Autodrome

ANNUAL REPORT 2013/14

BRIDGESTONE
Your Journey, Our Passion
TOURAMA (PVT) LIMITED
REVLON
STREET WEAR™
Our Wedding Gift

Contents

Corporate Information 03
Notice of Annual General Meeting 04
Chairperson's Statement 05
Directors' Profiles 06
Statutory Committees 07
Corporate Governance 09
Risk Management 13
Management Review 14
Statement of Directors' Responsibilities 18
Auditors' Report 19
Statement of Comprehensive Income 20
Statement of Financial Position 21
Statement of Cash Flows 22
Statement of Changes in Equity 23
Notes to the Financial Statements 24
Ten Year Summary 54
Graphical Review 56
Statement of Value Added 57
Share Information 58
Form of Proxy 59
Scripless (paperless) shares 60

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, Accountant.

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

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

Corporate Information

The Autodrome PLC

304 Union Place, Colombo 2. Sri Lanka
T 2326181/2, 5869347~49
F 2338611, 2314805, 2325594
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Legal Form
A Limited Liability Company incorporated in Ceylon on 23.07.1953 Public Co. 1957.

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

Company Registration No.
PQ-84

Board of Directors

1. **Ms. Bernadette J. Aloysius** *B.A.*
   Chairperson
2. **Jeremy D. Aloysius** *MBA (USA)*
   Joint Managing Director
3. **Rajeev A.J. Aloysius**
   FCMA (UK), FCMA (SL), MBA (Sri. J.)
   Joint Managing Director / CFO
4. **Ms. J. Joanne B. Aloysius Rajiyah**
   B.Sc. (Lond.), MBA (Sri. J.)
   Marketing Director
5. **Ms. Julie A. Aloysius** *BA (USA)*
   Executive Director
6. **M. Raviraj Ratnasabapathy**
   FCMA(UK), MBA (Sri. J.)
7. **Prof. John A. Aloysius**
   B.Sc (Col.), PhD (USA)
8. **M. Suresh Dominic** *BSc (Hons) (USB, London)*
9. **C. Lakshman Sirimanne** *Dip. Eng, IMS (UK)*
10. **Sarath C. Weerasooria** *FCA*

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

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

Auditors
M/s. KPMG

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
S. Enaksha S.M. Fernando *General Manager*
Gayan Joseph *ACA, B.Sc.(Sri.J.), ACMA(SL) Accountant*
Ms. Asha Peiris Nishantha *Manager - Sales*
Erandaka Hewanayake *Manager - Marketing* (Resigned on 31 July 2014)
Denny Joseph *B.Sc. Special(Hons)(IT) SLIIT Manager - IT and Webmaster*
Thilanga Sampath *Field Service Manager*
Romesh Jayathilaka *Manager- Business Dev.*
Buddika de Silva *Manager - Beauty & Personal care*
T.D. Thilakasiri *Administration Manager*
Deepani Swarnapali *Assistant Accountant*
Nelson Nonis *Manager - Warehouse*
Ranjith Dharmasena *Manager - Stores*
Jude Tharanga *Manager - Stores Beauty Care*
Rajiv Perera *Manager - Workshop*

Nature of Business
Sole Distributors in Sri Lanka for:
BRIDGESTONE Tyres, Tubes and Flaps
REVLON LANKA Cosmetics & Beauty Care
WEBSITE DESIGN & MANAGEMENT
OUR WEDDING GIFT
Wedding Registry E-commerce portal.

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

Notice of Annual General Meeting

THE AUTODROME PLC
Reg. No. PQ-84

NOTICE IS HEREBY GIVEN that the Sixty-Second Annual General Meeting of The Autodrome PLC will be held at the Registered Office of the Company at 304, Union Place, Colombo 2 on Friday, 19 september 2014 at 3.30pm, and the business to be brought before the meeting will be:

Agenda

Ordinary Business

1. To receive and consider the Annual Report of the Directors and the Audited Financial Statements for the year ended 31 March 2014 together with the Report of the Auditors thereon.

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

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

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

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

6. **RESOLVED THAT** Mr. Sarath Chandra Weerasooria who has reached the age of 76 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 of the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

7. **RESOLVED THAT** Mrs. Bernadette Jeyaleela Aloysius who has reached the age of 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 of the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

8. **RESOLVED THAT** Mr. C. Lakshman Sirimanne who has reached the age of 71 be and is hereby re-elected as a director of the company and is hereby declared that the age limit of 70 years referred to section 210 of the Companies Act No 7 of 2007 shall not apply to said director in accordance with section 211 of the Companies Act No 7 of 2007.

