Autodrome

SINCE 1953

ANNUAL REPORT 2016/17

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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. Gayan Joseph, Head of Finance.

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
Tel: +(94) 112326181, 0117847443 (5 Hunting lines)
Fax: +(94) 112338611, 112325594, 2314805
Web: www.autodrome.lk

Legal Form

A Limited Liability Company incorporated in Ceylon on 23.07.1953 Public Co. 1957, reregistered under companies act of no 7 of 2007.

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

Ms. Bernadette J. Aloysius B.A.
Chairperson

Jeremy D. Aloysius MBA (USA)
Joint Managing Director

Rajeev A.J. Aloysius FCMA (UK), FCMA (SL), MBA (Sri. J.)
Joint Managing Director / CFO

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

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

M. Raviraj Ratnasabapathy FCMA(UK), MBA (Sri. J.)

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

Brihadhisvara Ponnambalam

Company Secretaries

Accounting Systems Secretarial
Services (Pvt) Ltd.
Level 3, No 11, Castle Lane, Colombo 04.

Lawyers

M/s. D.L. & F. de Saram

Auditors

M/s. KPMG

Bankers

Bank of Ceylon, Metropolitan Branch
Commercial Bank of Ceylon PLC., City Office
Hatton National Bank PLC, Head Office
HSBC, Main Office
People's Bank, Union Place

Senior Executives

Enaksha Fernando MBA (Cardiff Met.)
General Manager
Gayan Joseph ACA, B.Sc.(Sri.J.), ACMA(SL)
Head of Finance
Pushpakumara Doowage B.Sc.Mktg Mgt (Sp) USJ
Manager - Marketing
Ms. Asha Peiris Nishantha ***Manager - Sales***
Denny Joseph B.Sc. Special(Hons)(IT) SLIIT
Manager - IT and Webmaster
Thilanga Sampath ***Field Service Manager***
Romesh Jayathilaka ***Manager- Business Development***
Buddika de Silva ***Manager - Beauty & Personal care***
T.D. Thilakasiri ***Administration Manager***
Deepani Swarnapali ***Senior Assistant Accountant***
Renuka Nilmini ***Manager - Stores***
Ranjith Dharmasena ***Manager - Warehouse***
Rajiv Perera ***Manager - Workshop***

Nature of Business

Sole Distributors in Sri Lanka for:
BRIDGESTONE Tyres, Tubes , Flaps, Harvester Tracks
REVLON & PREM HENNA Cosmetics & Beauty Care
RENT OF OFFICE SPACE AND PARKING
WEBSITE DESIGN & MANAGEMENT

Subsidiary
Tourama (Pvt) Ltd
Travel Agency and Destination
Management Company

Notice of Annual General Meeting

THE AUTODROME PLC

Reg. No. PQ-84

NOTICE IS HEREBY GIVEN that the Sixty Fifth Annual General Meeting of The Autodrome PLC will be held at the Registered Office of the Company at 304, Union Place, Colombo 2 on Thursday, 28th September 2017 at 3.00 p.m. and the business to be brought before the meeting will be:

Agenda

Ordinary Business

01. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31st March 2017 together with the Report of the Auditors thereon

02. To re-elect Ms Julie A Aloysius to the Board, who retires by rotation in terms of the Articles of Association.

03. To re-elect Prof J A Aloysius to the Board , who retires by rotation in terms of the Articles of Association.

04. To re-elect Mr B Ponnnambalam to the Board , who retires in terms of No 91 of the Articles of Association., being a Director appointed during the year

To pass the following ordinary resolutions:

05. RESOLVED THAT Mr B Ponnnambalam 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 in the Companies Act No 7 of 2007 shall not apply to the said director in accordance with section 211 of the Companies Act No.7 of 2007.

06. RESOLVED THAT Mrs Bernadette Jayaleela Aloysius who has reached the age of 75 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 the said director in accordance with section 211 of the Companies Act No.7 of 2007.

08. RESOLVED THAT Mr C Lakshman Sirimanne who has reached the age of 73 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 the said director in accordance with section 211 of the Companies Act No.7 of 2007.

09. To re-appoint M/s KPMG as Auditors and authorize the Directors to determine their remuneration.

10. To authorize the directors to determine contributions to charity.

11. To declare a first and final dividend of Rs. 0.50 per share to the share holders.

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

By Order of the Board of The Autodrome PLC

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4190

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS
SECRETARIAL SERVICES (PVT) LIMITED
Secretaries
Colombo, 29 August 2017

Chairperson's Statement

"Seeking growth in market share"

Welcome to the 65th Annual General Meeting of the Company

Results

This year had tremendous challenges with a new government put in place in August 2015, and continued repeated changes in both import duties and taxes. The profit after tax for the group was Rs.14.8 m (2016 - Rs. 25.7m) within a challenging business environment of two duty increases in November 2016 and January 2017, an depreciating exchange rate and even multiple changes in the VAT rate on 2 May 2016, 12 July 2016 and 1 November 2016 respectively. The Company took measures to recover lost market share throughout the year with all these adversities, and were successful in doing so, reversing the trend of reducing quantity of goods sold since 2008, and even bringing it back to 2010 levels. We were able to increase the sales volumes in the automotive consumables segment by 34.44%. Increasing our competitiveness came at the cost of adversely affected gross margins, which moderated to 16.7% (2016 – 21.1%).

Administrative expenses were controlled with even a marginal reduction of 0.1% in spite of an uptick in inflation. We continue to formulate and implement aggressive marketing promotions, in order to re-gain market share. Interest rates began to head up during the year and we were able to earn over Rs.15.4 m (2016 - Rs. 13.1m) in finance income after tax, in the year under review. We continued to maintain a zero borrowing policy other than short term financing through low overdrafts. We began our distributorship of Prem Henna cosmetics, while discontinuing the Revlon distributorship because of a drop in the margins offered.

Business Environment

A repositioning of our market presence was key in this year, which had multiple challenges on many different levels The Sri Lankan economy faced many challenges with pressure on external borrowings and loan repayments and this resulted in depreciation of the rupee against foreign currencies and this is directly linked to cost increases and a corresponding deterioration of our gross margins. It was announced by the World Bank in October 2016, that Sri Lanka dropped one place in the Ease of Doing Business Ranking from no. 109 to no. 110.

Dividend and Share

The Board recommends that a final dividend of Rs 0.50 per share for the year 2016/17 be paid as a final dividend.

Future Prospects

Our Commercial Tyre performance has improved in the year under review, and we should see additional gains in 2017/18. Through further engagement with our end customer through social media, we have grown our sales in the retail space, capturing additional market share in this profitable segment.

Our subsidiary Tourama (founded in 2004) had its second successive best year ever, with an increase in demand for its Customized Europe Tours, improvement in premium (business class) travel, some strong demand from corporate clients and growing inbound clients. We continue to grow our product offering this year, with fixed price tours of the United Kingdom.

The latest addition to the Beautydrome segment is Prem Henna cosmetics and its associated brands, which have shown results from the 1st quarter.

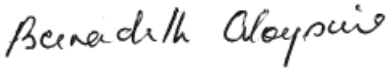
We will continue to seek out diversification in the businesses that we are currently in, harnessing the existing talent and resources.

Digital Reporting

You have received this report on a CD, and if you have not, it is available on the web for quick and easy download. As usual, the CD also contains an Excel version so that you may perform your own calculations if you wish. We will continue to provide you with hard copies of the report if you request for it in writing to the contact person specified at the beginning of this annual report.

Thanks

I take this opportunity to thank our valued customers and suppliers for their support, and the team for their commitment and dedication. The Board of Directors for their invaluable guidance and advice throughout the year.
I also thank the shareholders of the Company for their continued confidence and trust



Bernadette J. Aloysius
Chairperson of the Board

Colombo, 29 August 2017

Directors' Profiles

1. Mrs. Bernadette J. Aloysius B.A.
Mrs Bernadette J Aloysius was appointed to the Board in 1989 and is presently Chairperson. She holds a B.A. Degree from the University of Peradeniya. She also holds Directorates in Tourama (Pvt) Ltd, Mercury Limited and Seventy Limited. She has previously served as Marketing Director of the Company from 1989 to 2011, and as Deputy Chairperson from then to March 2013. She was appointed Chairperson on 01 April 2013.

2. Mr. Jeremy D. Aloysius MBA (USA)
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 previously held the position of Finance Director. 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., Mercury Ltd and Seventy Ltd

3. Mr. Rajeev A. J. Aloysius MBA, FCMA (UK), FCMA(SL)
Mr. Rajeev Aloysius has been an executive director since June 1997, and currently serves as a Joint Managing Director, heading the "Finance and IT" Division, including Website Development. He holds an MBA from PIM, University of Sri Jayewardenepura; and is a Chartered Global Management Accountant, 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 of two affiliated associations, and served on the main committee of the Ceylon Chamber of Commerce for 6 years, representing them. He is a committee member of the Sri Lanka Italy Business Council. He concurrently serves as the Managing Director of the subsidiary Tourama (Pvt) Ltd. He is a director of Mercury Ltd and Seventy Ltd. He is the Hon. Treasurer of the Chamber Music Society of Colombo, an arts organisation. He has been an active member of committees at CIMA Sri Lanka Division,and the Seminars and Workshops Committee at the Organisation of Professional Associations (OPA).

4. Ms. Julie A. Aloysius
Ms. Julie 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. She is a British citizen, and heads the operations of the travel and inbound activities of the company.

5. Mrs. Joanne Aloysius Rajiyah BSc (Lond.), MBA (Sri.J)
Mrs. Joanne Aloysius Rajiyah joined the board in 2004 and serves the Company as Marketing Director. She heads the Company's Beauty Division, Beautydrome, and also New Business Development. 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 McShaw Automotive Ltd, Galle Face Properties Ltd, Mercury Ltd, and Tourama (Pvt) Ltd.

6. Prof. John A. Aloysius Phd
Prof. John Aloysius has served as a Non-Executive director of the board since 1990. He is currently an Associate Professor at 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 fields of expertise.

7. Mr. Sarath C. Weerasooria FCA
Mr. Weerasooria was appointed to the board in 1994 as a Non-Executive Director. He is a senior Fellow of the ICASL of Sri Lanka. He is Chairman of the Board of the Finco / Alpha Group of companies. He served on the main Committee of the The Ceylon Chamber of Commerce for many years, representing an affiliated association. He currently chairs the Audit Committee of the Company, and is a member of the Remuneration Committee. He retires at the Annual General Meeting on 28 September 2017.

8. Mr. M. Raviraj Ratnasabapathy FCMA(UK), MBA
Mr. M.R. Ratnasabapathy joined the board in 2007. He is a Chartered Global Management Accountant (CGMA), FCMA (UK) and holds an MBA from PIM, University of Sri Jayewardenepura. He has over 25 years' experience in finance, in a range of different industries from audit, banking, trade, food, agriculture, power & energy and telecom, most of the the latter in senior positions. He is currently the CEO of Ceylon Printers PLC. He chairs the Remuneration Committee, and is a member of the Audit Committee.

9. Mr. C. Lakshman Sirimanne
Mr. C.L. Sirimanne was appointed to the Board in 2007. He holds a Diploma in Mechanical and Chemical Engineering from the University of Moratuwa and an external degree in Management Science from the Institute of Management Science, Middlesex, England. He possesses extensive experience at Senior Management level in the Corporate Sector, including Ceylon Tobacco Co Ltd. for over 27 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. He is a member of the audit committee.

10. Mr. M. Suresh Dominic Bsc
Mr. Suresh Dominic was appointed to the board in 2007. He holds a B.Sc. degree in Mathematics & Computing (South Bank University, London). He is a Consultant to Interblocks (Pvt) Ltd, a multinational company developing banking finance software. He also holds directorates in Renuka Holdings PLC, Renuka Shaw Wallace PLC, and the Sithijaya Fund. He is a member of the Remuneration Committee.

11. Mr. Brihadhisvara Ponnambalam
Mr. Ponnambalam serves as Chairman & Managing Director of Cars R Us (Pvt) Ltd., and is also Chairman of Arpico Finance Co., PLC. He is a Director of McLaren's Lubricants Ltd, McShaw Automotive Ltd, Macbertan (Pvt) Ltd. and Pidilite Lanka (Pvt) Ltd. He is also a member of the Advisory Council of Alliance Finance PLC.
He possesses experience in technical training at the Fiat School in Torino, Rover Technology (UK), Citroen Slough, and Renault Bulianourt (Paris).
He is a Past President of the Classic Car Club, and former Vice Chairman of the Ceylon Motor Traders' Association. He is also actively involved in motor racing in Sri Lanka.

Statutory Committees

Remuneration Committee

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

By invitation
1) Bernadette Aloysius, Chairperson or alternate
2) Jeremy Aloysius, Joint Managing Director

Terms of Reference

The remuneration committee ensures the remuneration policy of the Company is designed to attract, motivate and retain staff with the appropriate professional, managerial and operational expertise to achieve the objectives of the Company.

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

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

By invitation
1. Rajeev Aloysius, Joint Managing Director
2. Joanne Aloysius Rajiyah, Marketing Director

Terms of Reference

The Audit committee is responsible for reviewing the effectiveness of the groups risk management process, including the systems established to identify, assess, manage and monitor risk.

1. Membership
1.1 The Committee shall be 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.

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.

Statutory Committees

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 fulfill 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 ExternalAudit

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 financial results 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 ('whistle blowing' 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.

Statutory Committees

Related Party Transactions Review Committee

Members
1) Sarath C. Weerasooria (Chairman)
2) Ravi Ratnasabapathy
3) Lakshman Sirimanne

By invitation
1). Bernadette Aloysius, Chairperson or alternate
2). K. Gayan Joseph, Head of Finance

Terms of Reference

The Board established the Related Party Transactions Review Committee on the 4th December 2015 by the early adoption of the Code of Best Practice on Related Party Transactions, issued by the Securities & Exchange Commission of Sri Lanka (the 'Code') and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

The purpose of the Related Party Transactions Review Committee (the Committee) is to conduct an appropriate review of the Company's related party transactions ("RPTs") and to ensure that the Company complies with the rules set out in the Code. The primary objectives of the said rules are to ensure that the interests of the shareholders as a whole are taken into account when entering into related party transactions and to prevent Directors, key management personnel or substantial shareholders taking advantage of their positions.

