547

The Notes on pages 21 to 39 form an integral part of these financial statements.

Notes to the Financial Statements

01- Reporting entity

1.1) General

The Autodrome PLC (the "Company") is a "Quoted Public Company" with limited liability, incorporated and domiciled in Sri Lanka. The address of the Company's registered office is No. 304, Union Place, Colombo 02. The Consolidated Financial Statements of the Company as at and for the year ended 31st March 2011 comprise the Company and its subsidiary, Tourama (Pvt) Ltd (together referred to as the "Group").

1.2) Principal activities and nature of the operation

The Company is in the business of import and distribution of tires and related products and distribution of Revlon cosmetic products. The subsidiary Tourama (Pvt) Ltd, is a travel agent and destination management company.

02 - Basis of preparation

2.1) Statement of compliances

The consolidated financial statements have been prepared in accordance with Sri Lanka Accounting Standards (SLAS) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 7 of 2007.

The consolidated financial statements were authorized for issue by the Board of Directors on 31 August 2011.

2.2) Basis of measurement

The consolidated financial statements have been prepared on the historical cost concept and accounting policies are applied consistently with no adjustments being made for inflationary factors affecting the financial statements, except for the following.

Land & buildings are measured at cost at the time of acquisition and subsequently at revalued amounts less accumulated depreciation and impairment losses

2.3) Functional and presentation currency

The consolidated financial statements are presented in Sri Lanka Rupees, which is the Company's functional currency, rounded to the nearest thousand, unless otherwise stated.

2.4) Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLAS) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Classification of investment property	Note 11
Utilization of tax losses	Note 08
Measurement of defined benefit obligations	Note 21
Capital Commitments and contingencies	Note 27

2.5) Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature of function are presented separately unless they are immaterial.

Notes to the Financial Statements *contd.*

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts have been reclassified to conform to the current year's presentation. The directors have made an assessment of the group's ability to continue as a going concern in the foreseeable future and they do not intend to liquidate or cease trading.

3.1) Basis of consolidation

(i) Subsidiaries
Subsidiary undertakings, which are those companies 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. In assessing control, potential voting rights account. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of control ceases. Accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation
Intra-group balances, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment

3.2) Foreign currency

(i) Foreign currency transactions
Transactions in foreign currencies are translated to the Sri Lankan Rupees at the foreign exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the Sri Lankan Rupees at the exchange rates on that date Foreign exchange differences arising on retranslation are recognized in the income statement.

3.3) Assets and bases of their valuation

Assets classified as current assets on the balance sheet are cash and bank and those which are expected to be realized in cash during the normal operating cycle or within one year from the reporting date, whichever is shorter.

3.3.1) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost or revaluation less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements *contd.*

Owned assets
Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

A revaluation of land and buildings is carried out when there is a substantial difference between the fair value and the carrying amount of land and buildings, and is undertaken by professionally qualified valuers.

Increase in carrying amount on revaluation is credited to the revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same individual asset is charged against revaluation reserve directly in equity. Other decreases are expensed in the income statement.

Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Gains and losses on disposal
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within "other income/other expenses" in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Subsequent costs
The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Derecognition
The carrying amount of an item of Property, Plant & Equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of Property, Plant & Equipment is included in profit or loss when the item is derecognized. When replacement costs are recognized in the carrying amount of an item of Property, Plant and Equipment, the remaining carrying amount of the replaced part is derecognized.

Notes to the Financial Statements *contd.*

Depreciation
Depreciation is based on the cost or revaluation of an asset or other amount substituted for cost, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. No depreciation is provided on assets under construction.

The estimated useful lives for the current and comparative years are as follows:

Buildings	50 years
Computer	4 years
Furniture & Fittings	4 years
Plant & Machinery	4 years
Motor Vehicles	4 years

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

Depreciation of an asset begins when it is available for use and ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

The difference between the depreciation based on the revalued carrying amount of the asset's and depreciation based on asset's original carrying amount is transferred from the revaluation reserve to the retained earnings in the statement of changes in equity

Capital work in progress
Capital expenses incurred during the year which are not completed as at the Balance Sheet date are shown as capital work-in-progress, while the capital assets which have been completed during the year and put to use are transferred to property, plant and equipment.

3.3.2) Investment Property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Buildings classified as investment properties are depreciated over a period of 50 years.

3.3.3) Long term investments
Quoted and unquoted investments in shares held on long term basis are measured at cost.

In parent company's financial statements, investments in subsidiaries are carried out at cost under the parent company accounting policy for long term investments.
Provision for diminution in value is made in the opinion of directors, when there has been a decline other than temporary in the value of the investment.

Notes to the Financial Statements *contd.*

3.3.4) Short term investments
Investments in repurchase agreements are stated at cost and interest is accrued up to year end.

3.3.5) Inventories
Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.
Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs to sell.

3.3.6) Trade and other receivables
Trade and other receivables are stated at the amounts estimated to be realized after providing for bad and doubtful debts.

3.3.7) Cash & cash equivalents
Cash and cash equivalents comprise cash in hand and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalents for the purpose of presenting the Cash flow statement.

3.3.8) Impairment of assets
The carrying values of Property, plant & equipment are re viewed for impairment indicators annually or when events or changes in circumstances indicate that the carrying value may not be recoverable. If such indications exist and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognized in the profit or loss unless it reverses a previous revaluation surplus for the same asset. The recoverable amount of an asset is the higher of its fair value less cost to sell or its value in use.

An impairment loss in respect of assets is assessed at each Balance Sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Notes to the Financial Statements *contd.*

3.4) Liabilities and provision
Liabilities classified as current liabilities on the balance sheet are those which fall due for payment on demand or within one year from the reporting date. Non current liabilities are those balances that fall due for payment later than one year from the reporting date.

All known liabilities have been accounted for in preparing financial statements.

3.4.1) Employee benefits
Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Provision has been made for retirement gratuities from the first year of service for all employees in conformity with the SLAS 16. However, under the Payment of Gratuity Act, No. 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

The liability is not externally funded, nor actuarially valued. The Gratuity Liability is valued using Gratuity Formula method as allowed by the Sri Lanka Accounting Standard 16 "Employee Benefits".