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

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

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

12. To declare a final dividend of Rs.3/- per share to the shareholders of the company

By Order of the Board of The Autodrome PLC

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LIMITED
Secretaries
Colombo, 11 August 2014

Chairperson's Statement

"Sri Lanka continues to see infrastructure improvements such as roads and bridges, which should benefit those who distribute quality products for motor vehicles. The announced elevated highway system will also benefit the sales of our fuel efficient tyres..."

Welcome to the 62nd Annual General Meeting of the Company.

Results
The results show a marked improvement over the challenging year of 2012/2013. Group Profit after tax has improved to Rs. 30.6m (2013-19.2m). Gross margins have improved, and we were able to control administrative expenses to a great extent. We began to aggressively provide volume discounts to our dealers, so as to recover lost market share during the years following the end of the war. Interest rates have dropped sharply, but we were able to earn over Rs. 9.8 million (2013-Rs. 2.2 million) in interest after tax, in the year under review. We continued to maintain extremely low borrowings, and also have investments in interest bearing securities. We continue to invest in new business ventures, with the introduction of a Wedding Registry web portal, and development of our website development business. MOTUL oil products were added to our Trade range after the year under review, in collaboration with Dynamic Motors (Pvt) Ltd. We have taken steps to further consolidate our cash flow position during the year.

Business Environment
The World Economy continues to reel from multiple crises, including escalation of the Gaza conflict, the Crimean annexation and Ukraine tensions, anarchy in Iraq and many other regions. These affect Sri Lanka's export markets, due to sanctions and other issues, and thereby our fleet customers. Sri Lanka continues to see infrastructure improvements such as roads and bridges, which should benefit those who distribute quality products for motor vehicles. The announced elevated highway system will also benefit the sales of our fuel efficient tyres.

Dividend and Share
An interim dividend of Rs. 3 per share for the year 2013/2014 was declared on 10th September 2013, and paid on 02 October 2013. The Board recommends that a further dividend of Rs. 3 per share be paid as final dividend.

Future Prospects
Our Revlon cosmetics and beauty care products sales have seen a good growth through expansion of channels, with increased competition and branded competition entering the market during the year. The Tax system of the country continues to be simplified, and we hope to see a business friendly environment in the years to come.

New dealers have been appointed in the North, East and even in Colombo suburbs in the year under review, with Bridgestone signage. Promising developments such as the growing popularity of Europe tours by Tourama (Pvt) Ltd, and handling overseas air travel for corporate clients are encouraging points to note.

Digital Reporting
You have received this Report on 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 as 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 report.

Thanks
I would like to thank Bridgestone Corporation, now consolidating as Bridgestone China Asia Pacific (BSCAP) to oversee this region. I also thank our other partners Revlon Lanka and Dynamic Motors. We continue to be the third oldest international distributor for Bridgestone in the world, and are now in our 60th year with this one Brand, which is not matched by any competitor.

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

Bernadette J. Aloysius
Chairperson of the Board

Colombo, 11 August 2014

Directors' Profiles

1. Mrs. Bernadette J. Aloysius

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

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.

3. Mr. Rajeev A. J. Aloysius

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 is currently on 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. J. Joanne B. Aloysius Rajiyah

Mrs. Joanne Aloysius Rajiyah joined the board in 2004 and serves the Company as Marketing Director. She heads the Company's Beauty Division. 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 Dynamic Motors (Pvt) Ltd and Tourama (Pvt) Ltd.

6. Prof. John A. Aloysius

Prof. John Aloysius has served as a Non-Executive director of the board since 1990. He is currently an Associate Professor 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

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.

8. Mr. M. Raviraj Ratnasabapathy

Mr. M.R. Ratnasabapathy joined the board in 2007. He is a Fellow of CIMA (UK) and holds an MBA from PIM. He has over 20 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 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 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

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.

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

1. Membership

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

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

2. Authority

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

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

(b) Agree terms for cessation of employment;

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

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

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

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

3. Proceedings

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

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

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

3.4 The committee meets at least once a year.

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

AUDIT COMMITTEE

Terms of Reference

Members

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

By invitation

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

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.

Statutory Committees

Audit Committee...

2. Proceedings

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

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

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

2.4 Any Committee member may call additional meetings as necessary.

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

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

3. Minutes

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

4. Authority

The Committee has authority to:

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

(b) require provision of any necessary information to 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 External Audit

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

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

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

5.1.4 Review and approve the Group Audit Engagement Letter.

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

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

5.2 Internal Audit

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

5.3 Financial Reporting

5.3.1 Review the annual, half year and quarterly 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.

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 5 non-Executive Directors. The profiles of these directors , and their qualifications are on page 6. A disclosure of the status of the board, whether non-executive, executive or independent non-executive, is given on page 15, 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.