1. Membership

1.1 The Committee should comprise independent non-executive directors. One independent non-executive director shall be appointed as Chairman of the Committee.

1.2 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.

2. Meeting

The Committee should have four meetings on a quarterly basis during a financial year, if there is business to discuss. Proceedings of the committee meetings should be reported to the Board of Directors.
The minutes of meetings of the Committee should be circulated to all members of the Committee and to nominated recipients as soon as practicable after the meeting. The minutes should also be circulated to all members of the Board.

3. Authority

-To develop and recommend a related party transaction policy.

-To ensure that the Company complies with the Rules.

-To review in advance all proposed related party transactions to ensure compliance with the Rules.

-To update the Board of Directors on the related party transactions of the Company on a quarterly basis.

-Define and establish the threshold values in setting a benchmark for related party transactions which have to be pre-approved by the Board, which require to be reviewed in advance and annually and similar issues relating to listed Companies.

-To make immediate market disclosures on applicable related party transactions as required by the Rules. To include appropriate disclosures on related party transactions in the annual report as required by the Rules.
Policies and procedures in related party transactions are being reviewed and strengthened on an ongoing basis. Necessary steps have been taken by the Committee to avoid any conflicts of interests that may arise in transacting with related parties.

Proceedings

The Committee in discharging its functions, review processes and periodic reporting by the entity with a view to ensure that;

- There is compliance with the Code
- Shareholder interests are protected and
- Fairness and transparency are maintained.

Any member of the committee, who has an interest in related party transaction under discussion, shall abstain from voting on the approval of such transaction. A related party transaction entered into without pre-approval of the committee, shall not be deemed to violate this policy, be invalid or unenforceable so long as the transaction is brought to the notice of the Committee as promptly as reasonably practical, after it is entered into or after it becomes apparent that the transaction is covered by the policy. As such all RPTs, other than the exempted transactions, will be reviewed either prior to the transaction is entered into or if the transaction is expressed to be conditional on such review, prior to the completion of the transaction.

The Related Party Transactions of the Company are disclosed in the Notes to the Financial Statements. The Board believes those transactions are recurrent transactions and are in the ordinary course of business of the Company.

Statutory Committees

Nomination Committee

Members
1) Sarath C. Weerasooria (Chairman)
2) Bernadette Aloysius
3) C. Lakshman Sirimanne

Membership
The nomination committee appointed by the Board of Directors comprises two (2) Independent Non-Executive Directors (IND/ NED), the Group Chairperson

Authority
The Nomination Committee was established for the purpose of advising the Board in relation to nominations, retirement, succession and training of the Board members. The committee has the authority to discuss the issues under its purview and report back to the Board of Directors with recommendations, enabling the Board to take a decision.

Meetings
The Nomination Committee meets once during the year. The proceedings of the meetings are regularly reported to the Board of Directors. A member of Nomination Committee does not participate in decisions relating to his own appointment.

Professional Advice
The committee has the authority to seek external professional advice on matters within its purview whenever required

Proceedings
The committee focuses on the following objectives in discharging its responsibilities.

- To regularly review the structure, size, composition and competencies (including the skills, knowledge and the experience) of the Board and make recommendations to the Board with regard to any changes.

- To identify and recommend suitable Directors for appointment to the Board and Board sub committees.

- To consider and recommend (or not recommend) the reappointment of current Directors, taking into account the performance and contribution made by the Director concerned and provide advice and recommendations to the Board on any such appointment.

- To look into and make recommendations on any other matters referred to it by the Board of Directors.

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 5 Executive Directors and 6 non-Executive Directors. The profiles of these directors, and their qualifications are on page 06. A disclosure of the status of the board, whether non-executive, executive or independent non-executive, is given on page 18, in note 12 of the Management Review. There have been no changes to the composition of the board during the year.

The Chairperson 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 accordance with CSE Listing Rule 7.10.3 (b), it was unanimously resolved and affirmed 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, and shall be henceforth considered nevertheless independent. Also it was unanimously resolved and affirmed at the board meeting heals on 16th August 2016, that Mr. Raviraj Ratnasabapathy, Mr. M. Suresh Dominic and Mr. C. Lakshman Sirimanne considering their credentials and positions as directors of privately held conglomerates, shall be henceforth considered nevertheless independent.

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

The Board of Directors met on 14 June 2016, 16 August 2016 and 09 February 2017. Resolutions were passed by circulation on 26 August 2016, 04 October 2016 and 27 January 2017.

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 of the Listing Rules. The invited executive directors include a Joint Managing Director. The audit committee met four times during the year under review, on 19 Apr 2016, 18 July 2016, 18 October 2016 and 18 January 2017, 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 07.

Remuneration Committee

The Remuneration committee consists of a Chairman who is an independent non-Executive Director, and two other independent non-executive directors.
The Remuneration Committee met twice during the year under review on 19 April 2016 and 14 December 2016, 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

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 25 on page 51.

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 ideas, theories, principles and Best Practices underlying such a code have been in active use for some time. The company operates to meet the aspirations of all of its stakeholders.

Related party review committee

Related party review committee meets every three months to conduct an appropriate review of the company's related party transactions and to ensure that the Company complies with the rules set out in the Code of Best Practices issued by the Securities and Exchange Commission. The related party review committee met four times during the year under review, on 19 Apr 2016, 18 July 2016, 18 October 2016 and 18 January 2017.

Nomination Committee

A Committee was established for the purpose of advising the Board in relation to nominations, retirement, succession and training of the board members.

Corporate Governance

	Corporate Governance Rule	Compliance Status	Reference
1	Names of persons who were directors of the Entity during the financial year.	Complied	Directors' Profiles page 06
2	Principal activities of the Entity and its subsidiaries during the year and any change therein.	Complied	Note 1.1 page 27
3	The names and the numbers of shares held by the 20 largest holders of voting and nonvoting shares and the percentage of such shares held	Complied	Note 15 page 19
4	The public holding percentage disclosed	Complied	Note 16 page 19
5	A statement of each directors holding and Chief Executive Officers holding in shares of the Entity at the beginning and end of each financial year	Complied	Note 13 page 18
6	Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Management page 14
7	Details of material issues pertaining to employees and industrial relation of the Entity	N/A	No material issues pertaining to employees and industrial relations
8	Extents, Locations, Valuations and the number of buildings of the Entity's land Holding and investment properties	Complied	Note 11 on page 45 & 46.
9	Number of shares representing the Entity's stated capital	Complied	Management review page 17
10	A distribution schedule of the number of holders in each class of Equity securities and percentage of their total holding in the specified categories	Complied	Share information page 58
12	The following ratios and market price information. EQUITY 1. Dividend per share 2.Dividend pay out 3.Net Asset value per share 4.Market value per share Higest and lowest value recorded value as at the end of financial year	Complied Complied Complied	Ten year summary page 54 Share information page 58 Share information page 58
13	Significant changes in the fixed asset and the market value of land, in the Entity's or that of its subsidiary, if the value differs substantially from the book value	Complied	No significant changes were noted.
14	If during the year the Entity has raised funds either through a public issue,Right issue,and private placement	N/A	N/A
	a. A statement as to the manner in which the proceed of such issue has been utilised.	N/A	N/A
	b. if any shares or debentures have been issued , the numbers, class and consideration received and the reason for the issue; and	N/A	N/A
	c: Any material change in the use of funds raised through an issue of securities	N/A	N/A
15	Disclosures pertaining to Corporate Goverance practices in terms of Rules 7.10.3 7.10.5 c and 7.10.6 c of section 7 of the Rules	Complied	Pages 11,12 & 13.
16	Related party transactions exceeding 10% of the Equity or 5% of the total asset of the Entity as per Audited Financial statements. Whichever is lower. Details of Investments in a Related party and or amounts due from a Related party to be set out separately. The details shall include as a minimum a. The date of transaction b. The name of the Related party c. The relationship between the Entity and the Related party. d. The amount of the transaction and terms of the transaction e. The rational for entering in to the transaction	Complied	Transactions did not exceed the stipulated limits. List of related parties are disclosed in Note 25, Page 51 & 52.

Corporate Governance

Independence of Auditors

The auditors of the Company are KPMG, 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. Gayan Joseph, Head of Finance. 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.

Risk Management

The Board is primarily responsible in ensuring that risks are identified and managed properly for the group. The Audit committee is responsible for reviewing the effectiveness of the group's risk management process, including the systems established to identify, assess, manage and monitor risk.

The business operations of the Group and performance are subject to a variety of risk factors; the Management constantly monitors and evaluates risk factors in order to respond effectively.
The company and group core risk areas are as follows:

Business & Operations

Competitive Environment
Import and Distribution business is operating in a competitive environment and this could contrast the margin on sales and thereby exert additional pressures to meet planned objectives. To meet the company and group objectives the group has to compete with rivals in areas including price, product range, quality and service.

Human Resources
Failure to protect the group's reputation could lead to loss of trust and confidence of employees. This could affect the ability to recruit and retain highcaliber employees. This is addressed by offering attractive reward systems and implementing carrier development programmes.

Finance Risk - Foreign exchange rate risk
The group exposure to exchange risk is high as the group is involved in the import and wholesale trade. Therefore, managing foreign exchange rate exposure through negotiation with banks, as well as applying financial management techniques are required.

Reputational Risk
The loyalty to Bridgestone and Revlon brands have helped the group to diversify in to new areas of business such as IT related services. The group recognizes the commercial imperative to safeguard the interests of all its stakeholders and avoid or minimise the loss of such loyalty.

Regulatory Environment
An Adverse impact on profit may result from adverse changes in government fiscal policies, and these are addressed through strong brand loyalty.

Product safety risk
The safety and quality of our products is of paramount importance to the Group as well as being essential for maintaining customer trust and confidence. A breach in confidence could affect the size of our customer base and hence financial results. We have detailed and established procedures for ensuring product integrity and quality at all times

Health and safety risk
Provision of adequate safety to our staff is of the utmost importance to us. We operate stringent health and safety processes in line with best practice in our outlets and service centers.

Distribution Network
Our Bridgestone tyres are sold across a wide distribution network in Sri Lanka, comprising of many dealers. In order to ensure a strong distribution network, we ensure that we maintain positive long term relationship with our dealers and maintain an open communication line with our dealers.

Loss of agency
The company is the local distributor for tyres and beauty care and cosmetic products. The company ensures that it maintains a close relationship with its principals and an agreement is signed between the parties concerned, to ensure business continuity for the foreseeable future.

Sustainability Review

WE STRIVE TO CONSTANTLY IMPROVE OUR PRODUCT RANGE AND CUSTOMER SERVICE LEVELS

The standard of service provided to customers who walk into our head office and Ja-Ela stores is the key to our success. Also we have taken steps to improve the island-wide network of customers who sell our products to end users. Our main business remains as sole distributor of the world-leading tyre brand Bridgestone, in Sri Lanka. Apart from tyre sales during 2016/2017 financial year we were engaged in local distribution of Revlon Cosmetic Products and Prem Henna, in addition to web development. Our main partner, Bridgestone Asia Pacific (Pte.) Ltd is highly concerned about the quality of their products and visit several times every year to check the standards maintained and to address claims to investigate whether there are product quality related issues. We give value added services to the customers who walk into our alignment center for tyre fitting and alignment. Customer satisfaction is high in this department. In order to ensure and enhance our customer relationship, the company carries out frequent surveys which include outdoor surveys and opinion
checks, which help us to understand our customer requirement better, and ensure that we deliver what customers are expecting. We continuously strive to improve our customer service levels and minimize complaints through constant improvement.

SHAREHOLDERS

As a listed company governed by numerous regulatory provisions under the Securities and Exchange Commission (SEC) and the Colombo Stock Exchange (CSE), we are bound to deliver maximum value to our investors whilst adhering to the above regulatory procedures. We conduct our business in a manner which adds value to our investors and manage the risks faced by the Company prudently following good corporate governance practices at all times. We are also aware of the fact that it is our duty to provide them with timely and accurate information on the affairs of the Company.

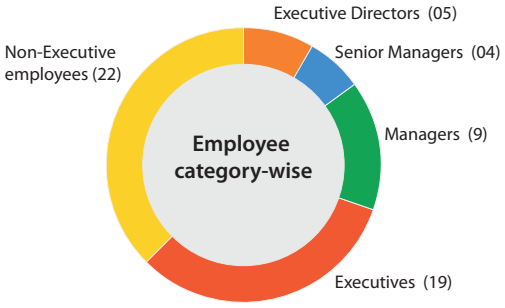
Our asset base has accumulated consistently over the years and provides a strong foundation which ensures that the Company is able to withstand the vagaries of the competitive business environment. Our prudent corporate strategies have resulted in the delivery of a consistent return on capital employed in the business, thereby enhancing shareholder wealth. Over the years, The Autodrome PLC has delivered on its promise to shareholders by ensuring a consistent return on their investments through capital appreciation and dividends, providing one of the most consistent and dependable investment opportunities to investors. The quarterly financial statements and annual reports are produced in accordance with the Listing Rules of the Colombo Stock Exchange, and other applicable laws and regulations. The Company's website (www.autodrome.lk) provides information on the Company, including the annual and quarterly reports. In addition to the annual reports, relevant press releases and announcements are also made available on the Company's website to facilitate communication between all stakeholders of the company Shareholders may, at any time direct questions, request for publicly available information and provide comments and suggestions to Directors or Management of the Company. Such questions, requests and comments can be addressed to the Company Secretary by post to #11, Castle Lane , Colombo 4; or to finance@autodrome.lk, or through the company's official Facebook page. (facebook.com/autodromeplc)

EMPLOYEES

We believe that every employee wants to be part of a winning organisation and have their contribution valued by the management and their peers. Employees thrive on performing meaningful work and knowing their part in the contribution to the success of the organisation. In order to develop a sustainable relationship, we duly recognize the accomplishments of our employees and offer them many opportunities for learning and growth.