Defined contribution plan
A defined contribution plan is a post employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay a further amount. Obligations for contributions to defined contribution plans are recognized as expense in income statement as and when they are due.
The Group contributes 12% and 3% of gross emoluments of employees as provident fund and trust fund contribution respectively.

Short - term benefits
Short term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided.

3.4.2) Trade and other payables
Trade and other payables are stated at their cost

3.4.3) Interest bearing borrowings
Borrowings are recognized at the proceeds received.

3.4.4) Provisions
A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3.4.5) Stated capital
Company's stated capital comprises of ordinary shares which are classified as equity.

3.5) Income statement
For the purpose of presentation of the income statement, the function of expenses method is adopted, as it represents fairly the elements of company performance

Notes to the Financial Statements *contd.*

3.5.1) Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised. Revenue excludes value added taxes or other sales taxes.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. For sales of tires and cosmetic products, usually transfer occurs when the product is received at the customer's warehouse.

Rental income

Rental income from investment property is recognised as other income in profit or loss on a straight-line basis over the term of the lease.

Dividend income

Dividend income is recognised in the income statement when the right to receive payment is established.

Other income / Other operating profits/losses

Gains/losses on the disposal of investments held by the Group have been accounted for as other income in the income statement.

Gains/losses on the disposal of property, plant & equipment determined by reference to the carrying amount and related expenses, have been accounted for as other income in the income statement.

3.5.2) Expenses

a) Expenditure recognition

(i) Expenses are recognized in the Income Statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the plant and equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

(ii) For the purpose of presentation of the Income Statement, the directors are of the opinion that function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

b) Finance income & expenses

Finance income comprises interest income on funds invested, and gains on translation of foreign currency. Interest income is recognized in the income statement as it accrues.

Financing expenses comprise interest payable on borrowings and losses on translation of foreign currency.

Notes to the Financial Statements *contd.*

3.5.3) Tax expenses

Tax expense comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect both accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The principal temporary differences arise from depreciation on property, plant and equipment, tax losses carried forward and provisions for defined benefit obligations. Deferred tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend is recognized.

Economic Service Charge (ESC)

ESC is payable on the liable turnover at specified rates. As per the provision of the Economic Service Charge Act No. 13 of 2006 and subsequent amendments thereto, ESC is deductible from the income tax liability. Any unclaimed payment can be carried forward and set off against the income tax payable as per the relevant provision in the Act.

Notes to the Financial Statements *contd.*

3.6) General

3.6.1) Earnings/(Loss) per share
The Group presents basic earnings/ (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

3.6.2) Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products and services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3.6.3) Events occurring after the balance sheet date
All material post balance sheet events have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

3.6.4) Comparative figures
Where necessary, comparative figures have been reclassified to conform to the current year's presentation.

3.6.5) Commitments and contingencies
Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Contingent liabilities are disclosed in Note 27 to the financial statements. Commitments are disclosed in Note 27 to the financial statements.

3.6.6) New Accounting Standards issued but not Effective as at the Balance Sheet Date
The Institute of Chartered Accountants of Sri Lanka (ICASL) has issued a new volume of Sri Lanka Accounting Standards - 2011, applicable for financial periods beginning on or after 1 January 2012. These Standards have many changes and consequential changes from the adoption of SLAS 44 and 45. These new Accounting Standards are prefixed both SLFRS and LKAS which correspond to the relevant IFRS and IAS. Disclosure requirement under SLAS 10.30 and 10.31 have been exempted by the ICASL and therefore all differences and impacts arising from the new Standards are not presented in these financial statements.

The impact of the above requirements has not been quantify as expected by the ICASL

The above standards are effective for annual periods beginning on or after 1st January 2012

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

04 - Revenue

	Group		Company	
	2011	2010	2011	2010
Gross sale of tyres, tubes, other consumables	534,525	500,368	534,525	500,368
Sale of Cosmetics and Beauty Care	84,442	16,030	84,442	16,030
Sale of airtickets	1,339	867	-	-
Tour package sales & commissions	122	300	-	-
	620,428	517,565	618,967	516,398
Less: Turnover tax	(5,298)	(5,994)	(5,298)	(5,994)
	615,130	**511,571**	**613,669**	**510,404**

05 - Investment and other income

	Group		Company	
	2011	2010	2011	2010
Interest from Bank deposits	428	614	209	495
Dividends from equity securities	-	2	157	173
Income from tyre fitting centre	778	846	779	846
Rent income	3,542	947	3,542	947
Others	53	576	35	308
Foreign Income	1,262	-	1,262	-
	6,063	2,985	5,984	2,769

06 - Results from operating activities

Results from operating activities are stated after deducting all operating expenses including the following,

	Group		Company	
	2011	2010	2011	2010
Directors' emoluments	13,320	12,062	13,320	12,062
Depreciation	6,721	6,474	6,721	4,378
Auditor's remuneration	297	250	270	230
Donations	220	358	220	358
Wages and salaries	11,216	8,787	10,915	8,511
Defined contribution plan	3,591	2,912	3,591	2,501
Defined benefit plan	1,384	1,748	1,384	1,748

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

07 - Finance Income

	Group		Company	
	2011	2010	2011	2010
Net foreign exchange gain	4,484	1,049	4,484	1,049
Total finance income	4,484	1,049	4,484	1,049
Finance costs				
Loan interest	(113)	(318)	(113)	(318)
Overdraft interest	(1,769)	(3,927)	(1,769)	(3,927)
Total finance expense	(1,882)	(4,245)	(1,882)	(4,245)
Net Finance Income	2,602	(3,196)	2,602	(3,196)