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

The Board of Directors met on 10 September 2013 and 07 January 2014. Resolutions were passed by circulation on 04 July 2013, 05 July 2013, 08 July 2013, 10 July 2013, 15 July 2013, 06 December 2013, 27 January 2014 and 20 March 2014.

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 / CEO.The audit committee met four times during the year under review, on 18 Apr 2013, 16 July 2013, 10 October 2013 and 22 January 2014, and conducted the business as entrusted to them under their Terms of Reference. The Terms of Reference of the Audit Committee may be found on page 7 and 8.

Remuneration Committee

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

The Remuneration Committee met twice during the year under review on 13 December 2013 and 26 March 2014, 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 27, on page 49.

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.

Corporate Governance *contd.*

Code of Ethics and Best Practice ***contd.***

Corporate Governance Rule	Compliance Status	Reference
A listed Entity must include in its annual reports and accounts, *inter alia:*		
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	Notes 5 page 37
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	Mgmt review page 16
4. The public holding percentage disclosed	Complied	Mgmt review page 16
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	Mgmt review page 15
6. Information pertaining to material foreseeable risk factors of the Entity	Complied	Risk Mgmt page 13
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 & 12 on page 39,40 & 41
9. Number of shares representing the Entity's stated capital	Complied	Mgmt review page 14
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.	Complied	Ten year summary page 54
EQUITY		
1. Dividend per share 2.Dividend pay out 3.Net Asset value per share	Complied	Share information page 58
4.Market value per share Higest and lowest value recorded value as at the end of financial year	Complied	Share information page 58
DEBT (N/A - only if listed)		

Corporate Governance *contd.*

Code of Ethics and Best Practice ***contd.***

Corporate Governance Rule	Compliance Status	Reference
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	Statement of Financial Position and its Notes
14. If during the year the Entity has raised funds either through a public issue,Right issue,and private placement a. A statement as to the manner in which the proceed of such issue has been utilised. b. if any shares or debentures have been issued , the numbers, class and consideration received and the reason for the issue; and 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 09,10,11 & 12
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	Note 27 on page 49 & 50

Corporate Governance *contd.*

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, Accountant. 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 groups 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 high-caliber employees. This has 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 the 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.

Management Review

(all amounts in Sri Lanka Rupees '000)

THE AUTODROME PLC AND ITS SUBSIDIARY

The Board of Directors of the Company are pleased to present their Annual Report and audited financial Statements of the Group and Company for the year ended 31 March 2014, set out on pages 20 to 53.

Principal Activities

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

   Import & Distribution of:
   a) BRIDGESTONE Tyres, Tubes and Flaps from Japan, Indonesia, Thailand 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.

   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 is responsible for preparing and presenting the financial statements for the period 1 April 2013 to 31 March 2014, set out on pages 20 to 53.

Turnover

3. The turnover of the Company for the year under review, net of turnover based taxes, was Rs. 606,999 (2013- Rs. 588,829), while the turnover of the Group net of turnover based taxes was Rs. 608,516 (2013- Rs. 590,214).

Property, plant & equipment

4. The movement of Property, plant and equipment for the year are shown in note 11 on page 39 & 40 of the financial statements.

Value of properties

5. The market value of land owned by the company is estimated at Rs. 575,900 based on valuation made by a qualified Valuer.

Share Capital and Reserves

6. The total Share Capital & Reserves as at 31 March 2014 amounted to Rs. 936,830 (2013- Rs. 904,303), comprising of Revaluation Reserve of Rs. 615,600 (2013-Rs. 610,483), and Revenue Reserve of Rs. 308,639 (2013- Rs. 281,380).

Approved Donations

7. Donations to approved charitable organizations amounted to Rs. 175 (2013-Rs. 85)

Taxation

8. It is the policy of the Company to provide for deferred taxation on all known temporary differences on the Liability method. The corporate tax rate was 28% (2013 - 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 final dividend of LKR 3.00 per share for the financial year ended 31 March 2014. As required by section 56 (2) of the companies act no 07 f 2007, the board of directors has confirmed that the company satisfies the solvency test in accordance

Management Review *contd.*

with section 57 of the companies Act No.07 of 2007, and has obtained a certificate from auditors, prior to declaring a final dividend which is to be paid on the 30th September 2014.

In accordance wit LKAS 10, Events after reporting period, the final dividends has not been recognized as a liability in the financial statements as at 31 March 2014.

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:

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 / CEO
Mr. Rajeev A.J. Aloysius	(20.03.1992)	Joint Managing Director / CFO
Ms. Joanne J.B. Aloysius	(07.07.2004)	Marketing Director
Ms. Julie A. Aloysius	(27.04.1990)	Executive
Mr. Sarath C. Weerasooria	(27.01.1994)	Independent Non-Executive*
Mr. M. Raviraj Ratnasabapathy	(14.09.2007)	Independent Non-Executive
Mr. M. Suresh Dominic	(14.09.2007)	Independent Non-Executive
Mr. C. Lakshman Sirimanne	(14.09.2007)	Independent Non-Executive

The definitions of Independent and Non-Executive used, are according to definitions given in the amended Listing Rules of the CSE dated 3 July 2014.