Staff Strength

Location	Total Employees
Head Office at Colombo 02	52
Tyre stores at Ja-Ela	07



At The Autodrome PLC out of 59 employees, the majority of our staff, 88.14% are in permanent cadre and only 11.86% staff are on fixed term contracts.
All the employees above the age of 55 are contract employees.
The company's employment policy ensures that we recruit the candidates best suited for positions, applying fair, objective and accepted evaluation methods.

Employee engagement

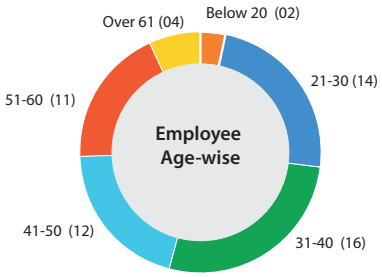
Employee engagement is our top business priority. We are aware that the employee engagement brings out the best of productivity and bottom line performance while reducing costs related to hiring and retention in highly competitive talent markets.
The culture at The Autodrome PLC is such that the employees and management work together towards a shared vision. We encourage employees to express their suggestions and grievances openly to senior management. All employees are encouraged to actively participate in idea generation and problem solving.

Equal opportunity employer

The Autodrome PLC is committed to maintain a work environment where all employees are offered equal opportunity and valued for their diversity.
We believe that a diverse workforce enhances our business and that a wide range of experience, skills and qualifications, enable us to provide a higher level of service quality and excellent customer satisfaction. The Company does not discriminate on the basis of gender, race, age, social origin, disability, religion or any other basis.

Sustainability Review

Employee age-wise



The Autodrome PLC is committed to ensuring diversity at workplace and makes an ongoing effort to drive gender diversity. We encourage female participation at all levels of management with a strong belief that a diverse workforce adds great value to the business. The nature of our business is such that requires a higher percentage of males at the operational level especially in Marketing on the field. We maintain an open mind and recruit female employees at our head office for the Sales function exclusively, and in a majority for Finance, and for many business functions. The total female participation at The Autodrome PLC at executive level is 27%.

Our Non-Executive staff strength is 22 people (37.29% of the total work force), and a high percentage of staff - 41% - is young and dynamic, falling between the age group of 19-40 years.

Performance management

We believe that an effective performance appraisal system helps us to build a performance driven culture. Therefore all employees are subject to performance evaluation annually and feedback is given to enable the employees to gain insights into how they can enhance their performance.
Employee KPIs are linked to divisional and organizational goals, the assessment of the extent to which employees have achieved their KPIs serves as a key driver of employee productivity in the company.

Training and development

Learning and development forms the cornerstone of our strategy to develop our resources to meet evolving needs of customers and other stakeholders. At The Autodrome PLC, we are committed to developing our people and building a high performing team through training and development.

The annual training plan prepared by consultation of our main partner Bridgestone Asia Pacific (Pte) Ltd in association with Bridgestone Corpration, Japan. The blueprint for training and development activities designed in accordance with training needs analysis, based on information gathered from performance appraisals, and recommendations from the Heads of Divisions.

Employee welfare

We provide many opportunities such as get-togethers, and Annual Parties, to help employees de-stress and to engage with the team members.
The annual The Autodrome PLC get-together was held at Club Hotel Dolphin & Suriya Resort on July & August 2016 for all employees including family members.

Employee retention

We have a clear strategy to increase employee retention rates with career mapping, equality, respect & upholding employees' dignity, remuneration package in par with the industry, ample opportunities for rewards and recognition.

Code of conduct, ethics and anti-corruption behavior
The Autodrome PLC expects all its employees to ensure compliance with the laws and regulations applicable to its business. Moreover, the Code directs employees towards ethical conduct which helps uphold high standard of business integrity.

ENVIRONMENT

Our Approach

The Autodrome PLC and our business partner Bridgestone are cognizant of the fact that we derive our sustenance from the environment. In doing so, our business activities impact our planet's renewable and non-renewable resources and ecosystems. Being a stakeholder in the transport industry, means that our carbon footprint is of concern.
Our environmental strategy is to minimize the impact on the environment through the Company's operations and inspire employees and society towards constructing a greener environment. Keeping this in mind we took several initiatives towards our environmental commitment as detailed below.

Our initiative to maintain a greener surrounding

Our commitment to a greener environment can be witnessed at head office at Union Place and at Ja-Ela stores, a well trained staff actively looks after the plants within our premises. The greenery is well looked after. keeping the surroundings clean. amd we are committed to maintain this green environment. Our main product range Bridgestone Ecopia, reduces carbon emissions through lower rolling resistance, saving fuel and money for our valued end-users.

Our initiatives to reduce paper usage

We looked at our internal processes and systems to reduce the negative impacts caused to the environment through paper usage in our business processes to adhere to the 3R concept of Reduce Reuse-Recycle in paper waste management. Process improvements were already identified where use of papers could be reduced and implementation is in progress. Use of both sides of paper, printing documents only when absolutely necessary and collection of waste paper for recycling were some of the initiatives taken to reduce paper usage. Our new Management Information System cuts out the need for printing excessive ad-hoc reports.

Government and regulatory authorities

We are committed to comply with all statutory and regulatory requirements. As a tax payer our Group obtained a certificate from the department for timely submitting tax returns. We also paid taxes on time in compliance with tax regulations and contributed to the government development initiatives by way of taxes.

Management Review

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 2017, set out on pages 23 to 53.

Principal Activities

1. The principal activities of the Company are as follows:
Import & Distribution of:
BRIDGESTONE Tyres, Tubes, Flaps and Harvester Tracks from Japan, Indonesia, Thailand, China and Poland.
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 (Discontinued December 2016) and Prem-Henna (Pvt) Ltd., Rajasthan India.
Other activities include the provision of services related to the above; Real Estate: Rental and Lease (as Landlord); Design, 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 are responsible for preparing and presenting the financial statements for the period 1 April 2016 to 31 March 2017, set out on pages 23 to 53.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs. 709,138 (2016- Rs. 603,358), while the turnover of the Group net of turnover based taxes was Rs. 711,296 (2016- Rs. 605,108).

Property, plant & equipment

4. The movement of Property, plant and equipment for the year are shown in note 11 on page 45 & 46 of the financial statements.

Value of properties

5. The market value of land owned by the company is estimated at Rs. 575 million based on valuation made by a qualified Valuer on 31 March 2013.

Share Capital and Reserves

6. The total Share Capital & Reserves of the group as at 31 March 2017 amounted to Rs. 998,018 (2016- Rs. 989,549), comprising of Revaluation Reserve of Rs. 612,473 (2016-Rs. 613,505), and retained earnings of Rs. 373,105 (2016- Rs. 363,555).

Approved Donations

7. Group donations to approved charitable organizations amounted to Rs. 170,000 (2016-Rs. 175,000)

Taxation

8. It is the policy of the Company to provide for deferred taxation on all known temporary differences on the balance sheet method. The corporate tax rate was 28% (2016 - 28%)

Share Information

9. Information relating to earnings, dividends, net assets, and share trading is given on page 58.

Events occurring after the reporting date

10. The Board of Directors of the company has declared a first and final dividend of LKR 0.50 per share for the financial year ended 31 March 2017 on 23 August 2017. As required by section 56 (2) of the Companies Act no 07 of 2007, the Board of Directors has confirmed that the company satisfies the solvency test in accordance with section 57 of the Companies Act No.07 of 2007, and has to obtain a certificate from auditors, prior to declaring a final dividend which is to be paid on 10 October 2017.
In accordance with LKAS 10, Events after reporting period, the first and final dividend has not been recognized as a liability in the financial statements as at 31 March 2017.

Management Review

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:

Name	Date of Appointment	Position
Mrs. Bernadette J. Aloysius	(08.09.1989)	Chairperson of the Board
Prof. John A. Aloysius	(27.04.1990)	Non-Executive
Mr. Jeremy D. Aloysius	(08.09.1989)	Joint Managing Director
Mr. Rajeev A.J. Aloysius	(20.03.1992)	Joint Managing Director
Ms. J. Joanne B. Aloysius Rajiyah	(07.07.2004)	Marketing Director
Ms. Julie A. Aloysius	(27.04.1990)	Executive Director
Mr. Sarath C. Weerasooria	(27.01.1994)	Retires at Annual General Meeting
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*
Mr. B Ponnnambalam	(09.02.2017)	Independent Non-Executive*

* The definitions of Independent and Non-Executive used, are according to definitions given in the amended Listing Rules of the CSE dated 3 July 2014.
It was resolved by the Board on 16 August 2016, that Mr. C. Lakshman Sirimanne, Mr. M. Raviraj Ratnasabapathy and Mr. M. Suresh Dominic being Directors of major Listed companies and professionals, having served more than 9 years on the Board, are deemed to be nevertheless independent, under Listing Rule 7.10.3 (b) In accordance with s. 210 of the prevalent Companies Act, Mr. B Ponnnambalam, Mrs. Bernadette J. Aloysius and Mr. C. Lakshman Sirimanne retire at the AGM. Shareholders have proposed that the retiring age of 70 years not be applied to Mr. B Ponnnambalam, Mrs. Bernadette Aloysius and Mr. C. Lakshman Sirimanne 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:

	2017 No. of Shares	%	2016 No. of Shares	%
Mrs. Bernadette J. Aloysius	3,594,800	29.96	3,669,800	30.58
Mr. Jeremy D. Aloysius	877,340	7.31	862,340	7.19
Mr. Rajeev A.J. Aloysius	877,340	7.31	862,340	7.19
Mrs. Julie A. Aloysius	877,340	7.31	862,340	7.19
Ms. J. Joanne B. Aloysius Rajiyah	877,340	7.31	862,340	7.19
Prof. John A. Aloysius	877,340	7.31	638,500	5.32
Mr. Sarath C. Weerasooria	13,600	0.11	13,600	0.11
	7,995,100	**66.63**	**7,771,260**	**64.77**

Management Review

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 25 on page 51 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:

	2017 No of Shares	%	2016 No of Shares	%
Ms. Bernadette J. Aloysius	3,594,800	29.96	3,669,800	30.58
Mr. Sanjeev E.C. Gardiner	1,179,500	9.83	1,179,500	9.83
Ms. Julie A. Aloysius	877,340	7.31	862,340	7.19
Mr. Jeremy D. Aloysius (Jt. Managing Director/CEO)	877,340	7.31	862,340	7.19
Mr. Rajeev A.J. Aloysius (Jt. Managing Director/CEO)	877,340	7.31	862,340	7.19
Ms. J. Joanne B. Aloysius Rajiyah	877,340	7.31	862,340	7.19
Prof. John A. Aloysius	877,340	7.31	638,500	5.32
Mercury Limited	840,000	7.00	840,000	7.00
Galle Face Hotel Co. Ltd / Seylan Bank PLC	533,200	4.44	533,200	4.44
Seventy Limited	410,100	3.42	410,100	3.42
Estate of the late Mr. Joseph A. Aloysius	-	0.00	223,840	1.87
Cyril Gardiner Limited	161,000	1.34	161,000	1.34
Pan Asia Bank Corporation PLC/W.S.S.Amarasooriya	115,078	0.96	112,771	0.94
Mr. Hiranjan C.W. Aloysius	55,700	0.46	55,700	0.46
Mr. Anthonypillai Saverimuttu	50,000	0.42	50,000	0.42
Mr. Shamindra Vatsalan Rajiyah	43,640	0.36	43,640	0.36
Mr. R.J.M.F. Aloysius	30,400	0.25	30,400	0.25
Mr. G.L.A. Ondaatjie	30,000	0.25	30,000	0.25
Nikan (Private) LTD. (PV-8819)	29,800	0.25	29,800	0.25
Dr. D.J. Aloysius	26,812	0.22	31,723	0.26
Mrs. I.D. Sinnaduray	23,800	0.20	23,800	0.20
	11,510,530	**95.92**	**11,513,134**	**95.94**

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2017 was 22.59% (2016 - 22.95%). The number of shareholders 31 March 2017 was 577 (2016 – 539) out of which 567 (2016 – 529) was public.

Dividend

17. The Board of Directors of the company has declared a first and final dividend of LKR 0.50 per share on 23 August 2017 for the financial year ended 31 March 2017 to be paid on 10 October 2017. This will require shareholder approval at the AGM to be held on 28 September 2017.

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

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 Thursday, 28 September 2017. The notice of Annual General Meeting is on page 4.

Auditors

20. Messrs. KPMG have expressed their willingness to be reappointed as the Auditors of the Company for the year 2017/18. 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 audit and the other assurance fees and reimbursement expenses paid during the year was group Rs. 565,815 (2016 Rs. 545,838) and company Rs. 523,164 (2016 Rs. 465,688).

Non audit fees paid Rs. Nil (2016 Rs. Nil).

Remuneration of Directors

21. The total remuneration of Directors paid during the year is disclosed in Note 07 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

	"2017 Rs. Cts"	"2016 Rs. Cts"
Market Value	70.00	91.90
No.of Shares in Issue	12,000,000	12,000,000
Market Capitalisation	840,000,000	1,102,800,000
Highest	75.00	1,500.00
Lowest	60.00	80.00
Earning per share	1.24	2.15
Dividend per share	Rs.0.50	Rs.0.60
Net asset value per share	Rs.83.17	Rs.82.05

See Ten Year Summary for more information.

BY ORDER OF THE BOARD

Bernadette J. Aloysius
Chairperson

Rajeev Aloysius
Joint Managing Director / CFO

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4190

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries.
Colombo, 29 August 2017

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 22.

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 reporting date are paid, or where relevant, provided for.

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4190

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries
Colombo, 29 August 2017

Independent Auditors' Report

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

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: + 94 (11) 244 6058
: + 94 (11) 254 1249
Internet : www.lk.kpmg.com

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"), and the consolidated financial statements of the Company and its subsidiaries ("Group"), which comprise the statement of financial position as at 31 March 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 23 to 53 of the annual report.

Board's Responsibility for the Financial Statements

The Board of Directors ("Board") is responsible for the preparation of these financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Report on Other Legal and Regulatory Requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we state the following:

a) The basis of opinion and scope and limitations of the audit are as stated above.

b) In our opinion:

- we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company,

- The financial statements of the Company give a true and fair view of its financial position as at March 31, 2017, and of its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

- The financial statements of the Company, and the Group comply with the requirements of sections 151 and 153 of the Companies Act No. 07 of 2007.