08 - Taxation

	Group		Company	
	2011	2010	2011	2010
Current tax expense	29,066	19,531	28,760	19,200
Deemed dividend tax	-	1,164	-	1,164
Deferred tax expense	583	1,914	583	1,914
Total income tax expense	29,649	22,609	29,343	22,278
Current tax expense				
Reconciliation of effective tax rate				
Profit for the year	46,514	29,845	46,078	29,492
Total income tax expense	29,649	22,609	29,343	22,278
Profit excluding income tax	76,163	52,454	75,421	52,769
Income tax using the company's domestic tax rate (35%)	25,976	18,359	25,642	18,199
Income tax from other income sources	402	277	394	192
Net non-deductible /(deductible) expenses	2,258	607	2,299	605
Social Responsibility Levy (1.5%)	430	288	425	284
Deemed dividend tax	-	1,164	-	1,164
Change in temporary difference	583	1,914	583	1,914
	29,649	22,609	29,343	22,278

	Tax liability		Tax asset		Net asset / liability	
Deferred tax liabilities	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Property, plant and equipment	-	-	10,194	9,160	10,194	9,160
Retirement benefit obligation	(2,174)	(1,723)	-	-	(2,174)	(1,723)
Net tax assets / liabilities	(2,174)	(1,723)	10,194	9,160	8,020	7,437

	Balance 01-Apr-09	**Recognised in profit or loss**	**Balance 31-Mar-10**	**Recognised in profit or loss**	**Balance 31-Mar-11**
Property, plant and equipment	6,680	2,480	9,160	1,034	10,194
Retirement benefit obligation	(1,157)	(566)	(1,723)	(451)	(2,174)
	5,523	1,914	7,437	583	8,020

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

9 - Earnings per share - Basic

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.

Basic earnings per share for the years ended March 31, 2010 & March 31, 2011 is calculated as follows:

	Group		Company	
	2011	2010	2011	2010
Net profit attributable to shareholders	46,514	29,845	46,078	29,492
Weighted-average number of ordinary shares in issue	1,200	1,200	1,200	1,200
Earnings per share	38.76	24.87	38.40	24.58

10 - Property, plant and equipment

Group & Company	Freehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Computers	Total
Cost or valuation						
Balance as at 01 April 2010	422,160	22,267	6,362	8,736	4,634	464,160
Additions during the year	6,537	514	18,137	185	682	26,055
Disposals during the year	-	-	-	(271)	-	(271)
Balance as at 31 March 2011	428,697	22,781	24,499	8,650	5,316	489,944
Accumulated depreciation and impairment						
Balance as at 01 April 2010	8,550	20,048	6,245	6,832	4,033	45,709
Disposals	-	-	-	(171)	-	(171)
Depreciation charge for the year	2,597	1,001	1,926	624	326	6,474
Balance as at 31 March 2011	11,147	21,049	8,171	7,285	4,359	52,012
Carrying amount						
Balance as at 01 April 2010	414,489	2,219	118	1,904	600	419,331
Balance as at 31 March 2011	417,550	1,732	16,329	1,365	957	437,932

10.1) Capital work in progress

Balance as at 01 April 2010	1,146	-	-	-	-	1,146
Additions during the year	153	-	-	-	-	153
Transfers during the year	-	-	-	-	-	-
Balance as at 31 March 2011	1,299	-	-	-	-	1,299

10.2) Freehold land & building carried at revalued amount

Company

Location	Last Revaluation Date	Land Extent	Carrying Value as at 31/03/2011
304, Union Place, Colombo 02	10/01/2006	108.72 P	396,657
58/10A, Raja Mawatha, Jaela	Not revalued	88.40P	20,893
			417,550

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

10.3) Freehold land & building

The carrying amount of revalued assets that would have been included in the Financial Statements had the assets been carried at cost less accumulated depreciation is as follows:

(Rs. Millions) Company and Group	Cost as at 01/04/2010	Accumulated Depreciation	NBV 31/03/2011
Land	6	-	6
Building	125	10.5	114.5

10.4) Freehold land and building with a carrying amount of Rs.417.5Mn (2010- Rs.414.5Mn) has been pledged to secure borrowing of the company. Freehold land and buildings have been pledged as security for bank facilities under a mortgage. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another company

Primary mortgage over properties located at No 304 & 304/1 Union place, Colombo 02.for Rs.272.75Mn.
Primary mortgage over property at No 58/10A, Raja Mawatha, Ekala, Ja-ela for Rs.5Mn
Primary mortgage over stocks and book debts for Rs.100Mn
Secondary mortgage over stocks for Rs.5Mn
Secondary mortgage over stocks and book debts for Rs.50Mn

11 - Investment property

Group and Company	Land	Building	Total
Cost			
Balance as at 01/04/2010	18,702	12,298	31,000
Balance as at 31/03/2011	18,702	12,298	31,000
Accumulated depreciation			
Balance as at 01/04/2010	-	246	246
Depreciation for the year	-	246	246
Balance as at 31/03/2011	-	492	492
Carrying amount			
Balance as at 31/03/2011	18,702	11,806	30,508
Balance as at 31/03/2010	18,702	12,052	30,754

All of the company's investment properties are freehold.

11.1. The investment property of the company consists of the following properties that are held for capital appreciation. The investment properties have been re valued on 08 April 2011 by L M P Perera - Ass't Gov't Valuer.

Property	Address	Extent	Fair value as at 31/03/11	Number of buildings
Land & Building	513B, Wewa Rd, Battaramulla	13.9 perches	18,000	One
Land	78/4 MedaWelikada Rd, Rajagiriya	14 perches	18,200	Bare land
			36,200	

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

12 - Investment in subsidiary

Company	% share holding		No. of shares		Value	
	2011	2010	2011	2010	2011	2010
Tourama (Private) limited	99.99%	99.99%	49,994	49,994	500	500

Tourama (Private) Limited is a wholly owned subsidiary of the Company which was incorporated on January 21, 2004 and investment in Tourama (Private) Limited is stated at cost. Cost is the aggregate of the nominal value of the relevant number of the Company.

13 - Investments in non quoted companies

Group and Company	% share holding		No. of shares		Value	
	2011	2010	2011	2010	2011	2010
Unlisted equity investments						
Global Films Limited	0.01%	0.01%	500	500	5	5
					5	5

14 - Inventories

	Group & Company	
	2011	2010
Finished goods	88,518	51,883
Goods in transit	-	11,205
	88,518	63,088
Provision for non moving items	(706)	(553)
	87,812	62,535

15 - Receivables and prepayments

	Group		Company	
	2011	2010	2011	2010
Trade receivables	73,439	50,024	72,619	49,558
Less: Provision for doubtful debts	(689)	(599)	(689)	(599)
	72,750	49,425	71,930	48,959
Other receivables	18,599	14,837	18,550	14,776
Deposits & prepayments	2,135	1,632	2,135	1,633
	93,484	65,894	92,615	65,368

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

16 - Amounts due from related parties

		Group		Company	
	Nature of Relationship	2011	2010	2011	2010
Tourama (Pvt) Ltd	Common Directors	-	-	-	25
Mercury Ltd.	Common Directors	-	286	-	286
		-	286	-	311

17 - Current investments

	Group		Company	
	2011	2010	2011	2010
Investments in Repos	3,000	7,000	-	5,000
	3,000	7,000	-	5,000

18 - Cash and cash equivalents

	Group		Company	
	2011	2010	2011	2010
Cash in hand	284	528	157	482
Cash at bank	3,504	8,891	1,697	7,164
	3,788	9,419	1,854	7,646
Bank overdraft	(20,538)	-	(20,538)	-
Cash & cash equivalents for the purpose of cash flow statement	(16,750)	9,419	(18,684)	7,646

19 - Stated capital

	Group & Company	
	2011	2010
1,200,000 ordinary shares	12,440	12,440

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

20 - Revaluation reserve

	Group & Company	
	2011	2010
Balance as at 01 April	289,928	290,191
Depreciation transfer	(263)	(263)
Balance as at 31 March	289,665	289,928

The properties revaluation reserve arises on the revaluation of land and buildings.

21 - Employee benefits

	Group & Company	
	2011	2010
Present value of unfunded obligations	6,211	4,922
Present value of funded obligations	-	-
Total present value of obligations	6,211	4,922
Fair value of plan assets	-	-
Total employee benefits.	6,211	4,922
Movement in the present value of the employee benefits		
Employee benefits as at 1 April	4,922	3,305
Benefits paid	(95)	(131)
Current service cost	1,384	1,418
Interest cost	-	330
Employee benefit as at 31 March	6,211	4,922
Expense recognized in income statement		
Current service cost	1,384	1,418
Interest on obligation	-	330
	1,384	1,748

Principal Assumptions as at the Balance Sheet Date
(Expressed as weighted averages)

Discount rate at 31st March	8.75%
Future salary increase	10%
Staff turnover	11.01%

The average life expectancy of an individual retiring at age 55.
The provision for retiring gratuity as at 31 March 2011 was made based on the gratuity formula method.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

22 - Borrowings

	Group & Company	
	2011	2010
Loans from directors	630	630

Loans from directors and their families are unsecured and have no fixed repayment terms. The weighted average interest rate for loans from directors was 18% (2010: 11.4%) per annum.

23 - Trade and other payables

	Group		Company	
	2011	2010	2011	2010
Trade payables	60,406	69,118	58,062	67,815
Accruals	1,332	2,437	1,212	2,301
Social security and other taxes	1,488	2,575	1,486	2,571
Other payables	20,324	22,189	20,255	22,121
Dividend payable	285	286	285	286
	83,835	96,605	81,300	95,094

24 - Amount due to related parties

	Group		Company	
	2011	2010	2011	2010
Tourama (Pvt) Ltd	-	-	3	-

25 - Current tax liabilities

	Group		Company	
	2011	2010	2011	2010
Balance as at 01 April	2,943	3,502	2,916	3,176
Provision for current year tax	28,641	19,243	28,335	18,916
Withholding tax paid	(364)	(104)	(364)	(104)
Tax paid	(16,579)	(19,330)	(16,345)	(18,705)
ESC paid during the year	(1,594)	(368)	(1,594)	(368)
Balance as at 31 March	13,047	2,943	12,948	2,916

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

26 - Related party transactions

Transactions with key management personnel

Key management personnel include all the members of the Board of Directors of the company having authority and responsibility for planning, directing and controlling the activities of the company as well as the subsidiiaries, directly or indirectly.

The Autodrome PLC, considers its Board of Directors as the key management personnel of the Company and the group.

Loans from Related Parties

The Company has obtained unsecured loans from the related parties on which the interest payable by the Company is at 18%. Furthermore, the loan repayment period for the said loans are not specified. As at 31 March 2011 the balance outstanding Rs.630,000 (2010: Rs. 630,000) is included under borrowings.

Compensation to Key Management Personnel

Addition to their salaries, the group also provides non-cash benefit to directors and contributes to a post-employment defind benefit plan on their behalf. The compensation paid to the key management personnel of the Company is follows

	Group		Company	
	2011	2010	2011	2010
Short term employee benefit	11,700	10,595	11,700	10,595
Post employment benefit	1,620	1,467	1,620	1,467

Mr.Joseph A. Aloysius, Mrs. Bernadette J. Aloysius, Jeremy D. Aloysius, Rajeev A.J.Aloysius, Ms. Joanne Aloysius and Ms. Julie A. Aloysius are Directors of this Company are also Directors of Tourama (Pvt) Ltd.

Other Related party Transaction

Directors of the Company control 67% (2010: 67%) percent of the voting shares of the Company. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control of significant influence over the financial or operating policies of these entities.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

Name of the Related Party	Relationship	Nature of Transaction	Transaction Value	Balance as at 2011 Due From (Due To)
Tourama (Pvt) Ltd	100% owned Subsidiary Common Directors	Purchase of air tickets,Tour packages & travel insurance by Directors	1,210	3
Mrs.Lorna Aloysius (Estate)	Close relations of Directors	Loan interest	76	420
Mrs.Mangalam St.George	Close relations of Directors	Loan interest	20	110
Seventy Limited	Common Directors	Loan interest	18	100

The company has given out part of the 3rd floor adjacent to the Board Room of the building at No.304,Union Place,Colombo 02 to Tourama (Pvt) Ltd,the fully owned subsidiary of the Company.The Autodrome PLC does not charge a rent for the said premises.