CHARTERED ACCOUNTANTS
Colombo
29th August 2017

KPMG, 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.

M.R.Mihular FCA, T.J.S. Rajakarier FCA, Ms. S.M.B. Jayasekara ACA, G.A.U. Karunaratne FCA, R.H. Rajan ACA, P.Y.S. Perera FCA, W.W.J.C Perera FCA, W.K.D.C Abeyrathne FCA, R.M.D.B. Rajapaksha FCA, C.P Jayatilake FCA, Ms. S. Joseph FCA, S.T.D.L. Perera FCA, Ms. B.K.D.T.N. Rodrigo FCA
Principals- S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA
Ms. C.T.K.N. Perera ACA

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
For the year ended 31 March,	Note	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Revenue	5	711,296	605,108	709,138	603,358
Cost of sales		(592,027)	(475,655)	(592,157)	(475,689)
Gross profit		**119,269**	**129,453**	**116,981**	**127,669**
Other income	6	10,879	24,987	11,350	25,409
Administrative expenses		(107,795)	(108,350)	(107,111)	(107,673)
Selling and distribution expenses		(21,854)	(18,428)	(21,829)	(18,406)
Operating profit	**7**	**499**	**27,662**	**(609)**	**26,999**
Finance income		15,428	13,143	14,792	12,581
Finance costs		(2,661)	(6,425)	(2,661)	(6,425)
Net finance income	**8**	**12,767**	**6,718**	**12,131**	**6,156**
Profit before taxation		**13,266**	**34,380**	**11,522**	**33,155**
Tax expense	9	1,566	(8,631)	1,700	(8,285)
Net profit for the year		**14,832**	**25,749**	**13,222**	**24,870**
Other comprehensive income					
Items that will not reclassified to profit or loss					
Defined benefit plan actuarial gain		1,230	1,178	1,230	1,178
Deferred tax on defined benefit plan actuarial (losses)		(344)	(330)	(344)	(330)
Items that are or may be reclassified to profit or loss					
Reclassified to profit or loss		2,131	49	2,131	-
Available of sale Financial assets - Change in fair value		(2,180)	(608)	(2,131)	(608)
Other comprehensive (expenses)/income for the year, net of tax		**837**	**289**	**886**	**240**
Total comprehensive income for the year		**15,669**	**26,038**	**14,108**	**25,110**
Earnings per share					
Basic earning per share	10	1.24	2.15	1.10	2.07

The notes on the pages 27to 53 are an integral part of these financial statements.

Statement of Financial Position

As at 31 March,	Note	Group 2017 Rs'000	Group 2016 Rs'000	Company 2017 Rs'000	Company 2016 Rs'000
ASSETS					
Property, plant and equipment	11	743,558	749,286	743,558	749,286
Investment in subsidiary	12	-	-	500	500
Other investments	13	134,585	136,314	130,485	132,514
Non Current Assets		**878,143**	**885,600**	**874,543**	**882,300**
Asset Held For Sale	14	-	-	-	-
Inventories	15	142,740	167,978	142,740	167,978
Receivables and prepayments	16	151,701	135,849	150,902	135,265
Amount due from related parties	17	-	-	-	-
Other investments	13	-	4,313	-	2,114
Cash and cash equivalents	18	8,765	4,377	4,632	3,329
Current Assets		**303,206**	**312,517**	**298,274**	**308,686**
Total Assets		**1,181,349**	**1,198,117**	**1,172,817**	**1,190,986**
EQUITY					
Stated capital	19	12,440	12,440	12,440	12,440
Revaluation reserve	20	612,473	613,505	612,473	613,505
Available for sale reserve		-	49	-	-
Retained earnings		373,105	363,555	366,639	358,700
Equity attributable to equity holders of the parent		**998,018**	**989,549**	**991,552**	**984,645**
Non controlling interest		-	-	-	-
Total Equity		**998,018**	**989,549**	**991,552**	**984,645**
LIABILITIES					
Employee benefits	21	18,584	17,112	18,584	17,112
Deferred tax liabilities	22	23,475	25,420	23,475	25,420
Non current liabilities		**42,059**	**42,532**	**42,059**	**42,532**
Trade and other payables	23	144,235	164,733	142,119	162,684
Current tax liabilities	24	(5,548)	1,303	(5,498)	1,125
Bank overdraft	18	2,585	-	2,585	-
Current Liabilities		**141,272**	**166,036**	**139,206**	**163,809**
Total Liabilities		**183,331**	**208,568**	**181,265**	**206,341**
Total Equity and Liabilities		**1,181,349**	**1,198,117**	**1,172,817**	**1,190,986**

The notes on the pages 27 to 53 are an integral part of these financial statements.
I certify that the financial statements have been prepared in accordance with the requirements of Companies Act No. 7 of 2007.

.....
Gayan Joseph
Head of Finance

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. Approved and signed for and on behalf of the Board,

.....
Rajeev Aloysius
Joint Managing Director

.....
Jeremy Aloysius
Joint Managing Director

Colombo, 29 August 2017

Statement of Changes in Equity

For the year ended 31st March,	Group					Company				
	Stated capital Rs'000	Revaluation reserve Rs'000	Available for Sale Reserve Rs'000	Retained earnings Rs'000	Total Rs'000	Stated capital Rs'000	Revaluation reserve Rs'000	Available for Sale Reserve Rs'000	Retained earnings Rs'000	Total Rs'000
Balance as at 1st April 2015	12,440	614,568	608	344,295	971,911	12,440	614,568	608	340,319	967,935
Total comprehensive income for the year 2016										
Profit for the year	-	-	-	25,749	25,749	-	-	-	24,870	24,870
Other comprehensive income										
Disposal of revalued fixed asset	-	(31)	-	31	-		(31)		31	
Net change in fair value on available for sales assets	-	-	49	-	49	-	-	(608)	-	(608)
Net amount reclassified to profit and Loss	-	-	(608)	-	(608)	-	-	-	-	-
Depreciation transfer	-	(1,032)	-	1,032	-	-	(1,032)	-	1,032	-
Net actuarial gain on defined benefit plan	-	-	-	848	848	-	-	-	848	848
Total of other comprehensive income	**-**	**(1,063)**	**(559)**	**1,911**	**289**	**-**	**(1,063)**	**(608)**	**1,911**	**240**
Total comprehensive income for the year 2016	-	(1,063)	(559)	27,660	26,038	-	(1,063)	(608)	26,781	25,110
Interim dividend - 2015/16	-	-	-	(8,400)	(8,400)	-	-	-	(8,400)	(8,400)
Balance as at 31 March 2016	**12,440**	**613,505**	**49**	**363,555**	**989,549**	**12,440**	**613,505**	**-**	**358,700**	**984,645**
Total comprehensive income for the year 2017										
Profit for the year	-	-	-	14,832	14,832	-	-	-	13,222	13,222
Other comprehensive income										
Depreciation transfer	-	(1,032)	-	1,032	-	-	(1,032)	-	1,032	-
Available for sales financial assets change in fair value	-	-	(2,180)	-	(2,180)	-	-	(2,131)	-	(2,131)
Net amount reclassified to profit and Loss	-	-	2,131	-	2,131	-	-	2,131	-	2,131
Net actuarial gain on defined benefit plan	-	-	-	886	886	-	-	-	886	886
Total of other comprehensive income	**-**	**(1,032)**	**(49)**	**1,918**	**837**	**-**	**(1,032)**	**-**	**1,918**	**886**
Total comprehensive income for the year 2017	**-**	**(1,032)**	**(49)**	**16,750**	**15,669**	**-**	**(1,032)**	**-**	**15,140**	**14,108**
Transactions with owners, recorded directly in equity contribution by and distribution to owners										
Interim dividend 2016/17	-	-	-	(7,200)	(7,200)	-	-	-	(7,200)	(7,200)
Balance as at 31 March 2017	**12,440**	**612,473**	**-**	**373,105**	**998,018**	**12,440**	**612,473**	**-**	**366,639**	**991,552**

Statement of Cash Flows

	Group		Company	
For the year ended 31st March,	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cash Flow from Operating Activities				
Profit before income tax expense	13,266	34,380	11,522	33,155
Adjustments for:				
Depreciation	8,463	10,183	8,463	10,183
Dividend received	-	-	(90)	(117)
Interest income	(15,428)	(13,143)	(14,792)	(12,581)
Interest expense	851	262	851	262
Provision for employee benefits	3,430	3,029	3,430	3,029
Provision for Bad debts	904	-	904	-
Gain on sale of property plant and equipment	-	(20)	-	(20)
Unrealised exchange gain/(loss)	906	977	906	977
Realised exchange gain/ (loss)	876	5,186	876	5,186
Operating profit before working capital changes	**13,268**	**40,854**	**12,070**	**40,074**
Changes in,				
Inventories	25,238	(38,940)	25,238	(38,940)
Receivables and prepayments	(16,756)	(23,999)	(16,542)	(24,357)
Amounts due from related parties	-	-	-	2
Trade and other payables	(22,279)	20,437	(22,346)	20,234
Cash used in operations	**(529)**	**(1,648)**	**(1,580)**	**(2,987)**
Interest paid	(851)	(262)	(851)	(262)
Income tax and WHT paid	(7,576)	(17,007)	(7,212)	(16,758)
Employee benefits paid	(729)	(266)	(729)	(266)
Net cash from operating activities	**(9,685)**	**(19,183)**	**(10,372)**	**(20,273)**
Cash flows from investing activities				
Capital work in progress incurred during the year	-	(45)	-	(45)
Acquisition of property, plant and equipment	(2,735)	(3,455)	(2,735)	(3,455)
Proceeds in fixed deposits	4,313	66,396	2,114	68,595
Purchase of long-term investments	1,682	(75,080)	2,029	(74,937)
Dividend received	-	-	90	117
Interest received	15,428	13,143	14,792	12,581
Proceeds from disposal of Property, plant and equipment	-	20	-	20
Disposal of Asset held for sale	-	20,000	-	20,000
Net cash generated from investing activities	**18,688**	**20,979**	**16,290**	**22,876**
Cash flows from financing activities				
Dividend paid	(7,200)	(8,400)	(7,200)	(8,400)
Net cash used in financing activities	**(7,200)**	**(8,400)**	**(7,200)**	**(8,400)**
Net increase/(decrease) in cash and cash equivalents	**1,803**	**(6,604)**	**(1,282)**	**(5,797)**
Cash & cash equivalents, at the beginning of the year	**4,377**	**10,981**	**3,329**	**9,126**
Cash and cash equivalents at the end of the year (Note18)	**6,180**	**4,377**	**2,047**	**3,329**

The notes on the pages 27 to 53 are 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 Separate financial statements of the company relate to The Autodrome PLC. The consolidated financial statements of the company as at and for the year ended 31 March 2017 comprises the company and its subsidiary (together referred to as the group). The financial statements of all companies within the group are prepared for a common financial year, which ends on 31 March 2017

The Company is in the business of import and distribution of tyres, harvester tracks and related products, distribution of Prem Henna cosmetic products, web hosting and rent of office space and parking. The subsidiary Tourama (Pvt) Ltd, is a travel agent and destination management company.

02 - BASIS OF PREPARATION

2.1. Statement of compliances

The financial statements of the Group and the Company which comprises the statement of financial position, statement of profit and loss and other comprehensive income, Statement of changes in equity and statement of cash flows have been prepared in accordance with Sri Lanka Accounting Standards (LKAS&SLFRS) as laid down by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the requirements of the Companies Act No. 07 of 2007.

2.2. Approval of Financial Statements by the Board of Directors

The Consolidated and Company's financial statements were authorized for issue by the Board of Directors in accordance with the resolution of the directors on 25.08.2017

2.3. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following items, and applied consistently with no adjustments being made for inflationary factors affecting the financial statements.

- Available-For-Sale financial assets are measured at fair value
- Employee Benefit valuation
- Land, building and motor vehicles which are measured at fair value

2.4. Functional and presentation currency

These financial statements are presented in Sri Lanka Rupees, which is the Company's functional currency. All financial information presented in Sri Lanka Rupees has been rounded to the nearest thousand, unless otherwise stated.

2.5. Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as disclosed in the financial statements.
The Group has recognized a net profit after tax of Rs.14, 832/- thousand for the year ended 31 March 2017 and, as at that date, current assets exceed current liabilities by Rs.161,934/- thousand.

2.6. Use of estimates and judgments

The preparation of financial statements in conformity with Sri Lanka Accounting Standards (SLFRS) 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.

2.7. Assumptions and estimate uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes.

- Note 21- Measurement of employee benefit: Key actuarial assumptions
- Note 22- Recognition of deferred tax asset: Availability of future taxable profit against which tax losses carried forward can be used

3 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise indicated. The accounting policies of the company have been consistently applied by the group entities where applicable and deviations, if any, have been disclosed accordingly.

3.1. Basis of consolidation

3.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately. Transaction cost are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in statement of profit or loss and other comprehensive income.

3.1.2 Subsidiaries

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Financial Statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

3.1.2.1 Critical judgments in applying the entity's accounting policies

The directors have concluded that the group has control and voting rights over its subsidiaries as depicted in Note 3.1.2.2.

3.1.2.2 Interest in subsidiaries

Set out below is the group's principal subsidiary as at 31 March 2017.

Name of Entity	Place of Business	% of Ownership Interest held by the group	Principle Activities
Tourama (Pvt) Ltd	304, Union Place Colombo 02	99.99%	Travel Agency destination Management Company

3.1.3 Transactions eliminated on consolidation

Intra-group balances, and income and expenses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealized gains arising from transactions with equity accounted investees are eliminated to the extent of the Group's interest in the investee against the investment in the investee. Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

3.2. Foreign currency

3.2.1. Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognized in statement of profit or loss and other comprehensive income. Non monetary items that are measured based on historical cost in a foreign currency are not translated.

3.3 Property, plant and equipment

3.3.1. Recognition and measurement

Items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Land and building and motor vehicles are subsequently measured at revalued amounts.

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 assets to a working condition for their intended use. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that asset.

If significant parts of an item of property plant and equipment have different useful lives, then they are accounted for as separate items (Major Components) of property, plant and equipment.