Notes to the Financial Statements *contd.*

27 - Capital Commitments and contingencies

There were no significant capital commitments and / or contingencies as at the balance sheet date. There are no material foreseeable risk factors as at the balance sheet date.

28 - Events after balance sheet date

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

29 - Litigation and claims

There were no litigations and claims filed against the Company as at the Balance Sheet date.

30 - Comparative information

No changes have been made to the comparative classification and presentation.

31 - Number of employees

Total number of employees of the Company and the Group as at 31 March 2011 - 65 (2010-51)

TEN YEAR SUMMARY

Year ended 31 March (In Rs. '000)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
OPERATING RESULTS										
Turnover	**615,130**	511,571	482,521	462,039	417,528	423,239	324,453	316,544	297,881	272,006
Profit before finance charges	**73,561**	55,650	70,248	63,163	47,624	49,457	17,439	22,006	13,571	13,137
Finance cost	**2,602**	3,196	7,556	4,479	4,760	5,949	2,814	5,307	2,943	6,939
Non operating income	**6,063**	2,985	5,168	6,588	3,201	3,667	3,968	1,314	181	181
Profit before taxation	**76,163**	52,454	62,692	58,684	42,864	43,508	18,593	18,014	10,809	6,379
Taxation	**29,649**	22,069	23,728	21,829	14,117	14,131	5,912	5,843	4,283	4,336
Profit after taxation	**46,514**	29,845	38,964	36,862	28,746	29,377	12,681	12,170	6,526	2,043
BALANCE SHEET										
Stated Capital	**12,440**	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440	12,440
Capital Reserves	**289,665**	289,927	290,190	290,453	290,868	291,130	97,186	97,221	97,221	86,120
Revenue Reserves	**223,442**	181,466	154,956	120,586	85,709	58,500	30,661	19,747	9,075	4,048
	525,547	483,833	457,586	423,479	389,017	362,070	140,287	129,408	118,736	102,608
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**469,744**	458,236	433,401	398,653	394,825	374,045	183,127	168,463	150,311	107,944
Current Assets	**188,084**	138,134	178,393	140,291	122,345	85,109	92,341	66,174	56,770	49,192
Current Liabilities	**(118,050)**	(100,178)	(145,380)	(108,154)	(121,571)	(91,372)	(129,394)	(100,400)	(84,748)	(52,460)
Non - Current Liabilities	**(14,231)**	(12,359)	(8,828)	(7,311)	(6,582)	(5,712)	(5,788)	(4,830)	(3,598)	(2,068)
	525,547	483,833	457,586	423,479	389,017	362,070	140,286	129,407	118,735	102,608
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	**1.59**	1.38	1.23	1.23	1.01	0.93	0.71	0.66	0.67	0.94
Quick Ratio	**0.85**	0.75	0.36	0.68	0.39	0.35	0.21	0.22	0.25	0.47
Capital Adequacy										
Total Liabilities / Sales (%)	**21.50**	22.00	31.96	25.00	30.70	22.94	41.66	33.24	29.66	20.05
Interest Cover (No. of times)	**28.27**	17.41	9.30	14.10	10.01	8.31	11.76	7.80	8.88	3.61
Profitability										
Return on Equity (%)	**8.85**	6.17	8.52	8.70	7.39	8.11	9.04	9.40	5.50	1.99
Return on Total Assets (%)	**7.07**	5.00	6.37	6.83	5.56	6.40	4.60	5.05	3.15	1.30
Operating Margin / Sales (%)	**21.32**	21.18	24.68	22.48	21.53	21.99	15.89	17.64	13.21	13.36
Earning Per Share (Rs.)	**38.76**	24.87	32.47	30.71	239.55	244.81	105.67	101.42	54.39	17.02
Revenue Growth (%)	**20.21**	6.02	4.43	15.16	(1.35)	30.44	2.50	6.27	9.51	0.97
Profit Before Tax Growth (%)	**45.20**	(16.33)	6.83	36.90	(1.48)	134.00	3.22	66.65	69.45	(38.55)
Profit After Tax Growth (%)	**55.85**	(23.41)	5.70	28.23	(2.15)	131.66	4.19	86.48	219.51	(61.57)
Efficiency (turnover ratios)										
Inventory Turnover (times)	**6.44**	4.26	3.76	5.06	5.12	6.21	5.00	6.55	8.66	7.11
Average Collection (days)	**43.17**	35.26	17.44	26.94	23.88	15.99	27.07	24.25	27.74	34.48

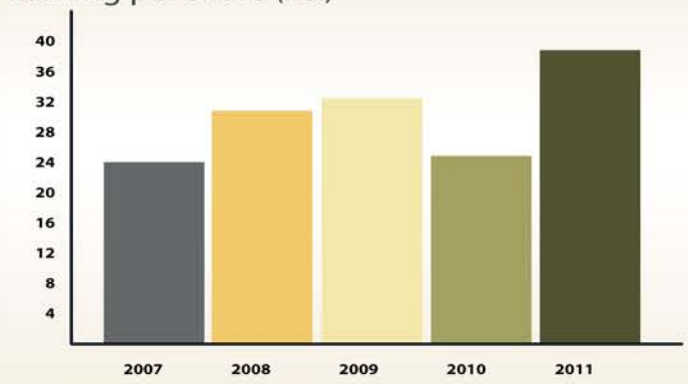
Ten year summary contd.