Any gains or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Revaluation Model
Initially freehold land and building and motor vehicles are recognized at cost and subsequently such assets are carried at a revalued amount when they are revalued, being their fair value at the date of revaluation, less any subsequent accumulated impairment loss.

Revaluation of an entire class of assets of the Company is carried out every three to five years or when there is a substantial difference between the fair value and the carrying amount to ensure that the carrying amounts do not differ materially from the fair values at the reporting date.

On revaluation of an asset, any increase in the carrying amount is recognized in Other Comprehensive Income and accumulated in equity, under revaluation reserve or used to reverse a previous revaluation decrease relating to the same asset, which was charged to the Statement of profit or loss. In this circumstance, the increase is recognized as income to the extent of the previous write down. Any decrease in the carrying amount is recognized as an expense in profit or loss, or debited in the Other Comprehensive Income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognized in Other Comprehensive Income reduces the amount accumulated in equity under revaluation reserves. Any balance remaining in the revaluation reserve in respect of an asset is transferred directly to Retained Earnings on retirement or disposal of the asset.

Revaluation is undertaken by a professionally qualified valuer.

3.3.2. Subsequent costs

The subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within that part will flow to the Group and its cost can be reliably measured. The costs of day to day servicing of property, plant and equipment are charged to the Statement of Income as incurred. Costs incurred in using or redeploying items are not included under carrying amount of an item.

3.3.3. Derecognition

The carrying amount of an item of Property, Plant & Equipment is derecognized 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 recognized net within “other income” in the statement of profit or loss and other comprehensive income.

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. Major inspection costs are capitalized. At each such capitalization, the remaining carrying amount of the previous cost of inspections is derecognized.

3.3.4. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

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

Buildings	50 years
Computers	4 years
Furniture & Fittings	4 years
Machinery& Equipment	4 years
Motor Vehicles	4 years

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 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, annually.

3.3.5. Capital work in progress

Capital Work-in-progress is stated at cost. These are expenses of a capital nature directly incurred in the construction of building and plant and machinery awaiting capitalization. Capital work-in-progress would be transferred to the relevant asset category in property, plant and equipment when it is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

3.4. Assets Held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale or held-for-distribution if it is highly probable that they will be recovered primarily through sale or distribution rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on the disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gain and losses on pre-measurement are recognized in profit or loss.

3.5. Financial instruments

The Group classifies non-derivative financial assets into the following categories: loans and receivables, available-for-sale financial assets and held to maturity financial assets.

The Group classifies non-derivative financial liabilities into the other financial liabilities category

3.5.1. Non-derivative financial assets and financial liabilities - Recognition and de-recognition

The Group initially recognizes loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognized on the trade date.

The Group de-recognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such

derecognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.5.2. Non-derivative financial assets – Measurement

Loans and receivable	These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method. Loans and receivables comprise cash and cash equivalents and trade and other receivables, including related party receivables.
Available-for-sale financial assets	These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, are recognized in other comprehensive income and accumulated in the available for sale reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to statement of profit or loss and other comprehensive income.
Held to Maturity financial Assets	These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and short term deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand form an integral part of the groups cash management, are included as a component of cash and cash equivalents for the purpose of the statement of cash flow.

Trade and other receivables

Trade and other receivables are stated at their estimated realizable amount

3.5.3. Non-derivative financial liabilities - Measurement

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

3.6. Fair Value Measurement

SLFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

A Fair value measurement requires an entity to determine all the following

1 the particular asset or liability that is the subject of the measurement
2 for a non-financial asset, the valuation premise that is appropriate for the measurement(consistently with its highest and best use).
3 the principal (or most advantageous) market for the asset or liability.
4 the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorized.

Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available. For other assets and liabilities, observable market transactions and market information might not be available. However, the objective of a fair value measurement in both cases is the same to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions (i.e an exit

price at the measurement date from the perspective of a market participant that holds the asset or owes the liability).

When a price for an identical asset or liability is not observable, an entity measures fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

When an asset is acquired or a liability is assumed in an exchange transaction for that asset or liability, the transaction price is the price paid to acquire the asset or received to assume the liability (an entry price). In contrast, the fair value of the asset or liability is the price that would be received to sell the asset or paid to transfer the liability (an exit price).

When transaction price provides the best evidence of fair value at initial recognition, the financial instrument is initially measured at the transaction price and any difference between this price and the value initially obtained from a valuation model is subsequently recognized in profit or loss on an appropriate basis over the life of the instrument but not later than when the valuation is supported wholly by observable market data or the transaction is closed out.

Determination of Fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumption and other risks affecting the specific instrument.

- Level 1 - Fair value measurements using quoted prices (unadjusted) in active markets foridentical assets or liabilities;

- Level 2 - Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e.as prices) or indirectly (i.e. derived from prices);and

- Level 3 - Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Amortised cost

The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, minus any reduction for impairment.

3.7. Reclassification

Reclassifications of financial assets, other than as set out below, or of financial liabilities between measurement categories are not permitted following initial recognition.

Held for trading non-derivative financial assets are transferred out of the held at fair value through profit or loss category in the following circumstances: to the available-for-sale category, where, in rare circumstances, they are no longer held for the purpose of selling or repurchasing in the near term; or to the loan and receivables category, where they are no longer held for the purpose of selling or repurchasing in the near term and they would have met the definition of a loan and receivable at the date of reclassification and the Group has the intent and ability to hold the assets for the foreseeable future or until maturity.

Financial assets are transferred out of the available for-sale category to the loan and receivables category where they would have met the definition of a loan and receivable at the date of reclassification and the Group has the intent and ability to hold the assets for the foreseeable future or until maturity.

Financial assets are reclassified at their fair value on the date of reclassification. For financial assets reclassified out of the available-for-sale category into loans and receivables, any gain or loss on those assets recognized in shareholder's equity prior to the date of reclassification is amortised to the profit or loss over the remaining life of the financial asset, using the effective interest method.

3.8. Impairment

3.8.1. Non-derivative financial assets.

Financial assets not classified at fair value through profit or loss, are assessed at each reporting date to determine

whether there is objective evidence of impairment. Objective evidence that financial assets are impaired includes

- default or delinquency by a debtor;
- restructuring of an amount due to the Group on terms that the Group would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers
- the disappearance of an active market for a security; or
- Observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Financial assets measured at amortised cost	The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment.
Available-for-sale financial assets	Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through statement of profit or loss; otherwise, it is reversed through OCI.

3.8.2. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, investment properties and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

3.9 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average cost 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 cost to sell.

3.10 Employee benefits

3.10.1. 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 LKAS 19. 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 a Formula method with assumptions to fair value the obligation.

3.10.2. 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 Statement of comprehensive income 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.

3.10.3. Short - term benefits

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

3.11. Trade and other payables

Trade and other payables are stated at their cost

3.12. 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.

3.13 Stated capital

Ordinary shares and share premium are classified as stated capital.

3.14 Statement of comprehensive income

For the purpose of presentation of the Statement of comprehensive income, the function of expenses method is adopted, as it represents fairly the elements of company performance.

3.15 Revenue recognition

3.15.1. 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 recognized 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 recognized as a reduction of revenue as the sales are recognized. 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 tyres, harvester tracks and cosmetic products, usually transfer occurs when the product is received at the customer's warehouse.

3.15.2. Rental income

Rental income from other properties are recognized as other income.

3.15.3. Dividend income

Dividend income is recognized in profit or loss when the right to receive payment is established.

3.15.4. Other income

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 profit or loss.

3.16 Finance income & expenses

Finance income comprises interest income on funds invested, and gains on translation of foreign currency. Interest income from time deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable unless collectability is in doubt.
Financing expenses comprise interest payable on borrowings and losses on translation of foreign currency.

3.17 Tax expenses

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

3.17.1. Current tax

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

3.17.2. Deferred tax

Deferred tax is recognized using the 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 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 Reporting date.

The principal temporary differences arise from revaluation and depreciation of 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 recognized 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 and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets.

3.18. Earnings per share

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.

3.19. Operating Segments

The Autodrome PLC has the following operating segments that engaged in business activities which offer different products and services and are managed separately by the company's management and internal reporting structure. For each of the strategic divisions, the board of directors reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the group's reportable segments:-

- Tyres and related products operations includes sale of Bridgestone tyres and Harvester Tracks.
- Cosmetics operations includes sale of Prem-Henna products & Revlon products.
- Air ticketing operation includes Subsidiary income.

The company Cosmetics segment comprise with the Revelon product distribution until December 2016. In December the Revelon Lanka (Pvt) Ltd started their own distribution channel therefore in the Cosmetic segment there were no Revelon products from December 2016. However the company started distributing Hena products from May 2016 up to date. The cosmetic segment will continue for foreseeable future.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the company's Joint managing director. Segment report is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

3.20. Comparatives

Except when a standard permits or requires otherwise, comparative information is disclosed in respect of the previous period. Where the presentation or classification of items in the Financial Statements are amended, comparative amounts are reclassified unless it is impracticable.

3.21. Cash flow statement

The Cash Flow Statement has been prepared using the indirect method of preparing Cash Flows in accordance with the Sri Lanka Accounting Standard (LKAS 7) - Statement of Cash Flows. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The cash and cash equivalent include cash in hand, balances with banks and repurchase agreements.

3.22. Events occurring after the Reporting date

All material events after reporting date have been considered and where appropriate adjustments or disclosures have been made in respective notes to the financial statements.

3.23. 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

3.24. Directors' responsibility statement

The Board of Directors of the Group is responsible for the preparation and presentation of these financial statements.

3.25. New accounting standards issued but not effective as at reporting date

The institute of Chartered Accountants of Sri Lanka has issued the following new Sri Lanka Accounting Standards which will become applicable for the financial periods after 1 April 2016.

New or Amended Standards	Summary of requirements
SLFRS 09 Financial Instruments	SLFRS 9, as issued, reflects the first phase of work on replacement of LKAS 39 and applies to classification and measurement of financial assets & liabilities, depending on the entity's business model for managing contractual cash flows characteristics of the financial asset. SLFRS 9 will be effective for financial periods beginning on or after 1 January 2018.
SLFRS 15 Revenue from contract with customers	SLFRS 15 establishes a comprehensive framework for determining revenue recognition by a 5 step model and will replace the existing LKAS 18 & LKAS 11. SLFRS 15, will be applicable for the financial periods beginning on or after 1 January 2018.
SLFRS 16 – Leases	SLFRS 16 introduces a single, on balance sheet lease accounting model for leases. A lessee recognizes a right-of –use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short- term leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessor continue to classify leases as finance or operating leases. SLFRS 16 replaces existing leases guidance , including LKAS 17 Leases, IFRIC 4 determining whether an Arrangement contains a lease, SIC-15 Operating Leases - Incentives and SIC-27 Evaluating the Substance of transactions involving the Legal Form of a Lease. The Standard is effective for annual periods beginning on or after 1st January 2019. Early adoption is permitted for entitles that apply SLFRS 16 at or before the date of initial application of SLFRS 16. No significant impact is expected for the Group's finance leases and the Group has started an initial assessment of the potential impact on its Consolidated Financial Statements

The extent of the impact of the above standards to the Financial Statements has not been determined as at 31 March 2017.

Notes to the Financial Statements

4 - FINANCIAL RISK MANAGEMENT

4.1. Accounting classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is reasonable approximation of fair value.

Group In Rs '000	Note	Held for trading	Held to maturity	Loans & receiva-bles	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 March 2017											
Financial assets measured at fair value											
Unit trusts	13	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	13	-	19,100	-	-	-	19,100	-	-	-	19,100
Debentures	13	-	115,485	-	-	-	115,485	-	-	-	115,485
Receivable and prepayments	16	-	-	151,701	-		151,702	-	-	-	151,702
Cash and cash equivalents	18	-	-	8,765	-		8,764	-	-	-	8,764
Total Assets			**134,585**	**160,466**	**-**		**295,051**	**-**	**-**	**-**	**295,051**
Financial liabilities not measured at fair value											
Trade and other payable	23	-	-	-	-	144,235	144,235	-	-	-	144,235
Total Liabilities		**-**	**-**	**-**	**-**	**144,235**	**144,235**	**-**	**-**	**-**	**144,235**
Non financial assets measured at fair value											
Land & building	11	-	-	-	-	-	737,501	-	-	737,501	737,501
Motor vehicle	11	-	-	-	-	-	825	-	-	825	825
31 March 2016											
Financial assets measured at fair value											
Unit trusts	13	-	-	-	2,199	-	2,199	2,199	-	-	2,199
Financial assets not measured at fair value											
Fixed deposits	13	-	38,852	-	2,114	-	40,966	-	-	-	40,966
Debentures	13	-	97,462	-	-	-	97,462	-	-	-	97,462
Receivable and prepayments	16	-	-	135,849	-	-	135,849	-	-	-	135,849
Repos	13		-	-	-	-	-	-			-
Cash and cash equivalents	18	-	-	4,377	-	-	4,377	-	-	-	4,377
Total Assets			**136,314**	**140,226**	**4,313**	**-**	**280,853**	**-**	**-**	**-**	**280,853**
Financial liabilities not measured at fair value											
Trade and other payable	23	-	-	-	-	164,733	164,733	-	-	-	164,733
Total Liabilities		**-**	**-**	**-**	**-**	**164,733**	**164,733**	**-**	**-**	**-**	**164,733**
Non financial assets measured at fair value											
Land & building	11	-	-	-	-	-	741,367	-	-	741,367	741,367
Motor vehicle	11	-	-	-	-	-	3,166	-	-	3,166	3,166

Notes to the Financial Statements

Company In Rs '000	Note	Held for trading	Held to maturity	Loans & receiva-bles	Available for sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 March 2017											
Financial assets measured at fair value											
Unit trusts	13	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	13	-	15,000	-	-	-	15,000	-	-	-	15,000
Debentures	13	-	115,485	-	-	-	115,485	-	-	-	115,485
Receivable and prepayments	16	-	-	150,902	-		150,902	-	-	-	150,902
Cash and cash equivalents	18	-	-	4,632	-		4,632	-	-	-	4,632
Total Assets			**130,485**	**155,534**	**-**		**286,019**	**-**	**-**	**-**	**286,019**
Financial liabilities not measured at fair value											
Trade and other payable	23	-	-	-	-	142,119	142,119	-	-	-	142,119
Total Liabilities		**-**	**-**	**-**	**-**	**142,118**	**142,118**	**-**	**-**	**-**	**142,118**
Non financial assets measured at fair value											
Land & building	11	-	-	-	-	-	737,501	-	-	737,501	737,501
Motor vehicle	11	-	-	-	-	-	825	-	-	825	825
31 March 2016											
Financial assets measured at fair value											
Unit trusts	13	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value											
Fixed deposits	13	-	35,052	-	2,114	-	37,166	-	-	-	37,166
Debentures	13	-	97,462	-	-	-	97,462	-	-	-	97,462
Receivable and prepayments	16	-	-	135,265	-	-	135,265	-	-	-	135,265
Repos	13		-	-	-	-	-	-	-	-	-
Cash and cash equivalents	18	-	-	3,329	-	-	3,329	-	-	-	3,329
Total Assets			**132,514**	**138,594**	**2,114**	**-**	**273,223**	**-**	**-**	**-**	**273,22**
Financial liabilities not measured at fair value											
Trade and other payable	23	-	-	-	-	162,684	162,684	-	-	-	162,684
Total Liabilities		**-**	**-**	**-**	**-**	**162,684**	**162,684**	**-**	**-**	**-**	**162,684**
Non financial assets measured at fair value											
Land & building	11	-	-	-	-	-	741,367	-	-	741,367	741,367
Motor vehicle	11	-	-	-	-	-	3,166	-	-	3,166	3,166

4.2. Financial Instruments - Risk management

Overview
The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4.2.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group is exposed to credit risk on trade receivables and dues from related party and bank balances.