Year ended 31 March (In Rs. '000)	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
MARKET - BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	**0.10**	0.12	0.12	0.06	0.06	0.06	0.14	0.12	0.23	-
Dividend Cover (Times)	**9.69**	8.29	7.83	15.95	1.60	1.63	0.70	0.81	0.44	-
Net Assets Per Share	**437.96**	403.19	381.32	351.90	324.18	301.72	116.90	107.84	98.95	85.51
Combined Ratios										
Dividend Yield	**1.54**	0.11	0.15	0.06	0.86	0.86	1.25	3.13	5.00	-
Price Earning Ratio (Times)	**22.19**	14.85	7.97	9.76	7.30	7.15	11.36	3.94	4.60	12.63

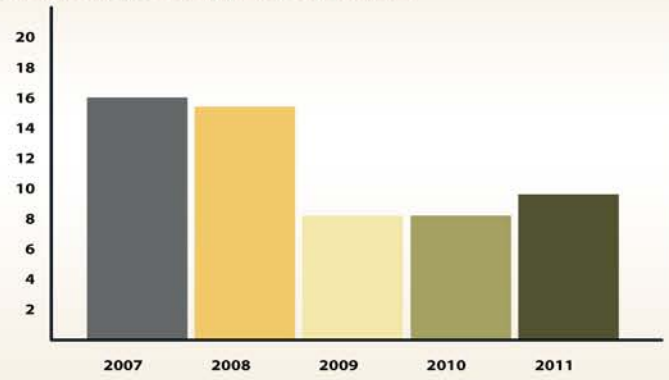
All figures are for the Group except for Market-based ratios.

GRAPHICAL REVIEW

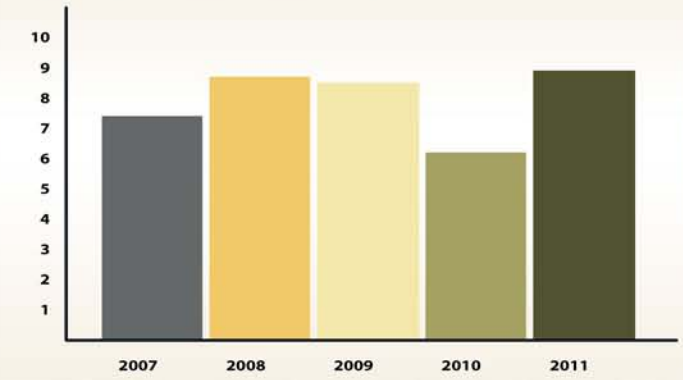
Earning per share (Rs.)



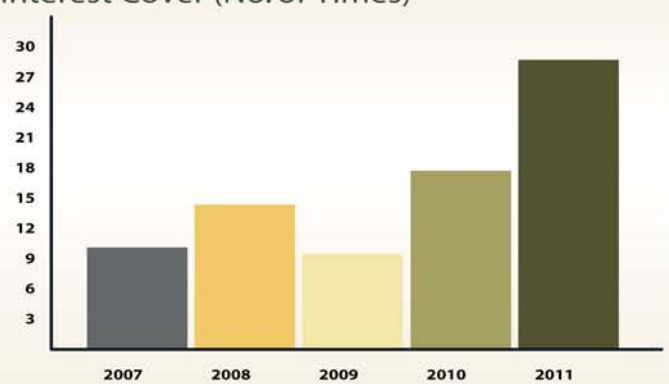
Dividend Cover (No. of times)



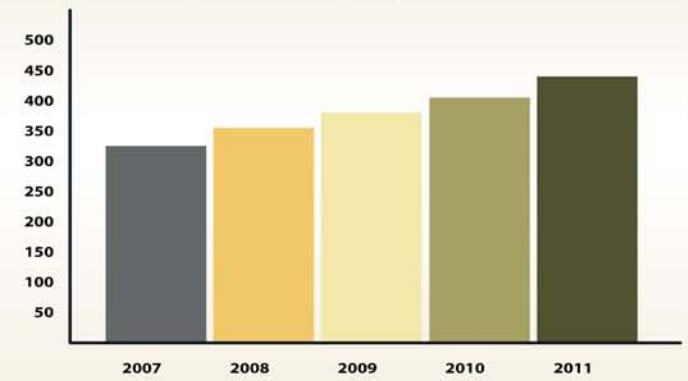
Return on investment (%)



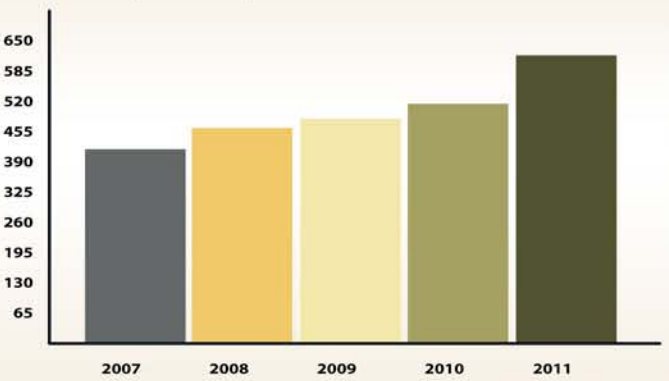
Interest Cover (No. of Times)



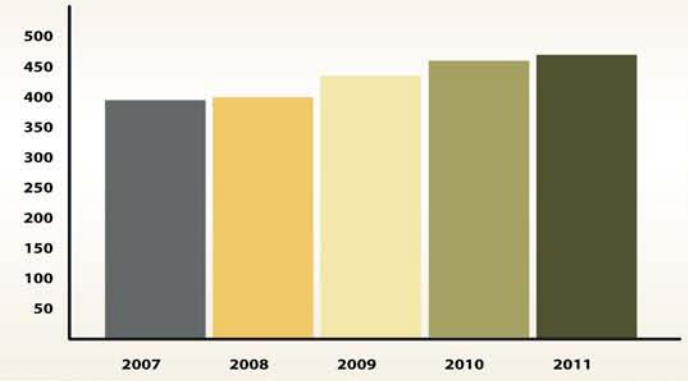
Net Assets per Share (Rs.)