4.2.1.1.Trade receivables

The creditworthiness of each customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk.

As at 31 March, the maximum exposure to credit risk for trade receivables by the type of counter party was as follows:

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Wholesale customers	102,305	73,151	102,305	73,151
Retail customers	1,688	1,906	1,688	1,907
Other	19,748	36,470	18,949	35,885
Total Trade receivable	**123,741**	**111,527**	**122,942**	**110,943**

As at 31 March 2017, the Group's most significant customer was U & H wheel (Pvt) Ltd which accounted for Rs. 17,793,311 of trade receivables (2016 – 19,465,838)

Impairment

As at 31 March, the aging of trade receivables that were not impaired was as follows;

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Less than one year	121,243	109,416	120,444	108,832
Past due one year	-	161	-	161
Past due 2 years and above	718	1,074	718	1,074

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group (Rs. 000)	Company (Rs. 000)
Balance as at 1 April 2015	558	558
Impairment loss recognized	318	318
Amounts written off	-	-
Balance as at 31 March 2016	876	876
Impairment loss recognized	904	904
Amounts written off	-	-
Balance as at 31 March 2017	**1,780**	**1,780**

4.2.2. Other investments

The group limits its exposure to credit risk by investing only in debentures issued by reputed companies and short term deposits/investments with selected bankers and brokers with board approval.

4.2.3. Cash and cash equivalents

The Group held cash and cash equivalents of Rs. 6,180,000 as at 31 March 2017 (2016- 4,377,000).

4.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Group's reputation. The company's approach to managing risk is as follows;

I. Regularly monitoring of the company's assets and liabilities in order to forecast cash flows for up to 12 months future period
II. Arrange adequate facilities with banks as contingency measures
III. Daily monitoring the facility limits

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted

	Carrying amount (Rs.' 000)	1 – 31 days (Rs.' 000)	31 – 180 days (Rs.' 000)	181 – 365 days (Rs.' 000)	Over 365 days (Rs.' 000)
Group					
As at 31 March 2017					
Trade and other payable	144,235	23,850	112,719	2,116	5,550
Borrowings	2,585	2,585	-	-	-
As at 31 March 2016					
Trade and other payable	164,733	37,945	119,951	2,197	4,640
Borrowings	-	-	-	-	-
Company					

Notes to the Financial Statements

As at 31 March 2017					
Trade and other payable	142,119	21,733	112,719	2,117	5,550
Borrowings	2,585	2,585	-	-	-
As at 31 March 2016					
Trade and other payable	162,684	35,896	119,951	2,197	4,640
Borrowings	-	-	-	-	-

4.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The following assets of the company are subject to market risk

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Unit trust	-	2,199	-	-

4.4.1 Currency Risk

The company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the company, primarily in USD. The company does not use any derivative financial instruments to hedge the risk. The company is exposed to foreign currency risk as follows;

	Group & Company	
	2017	2016
Trade payable (USD)	808,720	803,901
Rupee exposure (Rs'000)	124,379	118,870

The following exchange rates have been applied during the year:

	Group & Company	
	2017	2016
Average rates	149.9279	141.3633
Year-end spot rates	153.7971	147.8669

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar against all other currencies as at 31 March would have affected the measurement of the financial instruments denominated in foreign currency and affected profit or loss by the amounts shown below.

Change in variables (Rs.'000)	Impact to profit before tax			
(+)/(-) 10% change in the exchange rate	Group		Company	
	2017	2016	2017	2016
+ 10%	(12,438)	(11,887)	(12,438)	(11,887)
-10%	12,439	11,887	12,439	11,887

4.4.2 Interest rate risk

Interest rate risk mainly arises as a result of Group having interest sensitive assets and liabilities, which are directly, impacted by changes in the interest rates. The facility limits given by the bank are reviewed annually. The interest rates are monitored on a regular basis and regular reports are submitted to the board.

	Classification as at 31 March 2017			Classification as at 31 March 2016		
Instruments	Fixed Interest Rate Rs'000	Variable Interest Rate Rs'000	Non-Interest bearing Rs'000	Fixed Interest Rate Rs'000	Variable Interest Rate Rs'000	Non-Interest bearing Rs'000
Group						
Debentures	104,911	10,574	-	87,021	10,441	-
Unit trust	-	-	-	-	2,199	-
Repo	-	-	-	-	-	-
Fixed deposit	19,100	-	-	40,966	-	-
Total	**124,011**	**10,574**	**-**	**127,987**	**12,640**	**-**
Company						
Debentures	104,911	10,574	-	87,021	10,441	-
Unit trust	-		-	-	-	-
Repo	-	-	-	-	-	-
Fixed deposit	15,000	-	-	37,166	-	-
Total	**119,911**	**10,574**	**-**	**124,187**	**10,441**	**-**

4.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to management. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorization of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- Risk mitigation, including insurance where this is effective.

4.6 Capital management

The management policy is to maintain a strong capital base so as to maintain the shareholders, creditors and market confidence and to sustain future development of the business. The management monitors the return on capital, which the Group defines as profit for the year divided by total equity.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to any externally imposed capital requirements.

Notes to the Financial Statements

5. Revenue

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Sale of Tyres, Harvester Tracks & related products	623,489	555,440	623,619	555,474
Sale of Cosmetics -Revlon Lanka	90,085	53,909	90,085	53,909
Sale of Air Tickets	2,288	1,691	-	-
Sale of Cosmetics - Prem Henna	2,614	-	2,614	-
Sale of Wedding registry	-	69	-	69
Tour package sales & commissions	-	93	-	-
	718,476	**611,202**	**716,318**	**609,452**
Less : Nation Building Tax	(7,180)	(6,094)	(7,180)	(6,094)
	711,296	**605,108**	**709,138**	**603,358**

6. Other income

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Commission income	447	14,164	447	14,164
Rent income	7,759	7,543	8,132	7,903
Income from tyre fitting centre	1,006	1,017	1,006	1,017
Others	1,667	2,263	1,675	2,208
Dividends from equity securities	-	-	90	117
	10,879	**24,987**	**11,350**	**25,409**

7. Profit from operations has been arrived at after charging the following:

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Director's emoluments	24,249	20,340	24,249	20,340
Depreciation	8,463	10,183	8,463	10,183
Provision for doubtful debts	904	319	904	319
Donations	170	210	170	210
Salaries and wages	31,905	31,615	31,647	31,615
Defined contribution plan	7,612	7,328	7,573	7,257
Defined benefit plan	3,431	3,028	3,431	3,028
Audit fees	566	532	523	480

Notes to the Financial Statements

8. Finance Income

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Interest from deposits & Debentures	15,428	13,143	14,792	12,581
Total finance income	**15,428**	**13,143**	**14,792**	**12,581**
Finance costs				
Overdraft interest	(851)	(262)	(851)	(262)
Foreign exchange loss	(1,810)	(6,163)	(1,810)	(6,163)
Total finance expense	**(2,661)**	**(6,425)**	**(2,661)**	**(6,425)**
Net finance income	**12,767**	**6,718**	**12,131**	**6,156**

9. Taxation

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Current tax expense	726	9,780	592	9,434
Deferred tax	(2,292)	(1,149)	(2,292)	(1,149)
	(1,566)	**8,631**	**(1,700)**	**8,285**
9.1 Current tax expense				
Reconciliation of effective tax rate				
Profit before income tax	13,266	34,380	11,522	33,155
Add: Disallowable expenses	16,915	17,360	16,909	17,348
Deduct : Allowable expenses	(30,069)	(25,018)	(28,431)	(24,457)
Deduct: Qualifying payments	(170)	(175)	(170)	(175)
Interest Income	2,653	8,384	2,286	7,822
Taxable income	**2,595**	**34,931**	**2,116**	**33,693**
Income tax using the company's domestic tax rate (28%)	726	9,780	592	9,434
Change in temporary difference (Note 22)	(2,292)	(1,149)	(2,292)	(1,149)
	(1,566)	**8,631**	**(1,700)**	**8,285**

9.2 Reconciliation of effective tax rate

Group	**2017**		**2016**	
Profit Before income tax	%	13,266	%	34,380
Income tax using domestic tax rate	28%	3,714	28%	9,626
Disallowable expenses	14%	4,737	14%	4,862
Allowable expenses	(20%)	(8,419)	(20%)	(7,005)
Qualifying payments	(0.1%)	(48)	(0.1%)	(49)
Other temporary differences	0%	(2,292)	0%	(1,149)
Interest Income	7%	743	7%	2,347
Total Income tax expenses	**(12%)**	**(1,566)**	**25%**	**8,631**

Notes to the Financial Statements

Company	2017		2016	
Profit before income tax	%	11,522	%	33,155
Income tax using domestic tax rate	28%	3,226	28%	9,284
Disallowable expenses	41%	4,735	15%	4,857
Allowable expenses	(67%)	(7,961)	(21%)	(6,848)
Qualifying payments	(0.41%)	(48)	(0.15%)	(49)
Other temporary differences	(19.89%)	(2,292)	(3%)	(1,149)
Interest Income	5.56%	640	7%	2,190
Total Income tax expenses	**(12%)**	**(1,700)**	**25%**	**8,285**

10. Earnings per share income

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

	Group		Company	
	2017	2016	2017	2016
Net profit attributable to shareholders (Rs. '000)	14,832	25,749	13,222	24,870
Weighted-average number of ordinary shares in issue (In thousands)	12,000	12,000	12,000	12,000
Earnings per share (Rs.)	1.24	2.15	1.10	2.07

In accordance with LKAS 33, the current and prior period amounts for basic EPS are adjusted for transactions that, adjust the number of shares without a corresponding change in resources as if the event had occurred at the beginning of the earliest period presented.
There were no potentially dilutive ordinary shares outstanding at any time during the year, hence diluted earnings per share is equal to the basic earnings per share.

11. Property, plant and equipment

Group & Company Rs'000	Freehold land	Freehold buildings	Machinery and equipment	Motor vehicles	Furniture & fittings	Computer	Total As at 31.03.17	Total As at 31.03.16
Balance as at 01 April 2016	575,900	193,324	28,254	45,427	10,724	4,901	858,530	858,312
Additions during the year	-	-	2,572	-	-	163	2,735	3,501
Disposals during the year	-	-	-	-	-	-	-	(100)
Discontinued during the year	-	-	-	-	-	-	-	(3,183)
Balance as at 31 March 2017	**575,900**	**193,324**	**30,826**	**45,427**	**10,724**	**5,064**	**861,265**	**858,530**
Balance as at 01 April 2016	-	27,857	25,179	42,261	9,752	4,195	109,244	102,335
Depreciation charge for the year	-	3,866	1,427	2,341	432	397	8,463	10,183
Disposal During the year		-	-	-	-	-	-	(89)
Discontinued during the year	-	-	-		-	-	-	(3,185)
Balance as at 31 March 2017	**-**	**31,723**	**26,606**	**44,602**	**10,184**	**4,592**	**117,707**	**109,244**
Carrying amount								
Balance as at 31 March 2017	**575,900**	**161,601**	**4,220**	**825**	**540**	**472**	**743,558**	
Balance as at 31 March 2016	**575,900**	**165,467**	**3,075**	**3,166**	**972**	**706**	**749,286**	

Notes to the Financial Statements

11.1 Freehold land & building

In compliance with the accounting policy, the company revalued the Union Place land and building by independent professional valuer and consultant, Mr.K. Arthur Perera, Incorporated valuer of the Institute of Valuers (Sri Lanka) as at 31 March 2013. The Ja-Ela land and building was revalued by independent valuer and consultant, Mr.Sunil Wickramaarachchi, Incorporated valuer of the Institute of Valuers (Sri Lanka) as at 31 March 2013.

The lands have been revalued on the basis of the current market value and the buildings were valued at the estimated free hold market value.The company has transferred the land surplus from Union Place and Ja-ela of Rs.275,250,000 and Rs.6,981,000 respectively with the building surplus from Union Place of Rs.58,524,000 to revaluation surplus. The company charged a revaluation loss of Rs.5,796,000 arising from the revaluation of the Ja-Ela building to the Statement of profit or loss in 2013.