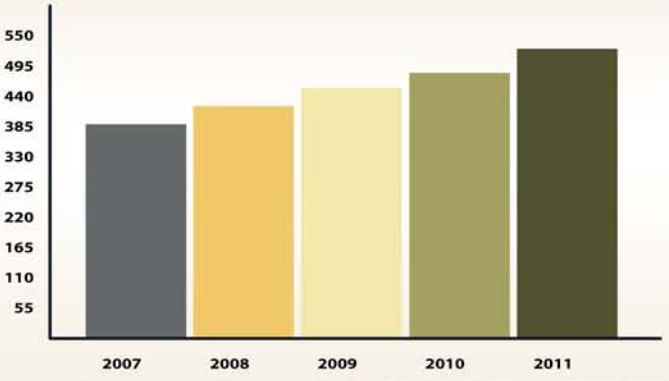
Turnover (Rs. Mn.)



Fixed Assets (Rs. Mn.)

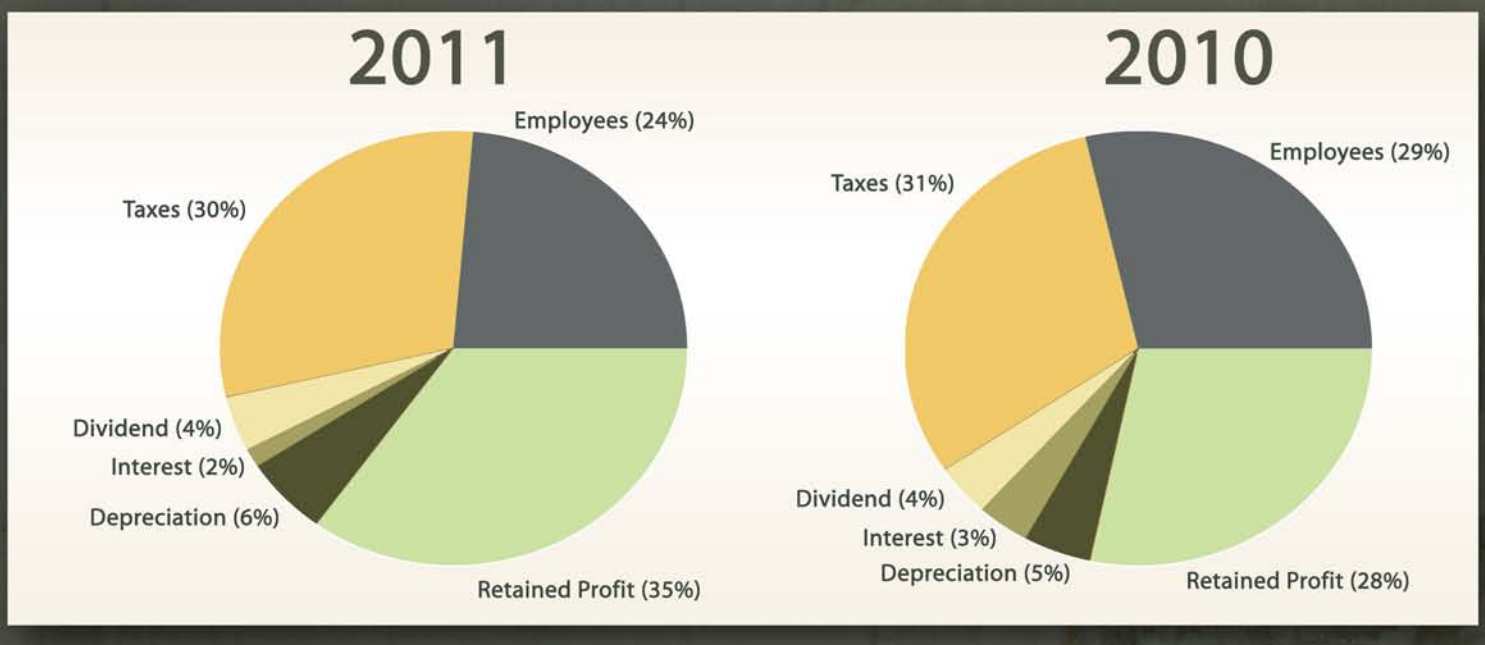


Shareholder's Funds (Rs. Mn.)



STATEMENT OF VALUE ADDED

CREATION OF VALUE ADDED	2011 Rs.	2010 Rs.
Gross Sales	620,428	517,565
Other Income	6,063	2,985
	626,491	520,550
Less: Cost of Materials & Services purchased from External Sources	(507,670)	(428,206)
Total Value Added	118,821	92,344
DISTRIBUTED AS FOLLOWS		
To Employees as Remuneration	28,127	26,322
To Government as Taxes	35,577	28,603
To providers of Capital as		
Dividend	4,800	3,600
Interest	1,882	3,196
Retained in the business as		
Depreciation	6,721	4,378
Retained Profit	41,714	26,245
	118,821	92,344
Distribution of Value Added	118,821	92,344



SHARE INFORMATION

1. GENERAL

Stated Capital - Rs. 12,440,000
No. of Ordinary Shares - 1,200,000
Voting rights - One vote per ordinary share

2. STOCK EXCHANGE LISTING

The issued Ordinary Shares of The Autodrome PLC are listed under the "Motors" Sector on the Main Board of the Colombo Stock Exchange. There are no sub-classes or special voting rights on any share or class of shares. The Company Symbol is AUTO.N0000.

3. DISTRIBUTION OF SHAREHOLDING

The Shares of The Autodrome PLC were held as follows :

Size of shareholdings	31 March 2011				31 March 2010			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
1 - 1000	308	90.06	36,414	3.03	239	87.23	25,067	2.09
1001 - 5000	19	5.56	40,946	3.41	20	7.30	48,243	4.02
5001 - 10000	2	0.58	12,110	1.01	1	0.36	5,970	0.50
10001 - 50000	2	0.58	57,110	4.76	3	1.09	67,300	5.61
50001 and over	11	3.22	1,053,420	87.79	11	4.01	1,053,420	87.79
	342	100.00	1,200,000	100.00	274	100.00	1,200,000	100.00

4. ANALYSIS OF SHAREHOLDERS

	31 March 2011				31 March 2010			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
Institutions	12	3.51	204,290	17.02	11	4.01	159,030	13.25
Individuals	330	96.49	995,710	82.98	263	95.99	1,040,970	86.75
Total	342	100.00	1,200,000	100.00	274	100.00	1,200,000	100.00
Non Residents	1	0.29	63,850	5.32	1	0.36	63,850	5.32
Residents	341	99.71	1,136,150	94.68	273	99.64	1,136,150	94.68
Total	342	100.00	1,200,000	100.00	274	100.00	1,200,000	100.00

5. SHARE VALUATION

(Company)

Market Value	as at 31 March 2011	**Rs.860.00**	as at 31 March 2010	Rs.369.25
No. of shares in Issue		**1,200,000**		1,200,000
Market Capitalisation	as at 31 March 2011	**1,032,000,000**	as at 31 March 2010	443,100,000
Highest	Yr.2010/2011	**Rs. 1,550**	Yr.2009/2010	Rs. 380
Lowest	Yr.2010/2011	**Rs. 500**	Yr.2009/2010	Rs. 300
Earnings Per Share		**Rs. 38.40**		Rs. 24.58
Dividend per share		**Rs.4**		Rs.3
Net asset value per share		**Rs. 435.73**		Rs. 379.75

FORM OF PROXY

THE AUTODROME PLC. Reg. No. PQ-84
Registered Office, Autodrome Building, 304 Union Place, Colombo 2. Tel: 2326181.
For use at the Fifty - Ninth Annual General Meeting

I/We……..of……

……being member/s of **The Autodrome PLC,** 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-Ninth Annual General Meeting of the Company to be held on Friday, 30 September 2011 at 3:30pm 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 Annual Report & Audited Accounts for the Year ended 31 March 2011		
2. To re-elect as a Director Mr. Jeremy D. Aloysius to the Board		
3. To re-elect as a Director Ms. J. Joanne B. Aloysius to the Board		
4. To re-elect as a Director Mr. Rajeev A.J. Aloysius to the Board		
5. To re-elect Mr. J.A. Aloysius who retires under s. 210 of the Companies Act		
6. To re-elect Mr. S.C.Weerasooria who retires under s.210 of the Companies Act		
7. To re-elect Mrs. B. J. Aloysius who retires under s.210 of the Companies Act		
8. To re-appoint Auditors and authorise Directors to fix their Remuneration		
9. To authorise Directors to determine Contributions to Charities		

As witness under my/our hand this…….day of September 2011.

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 appointer 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).

For any clarification, please contact Accounting Systems Secretarial Services (Pvt) Ltd., Company Secretaries, Level 5, No 2, Castle Lane, Colombo 4. Tel: (011) 5444426. Fax: (011) 5364295.

Important: Scripless Shares by 01 January 2012.....

Central Depository Systems (Pvt) Ltd.
Fully owned subsidiary of the Colombo Stock Exchange

CDS

04-01 West Block,
World Trade Centre, Echelon Square,
Colombo 00100, Sri Lanka.

cds@cse.lk
www.cse.lk

November 30, 2010

CIRCULAR NO: 13/2010

To : - All Listed Companies

Dear Sir/Madam,

DIRECTIVE UNDER SECTION 13 (C) OF THE SECURITIES AND EXCHANG COMMISSION OF SRI LANKA ACT NO.36 OF 1987 (AS AMENDED)

The Securities & Exchange Commission of Sri Lanka (SEC) has directed the CSE and CDS to mandate the lodging of certificates pertaining to all listed securities at the Central Depository Systems and thereby implement a system of dematerialization for all listed securities.

In connection with the above the SEC has directed the CDS/CSE to implement the following to be effective of the dates mentioned below.

1. To mandate securities of new listings to be in de-mat form with effect from 1st January 2011.

2. To mandate securities of all existing listing entities which obtained listed status before 1st January 2011 to be in dematerialized form within a transitional period of one year from 1st January 2011 and to give prior notice to the existing listed entities of the said requirement.

The CDS will inform the procedure to be adopted for the creation and maintenance of 'Client Locked Accounts' by 10th December 2010.

The Directive dated 22nd November 2010 is attached.

Yours faithfully
For and on behalf of
CENTRAL DEPOSITORY SYSTEMS (PVT) LTD

Rajeeva Bandaranaike
ASSISTANT GENERAL MANAGER – CLEARING & SETTLEMENT
COLOMBO STOCK EXCHANGE

-ng

Voice: +94 11 2446581
Fax: +94 11 2440396

Important: Scripless Shares by 01 January 2012.....

Full Dematerialisation of listed securities

Locked balances

In order to facilitate the full dematerialisation of securities the CDS would provide a "locking" facility for securities held by a CDS account holder within a CDS account. The "locking" facility would be a method for shareholders of listed companies to hold securities that they would not wish to trade, in the CDS. Once deposited into a "locked balance", the securities can only be "unlocked" and made available for trading upon the written authorisation given by the shareholder.

- The CDS would maintain two balances for each CDS account, namely a trading balance and a "locked" balance.
- The trading balance would be visible to the CDS Participants (Broker firms and custodian banks) and dealings and trading would be permitted on the said trading balance, as done presently.
- As opposed to the trading balance, the "locked" balance will not be visible to the CDS participants (other than in the instances set out below) thereby maintaining the confidentiality of the information and also safeguarding the account holder from any possible unauthorized sale by a broker. Trading on locked balances would be suspended.
- On a written request made by an account holder submitted to the CDS through the relevant Participant , the CDS would transfer the specified quantity of securities from the "locked" balance to the trading balance of a CDS account or from the trading balance to the "locked" balance as the case may be.
- New CDS forms would be issued to deposit , transfer and withdraw securities to and from "locked" balances.

Note :

The "locked" account balances will not be visible to CDS Participants except in the following instances .

1. When a deposit of an existing share certificate is made to a "locked" balance.
2. When a transfer request is made to transfer securities from a trading balance to a "locked" balance or vice versa.
3. When a withdrawal request is made to withdraw securities from a "locked" balance.

The Autodrome PLC
304 Union Place
Colombo 02
Tel: 2326181
www.autodrome.lk