		Group & Company		
Location	Last Revaluation Date	Land Extent	Carrying Value as at 31/03/2017 Rs'000	
			Land	Building
304, Union Place, Colombo 02.	31/03/2013	0A - 2R - 28.18 P	562,640	152,641
58/10A, Raja Mawatha, Ja - Ela.	31/03/2013	0A - 2R - 08.40 P	13,260	8,960
			575,900	**161,601**

11.2 Freehold land and building carried at revalued amount

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:

	Group & Company		
	Cost as at 01/04/2016 Rs'000	Accumulated depreciation Rs'000	Net Book Value 31/03/2017 Rs'000
Land	6,000	-	6,000
Building	112,000	23,000	89,000

11.3

Freehold land and building with a carrying amount of Rs.736 Mn (2015- Rs.740 Mn) has been pledged to secure borrowings for the company 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

11.4

The company revalued the motor vehicles by an independent professional valuer and consultant De Silva Motor Engineers (Pvt) Ltd as at 24th June 2013.
Motor vehicles have been revalued on the basis of current market value. The company has transferred the motor vehicle surplus of Rs. 8,540,179 to revaluation surplus.

11.5

Property, plant and equipment include fully depreciated assets, the cost of which as at 31 March 2017 amounted to Rs. 65,896,968 (2016 - Rs. 56,964,753)

Notes to the Financial Statements

12 Investment in subsidiary

	Share holding %		No of shares		Value	
	2017	2016	2017	2016	2017 Rs.'000	2016 Rs.'000
Tourama (Private) limited	99.99%	99.99%	49,994	49,994	500	500

Tourama (Private) Limited is a subsidiary of the Company which was incorporated on January 21, 2004 and investment in Tourama (Private) Limited is stated at cost.

13. Other investments

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Non current investments				
Investment classified as Held to Maturity				
Debentures	115,485	97,462	115,485	97,462
	115,485	**97,462**	**115,485**	**97,462**
Loans and receivables				
Long Term Fixed Deposit	19,100	38,852	15,000	35,052
	19,100	**38,852**	**15,000**	**35,052**
Total Other Investment	**134,585**	**136,314**	**130,485**	**132,514**
Current investments				
Investment classified as available for sale				
Short Term Fixed Deposit	-	2,114	-	2,114
Unit Trust	-	2,199	-	-
Repos	-	-	-	-
Total Other Investment	**-**	**4,313**	**-**	**2,114**

Interest rates of other investments classified as non current assets and current are as follows :-

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Non current assets				
Debentures	13.55%	13.55%	10.63%	10.00%
Long Term Fixed Deposit	9.24%	9.24%	8.07%	8.08%
Current assets				
Short Term Fixed Deposit	-	12.41%	-	7.00%

Notes to the Financial Statements

14. Asset Held For Sale

	Group & Company	
	2017 Rs'000	2016 Rs'000
Balance as at 01 April	-	20,000
Disposals during the year	-	(20,000)
Balance as at 31 March	**-**	**-**

15. Inventories

	Group & Company	
	2017 Rs'000	2016 Rs'000
Finished goods		
Tyres, Harvester Tracks & Related Products	113,644	137,075
Cosmetics - Revlon Lanka	-	5,969
Cosmetics - Prem-Henna	3,333	-
Goods in transit - Tyres	26,469	24,559
Goods in transit - Prem Henna	-	1,081
	143,446	**168,684**
Less : Provision for non moving items (Tyres, Harvester Tracks & related products)	(706)	(706)
	142,740	**167,978**

16. Receivables and prepayments

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Trade receivables	123,741	111,527	122,942	110,943
Less: Provision for doubtful debts	(1,780)	(876)	(1,780)	(876)
	121,961	**110,651**	**121,162**	**110,067**
Other receivables	18,766	23,498	18,766	23,498
Deposits & prepayments	10,974	1,700	10,974	1,700
	151,701	**135,849**	**150,902**	**135,265**

17. Amount due from related parties

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Tourama (Pvt) Ltd	-	-	-	-
	-	**-**	**-**	**-**

Notes to the Financial Statements

18. Cash in hand and at bank

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Cash in hand	2,907	1,271	2,897	1267
Cash at bank	5,858	3,106	1,735	2062
	8,765	**4,377**	**4,632**	**3,329**
Bank overdrafts	(2,585)	-	(2,585)	-
Cash & cash equivalent for the purpose of Cash flow statement	**6,180**	**4,377**	**2,047**	**3,329**

19. Stated capital

	Group & Company	
	2017 Rs'000	2016 Rs'000
12,000,000 Ordinary Shares	12,440	12,440

The company has increased the number of shares in 2016 through a share split whereby every one (1) existing ordinary share held will be split into 10 issued ordinary shares.
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.

20. Revaluation reserve

Balance at the beginning of the year	613,505	614,568
Disposal revalued of fixed asset	-	(31)
Depreciation transfer	(1,032)	(1,032)
Balance at the end of the year	**612,473**	**613,505**

Revaluation reserve arises on the revaluation of motor vehicles , land and buildings.

21. Employee benefits

	2017 Rs'000	2016 Rs'000
Movement in the present value of the employee benefits		
Provision at the beginning of the year	17,112	15,527
Current service cost	1,389	1,355
Interest cost	2,042	1,674
Actuarial (gain)/loss on obligation	(1,230)	(1,178)
Payments made during the year	(729)	(266)
Employee benefit as at 31 March	**18,584**	**17,112**
Expense recognized in income statement		
Current service cost	1,389	1,355
Interest on obligation	2,042	1,674
	3,431	**3,029**

Expense recognized other comprehensive income		
Actuarial (gain)/loss on obligation	(1,230)	(1,177)
	(1,230)	**(1,177)**
Assumptions		
Principal assumptions at the reporting date (expressed as weighted averages):	2017	2016
Discount rate	12.6%	11%
Future salary increases	10.0%	10%
Staff turnover	33.3%	10%
Retirement age	55	55

The following demonstrates the sensitivity to a reasonable possible change in the key assumptions employed with all other variables held constant in the employee benefit liability measurement.
The sensitivity of the statement of profit or loss and other comprehensive income and the statement of financial position is the effect of the assumed changes in disount rate and salary increment rate as depicted below:

2017	Effect on charge to the Statement profit or loss and other comprehensive income		Effect on employee benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (change by 1%)	(580,209)	594,780	(452,009)	467,764
Salary increment rate (change by 1%)	439,088	(431,739)	474,625	(466,677)

2016	Effect on charge to the Statement profit or loss and other comprehensive income		Effect on employee benefit obligation	
	Increase	Decrease	Increase	Decrease
Discount rate (change by 1%)	(1,041,208)	2,148,874	(970,015)	1,044,015
Salary increment rate (change by 1%)	955,456	(904,722)	1,044,015	(988,080)

22. Deferred tax liability

	Tax asset		Tax liability		Net asset / liability	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Property,plant & equipment	-	-	10,230	8,970	10,230	8,970
Employee benefits	(5,205)	(4,792)	-	-	(5,205)	(4,792)
Revaluation gain	-	-	18,450	21,242	18,450	21,242
	(5,205)	**(4,792)**	**28,680**	**30,212**	**23,475**	**25,420**

	Balance as at 01st April 2015	Recognized in P/L	Recognized in OCI	Balance as at 31st March 2016	Recognized in P/L	Recognized in OCI	Balance as at 31st March 2017
Property,plant & equipment	8,131	839	-	8,970	1,260	-	10,230
Employee benefits	(4,347)	(775)	330	(4,792)	(758)	344	(5,205)
Revaluation gain	22,455	(1,213)	-	21,242	(2,794)		18,450
	26,239	**(1,149)**	**330**	**25,420**	**(2,292)**	**344**	**23,475**

Notes to the Financial Statements

23. Trade and other payables

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Trade payables	130,490	152,888	129,435	150,888
Accruals	2,328	2,095	2,269	2,046
Social security and other taxes	2,972	1,831	2,972	1,831
Other payables	8,189	7,668	7,187	7,668
Dividend payable	256	251	256	251
	144,235	**164,733**	**142,119**	**162,684**

24. Current tax liabilities/ (assets)

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Balance at the beginning of the year	1,303	8,527	1,125	8,449
Provision for current year tax	726	9,780	592	9,434
Withholding tax setoff	(268)	(837)	(231)	(782)
Tax paid	(3,674)	(16,167)	(3,349)	(15,976)
ESC Paid	(3,635)	-	(3,635)	-
Balance at the end of the year	**(5,548)**	**1,303**	**(5,498)**	**1,125**

25. 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 subsidiaries, directly or indirectly.

The Autodrome PLC, considers its Board of Directors as the key management personnel of the Company and the group and close family members as related parties.

Compensation to Key Management Personnel

In addition to their salaries, the group also provides non-cash benefit (Furnished apartments to directors) and contributes to a post-employment defined benefit plan on their behalf. The compensation paid to the key management personnel of the Company is follows.

	Group		Company	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
Short term employee benefit	24,394	24,828	24,394	24,828
Post employment benefit	3,186	2,493	3,186	3,051

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

Notes to the Financial Statements

Other Related party Transaction

Directors of the Company control 66.63% (2016: 57%) 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 Related party	Relationship	Nature of Transaction	Transaction Value Rs.'000	Balance as at 31st March 2017 Rs.'000
Tourama (Pvt) Ltd	Subsidiary	Purchase of Air tickets,tour packages and travel insurance by Directors	1,027	-
		Facilities reimbursement paid for use of premises	370	-
Renuka Group	Close relation of Directors	Purchase of Air tickets	1,152	-
		Sale of tyres	508	-

26. Commitments and contingencies

There were no capital commitments and / or contingencies as at the balance sheet date except Letter of credits (USD 203,576) open for import of tyres.

27. Events after the reporting date

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

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28. Litigation and claims

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

29. Operating segment

Information related to each reportable segment is set out below.

	Tyres, harvester tracks and related		Cosmetics		Air ticket sales		Other segments operations		Total	
	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000	2017 Rs'000	2016 Rs'000
External Revenue	617,253	549,920	91,755	53,369	2,159	1,750	-	69	**711,166**	**605,108**
Inter-segment revenue	-	-	-	-	130	34	-	-	130	34
Segment revenue	617,253	549,920	91,755	53,370	2,289	1,784	-	69	**711,296**	**605,142**
Segment gross profit	104,873	120,955	12,107	6,709	2,289	1,720	-	69	**119,269**	**129,453**
Profit (loss) before tax									13,266	34,380
Interest income									15,428	13,143
Interest expense									(2,661)	(6,425)
Depreciation and amortisation									8,463	10,184
Segment assets	129,524	242,855	3,377	34,312	9,031	7,632	1,039,417	913,319	**1,181,349**	**1,198,117**
Capital expenditure									2,735	3,500
Segment liabilities	113,789	118,970	5,056	32,020	2,426	2,280	62,063	55,298	**183,331**	**208,568**

Notes to the Financial Statements

29.1 Reconcilations of information on reportable segments

	2017 Rs'000	2016 Rs'000
Revenue		
Total revenue for reportable segments	709,008	603,289
Revenue for other segments	2,288	1,853
Elimination from inter-segment revenue	(130)	(34)
Consolidated revenue	**711,166**	**605,108**
Profit before tax		
Total profit before tax for reportable segments	13,266	34,311
Profit before tax for other segments	-	69
Elimination from inter-segment profit	-	-
Consolidated profit before tax	**13,266**	**34,380**
Assets		
Total Assets for reportable segments	132,901	277,167
Assets for other segments	-	-
Other unallocted amounts	1,048,448	920,950
Consolidated total Assets	**1,181,349**	**1,198,117**
Liabilites		
Total liabilites for reportable segments	118,845	150,990
Liabilities for other segments	-	-
Other unallocted amounts	64,486	57,578
Consolidated total liabilities	**183,331**	**208,568**

Ten Year Summary

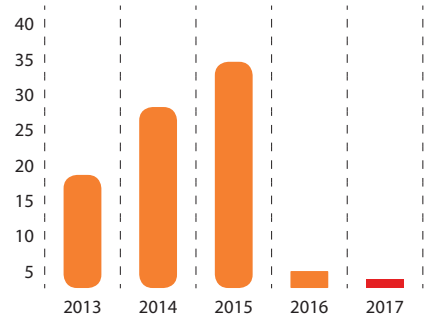
Year ended 31 March Rs'000	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
OPERATING RESULTS										
Turnover	711,296	605,108	596,530	608,516	590,214	637,236	615,130	511,711	482,521	462,039
Profit before finance charges	15,927	40,805	57,491	40,212	34,580	66,768	73,561	55,649	70,248	63,163
Finance cost	2,661	6,425	47	406	708	13,005	2,602	3,195	7,556	4,479
Non operating income	26,307	38,129	33,649	26546	12,487	8,723	6,063	2,985	5,168	6,588
Profit before taxation	13,266	34,380	57,444	39,806	34,368	53,763	76,163	52,454	62,692	58,684
Taxation	1,566	8,631	19,171	9,147	15,076	10,840	29,649	22,609	23,728	21,829
Profit after taxation	14,832	25,749	38,272	30,659	19,292	42,923	46,514	29,845	38,964	36,862
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	612,473	613,505	614,568	615,600	610,483	286,303	286,493	289,927	290,190	290,453
Revenue Reserves	373,105	363,604	344,903	308,790	281,380	261,250	222,938	181,466	154,956	120,586
	998,018	**989,549**	**971,911**	**936,830**	**904,302**	**559,993**	**521,870**	**483,833**	**457,586**	**423,479**
CAPITAL EMPLOYED										
Property , Plant, Equipment										
and Investments	743,558	749,286	755,979	812,835	790,239	473,858	469,744	458,236	433,401	398,653
Current Assets	303,206	312,517	342,748	259,032	248,589	263,085	188,084	138,134	178,393	140,291
Current Liabilities	(141,271)	(166,036)	(146,837)	(96,941)	(99,181)	(161,612)	(118,050)	(100,178)	(145,380)	(108,154)
Non - Current Liabilities	(42,059)	(42,532)	(41,767)	(38,096)	(35,344)	(15,338)	(17,908)	(12,359)	(8,828)	(7,311)
	863,433	**853,235**	**910,123**	**936,830**	**904,302**	**559,993**	**521,870**	**483,833**	**457,586**	**423,479**
OTHER INFORMATION										
Inventories	142,740	167,978	129,038	120,626	98,358	140,479	87,812	62,535	126,643	66,508
Trade Debtors	121,961	110,651	80,890	74,390	68,994	64,820	72,750	49,425	23,057	33,738
Gross Profit	119,269	129,453	144,880	127,705	122,648	145,759	131,164	108,363	119,099	103,906
Cost of Sales	592,027	475,655	451,650	480,811	467,566	491,477	483,766	403,208	363,422	358,133
Dividend Paid	7,200	8,400	3,600	3,600	3,600	4,800	4800	3600	4,800	2,400
No of Shares in issue	12,000	12,000	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Share price as at 31 March (Rs.)	70.00	91.90	885	924	833	800	860.00	369.25	259	300
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	2.15	1.88	2.33	2.67	2.51	1.63	1.59	1.38	1.23	1.30
Quick Ratio	1.14	0.87	1.46	1.43	1.51	0.76	0.85	0.75	0.36	0.68
Capital Adequacy										
Total Liabilities / Sales (%)	25.77	34.47	31.62	22.19	22.79	27.77	22.10	21.99	31.96	24.99
Interest Cover (No. of times)	5.98	6.35	1,223	99.04	48.84	5.13	28.27	17.42	9.30	14.10
Profitability										
Return on Equity %	1.49	2.60	3.94	3.27	2.13	7.66	8.91	6.17	8.52	8.70
Return on Total Assets (%)	1.42	2.42	3.48	2.86	1.86	5.82	7.07	5.00	6.37	6.84
Operating Margin / Sales (%)	16.77	21.39	24.29	20.99	20.78	22.87	21.32	21.18	24.68	22.49
Earning Per Share (Rs.)	1.24	2.15	31.89	25.55	16.08	35.77	38.76	24.87	32.47	30.72
Revenue Growth (%)	17.55	1.44	(1.97)	3.10	(7.38)	3.59	20.21	6.05	4.43	10.66
Profit Before Tax Growth (%)	(61.41)	(40.15)	44.31	15.82	(36.08)	(29.41)	45.20	(16.33)	6.83	36.91
Profit After Tax Growth (%)	(42.40)	(32.72)	24.83	58.92	(55.05)	(7.72)	55.85	(23.40)	5.70	28.23

Ten Year Summary

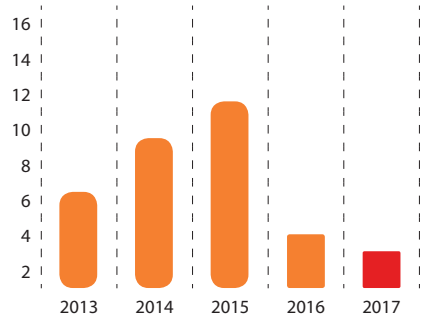
Year ended 31 March Rs'000	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Dividend per Share	0.50	0.60	7.00	6.00	3.00	4.00	4.00	3.00	4.00	2.00
Market Price per Share	70.00	91.90	885.00	929.40	833.00	800.00	860.00	369.25	259.00	300.00
Efficiency (turnover ratios)										
Inventory Turnover Period										
(times)	3.81	3.20	3.62	4.39	3.92	4.31	6.44	4.26	3.76	5.06
Average Collection Period										
(days)	62.58	66.74	49.49	44.62	42.67	37.13	43.17	35.25	17.44	26.65
MARKET-BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	0.49	0.33	0.09	0.12	0.19	0.11	0.10	0.12	0.12	0.07
Dividend Cover (Times)	2.06	3.07	10.63	8.52	5.36	8.94	9.69	8.29	8.12	15.36
Net Assets Per Share	71.95	71.10	758.44	780.69	753.59	466.66	434.89	403.19	381.32	352.90
Combined Ratios										
Dividend Yield (%)	4.29	3.26	0.34	0.32	0.36	0.50	1.54	0.11	0.15	0.06
Price Earning Ratio (Times)	56.63	42.83	27.75	36.18	51.83	22.37	22.19	14.85	7.98	9.77

Graphical Review

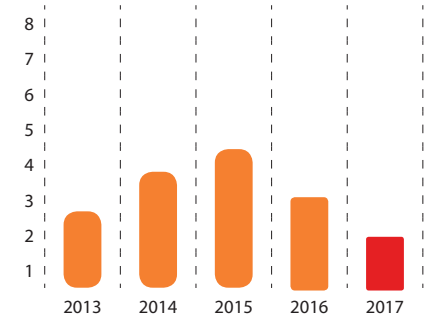
Earning per share (Rs.)



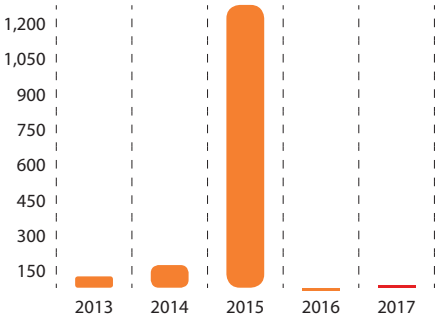
Dividend Cover(No Of Times)



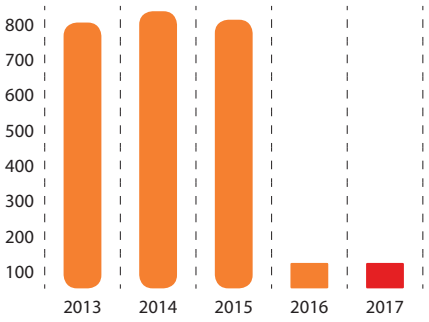
Return on Investment(Equity)



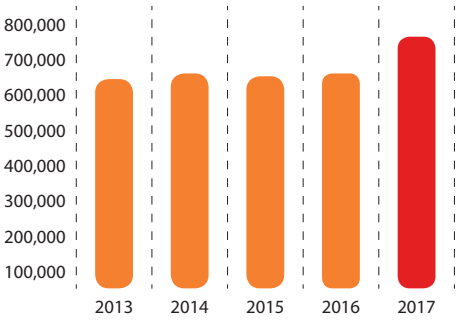
Interest Cover



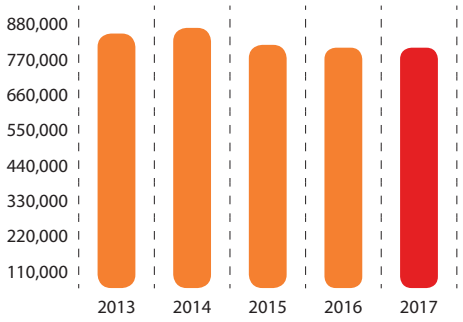
Net Asset Per Share



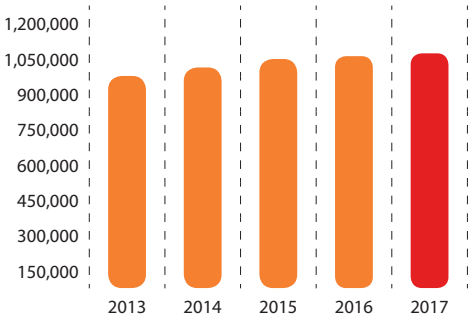
Turnover (Rs.Mn)



Fixed Asset (Rs.Mn)

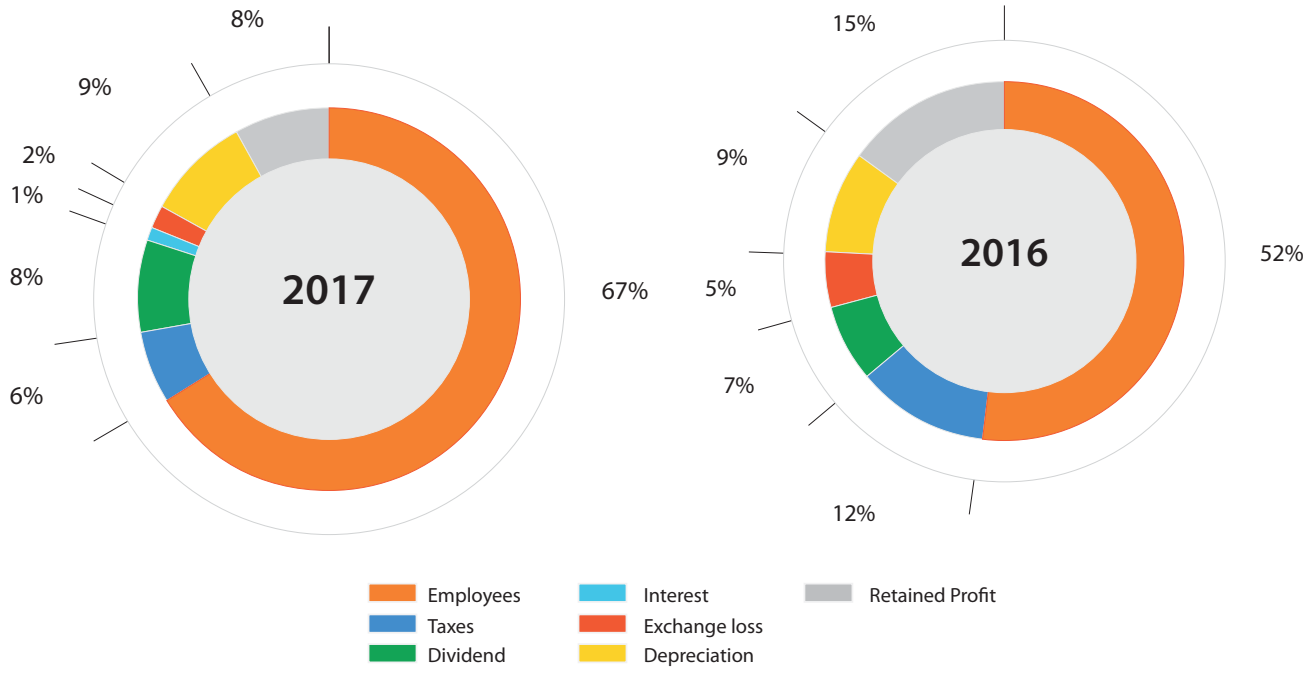


Shareholder's Fund



Statement of value Added (Group)

		2017 Rs'000	2016 Rs'000
Creation of Value Added			
Gross Sales		718,476	611,202
Other Income		26,307	38,129
		744,783	649,331
Less: Cost of Materials & Services		649,743	529,938
Purchased from External Sources			
Total Value Added		**95,040**	**119,393**
Distributed As Follows			
To Employees as Remuneration		63,470	62,311
To Government as Taxes		5,614	14,725
To Providers of Capital as			
	Dividend	7,200	8,400
	Interest	851	262
	Exchange loss	1,810	6,163
Retained in the business as			
Depreciation		8,463	10,183
Retained profit		7,632	17,349
		95,040	**119,393**
Distribution of Value Added		**95,040**	**119,393**



Share Information

01. GENERAL

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

02. 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.

03. DISTRIBUTION OF SHAREHOLDING

The Shares of The Autodrome PLC were held as follows :
The percentage of Shares held by the Public as at 31 March 2017 was 22.593% (2016 - 22.95%). The number of shareholders 31 March 2017 was 577 (2016 – 539) out of which 567 (2016 – 529) was public.

	31 March 2017				31 March 2016			
Size of shareholdings	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
1-1000	472	81.80	74,892	0.62	432	80.15	71,400	0.60
1001-5000	53	9.19	119,926	1.00	57	10.58	136,721	1.14
5001-10000	22	3.81	153,319	1.28	20	3.71	141,680	1.18
10001-50000	17	2.95	375,785	3.13	16	2.97	376,428	3.14
50001 and over	13	2.25	11,276,078	93.97	14	2.60	11,273,771	93.95
	577	**100.00**	**12,000,000**	**100.00**	**539**	**100.00**	**12,000,000**	**100.00**

04. ANALYSIS OF SHAREHOLDERS

	31 March 2017				31 March 2016			
	Shareholders		Holdings		Shareholders		Holdings	
	No.	%	No.	%	No.	%	No.	%
Institutions	35	6.07	2,157,494	17.98	18	3.34	2,068,510	17.24
Individuals	542	93.93	9,842,506	82.02	521	96.66	9,931,490	82.76
Total	**577**	**100.00**	**12,000,000**	**100.00**	**539**	**100.00**	**1,200,000**	**100.00**
Non Residents	1	0.17	877,340	7.31	1	0.19	638,500	5.32
Residents	576	99.83	11,122,660	92.69	538	99.81	11,361,500	94.68
Total	**577**	**100.00**	**12,000,000**	**100.00**	**539**	**100**	**1,200,000**	**100.00**

05. SHARE VALUATION

(Company)

Market Value	as at 31 March 2017	70.00	as at 31 March 2016	91.90
No.of Shares in Issue		12,000,000		12,000,000
Market Capitalisation	as at 31 March 2017	840,000,000	as at 31 March 2016	1,102,800,000
Highest	Yr.2016/2017	75.00	Yr.2015/2016	1,500.00
Lowest	Yr.2016/2017	60.00	Yr.2015/2016	80.00
Earning per share		1.24		2.15
Dividend per share		Rs.0.50		Rs.0.60
Net asset value per share		Rs.83.17		Rs.82.05

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 Sixty-Fifth Annual General Meeting

I/We.....of.....
.....being member/s of The Autodrome PLC, appoint:
1. ....., whom failing
2. ....., whom failing
3. The Chairperson of the Meeting.

as my/our proxy to represent me/us and to vote on my/our behalf at the Sixty-Fifth Annual General Meeting of the Company to be held on Thursday, 28th September 2017 at 3:00pm 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 indicate 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 31st March 2017		
2. To re-elect as a Director Ms. Julie A. Aloysius to the Board		
3. To re-elect as a Director Prof. J.A. Aloysius to the Board		
4. To re-elect as a Director Mr. B. Ponnambalam to the Board, being a Director appointed during the year.		
5. To re-elect Mr. B. Ponnambalam who retires under s 210 of the Companies Act		
6. To re-elect Mrs. B J Aloysius who retires under s 210 of the Companies Act		
7. To re-elect Mr. Lakshman Sirimanne 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 Contribute to Charities		
10. To declare a first and final dividend of Rs. 0.50 per share to the share holders.		
11. To approve any other business for which due notice has been given.		

As witness under my/our hand this.....day of September 2017.

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 02, 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 the 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 3, No. 11, Castle Lane Colombo 4, Tel: (011) 5444426 Fax : (011) 2504008

Scripless (paperless) shares

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

C|D|S

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

Scripless (paperless) shares

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.