* It was resolved by the Board in September 2010, that Mr. Sarath C. Weerasooria, being Chairman of a major privately-held conglomerate and a senior finance professional, having served more than 9 years on the Board, is deemed to be nevertheless independent, under Listing Rule 7.10.3 (b). In accordance with s. 210 of the prevalent Companies Act, Mr. Sarath C. Weerasooria, 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. Sarath C. Weerasooria, 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:

	2014		**2013**	
	No. of Shares	%	No. of Shares	%
Mr. Joseph A. Aloysius *	**-**	**-**	111,920	9.33
Mrs. Bernadette J. Aloysius	**66,980**	**5.58**	66,980	5.58
Mr. J.A. Aloysius & Mrs. B.J. Aloysius	**300,000**	**25.00**	300,000	25.00
Mr. Jeremy D. Aloysius	**63,850**	**5.32**	63,850	5.32
Mr.Rajeev A.J.Aloysius	**63,850**	**5.32**	63,850	5.32
Ms. Julie A.Aloysius	**63,850**	**5.32**	63,850	5.32
Ms. J. Joanne B. Aloysius	**63,850**	**5.32**	63,850	5.32
Prof. John A. Aloysius	**63,850**	**5.32**	63,850	5.32
Mr. Sarath C. Weerasooria	**1,360**	**0.11**	1,360	0.11
	687,590	**57.30**	799,510	66.62

* (retired since 31.03.2013)

As at 31st March 2014, there were 368 registered share holders.

Management Review *contd.*

Directors' Interests in Contracts

14. The Directors' interest in contracts and proposed contracts with the Company, both direct and indirect are set out in Note 27 on page 49 & 50 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:

	2014		2013	
	No of Shares	**%**	No of Shares	%
Joseph Anthony Aloysius & Mrs. Bernadette Jeyaleela Aloysius	**300,000**	**25.00**	300,000	25.00
Sanjeev Edward Chittampalam Gardiner	**117,950**	**9.83**	117,950	9.83
Joseph Anthony Aloysius	**111,920**	**9.33**	111,920	9.33
Mercury Limited	**84,000**	**7.00**	84,000	7.00
Mrs. Bernadette Jeyaleela Aloysius	**66,980**	**5.58**	66,980	5.58
Prof. John Arjuna Aloysius	**63,850**	**5.32**	63,850	5.32
Ms. Julie Anita Aloysius	**63,850**	**5.32**	63,850	5.32
Jeremy Dilipkumar Aloysius	**63,850**	**5.32**	63,850	5.32
Rajeev Abraham Joseph Aloysius	**63,850**	**5.32**	63,850	5.32
Mrs. J. Joanne Bernadette Aloysius Rajiyah	**63,850**	**5.32**	63,850	5.32
Seylan Bank PLC/Galle Face Hotel Company (Pvt) Ltd	**53,320**	**4.44**	53,320	4.44
Seventy Limited	**41,010**	**3.42**	41,010	3.42
Cyril Gardiner Limited	**16,100**	**1.34**	16,100	1.34
W.W.S. Amarasooriya	**11,432**	**0.95**	10,182	0.85
Dr.Dennis Jesuthasan Aloysius & Mrs. Sybil Christobel Rita Aloysius	**3,719**	**0.31**	4,287	0.36
Hiranjan Cyril William Aloysius	**5,570**	**0.46**	5,570	0.46
Anthonypillai Saverimuttu	**4,900**	**0.41**	4,900	0.41
Active Partners (Pvt) Limited/N.K.Punchihewa	**4,273**	**0.36**	-	0.00
Shabbir Abbas Gulamhussein	**3,530**	**0.29**	3,530	0.29
Pan Asia Banking Corporation PLC / Mr.S.Gobinath	**3,200**	**0.27**	3,200	0.27
Ravindra Jehan Mark Francis Aloysius	**3,040**	**0.25**	3,040	0.25
George L.A. Ondaatjie	**3,000**	**0.25**	3,000	0.25
	1,153,194	**96.10**	1,148,239	95.69

Public Holding

16. The percentage of Shares held by the Public as at 31 March 2014 was 22.95% (2013 - 22.95%)

Dividend

17. An Interim Dividend for F/Y 2013/14 of Rs. 3 per share amounting to Rs. 3,600,000 was declared on 10 September 2013 and was paid on 02 October 2013, from Retained Profits. A Solvency Certificate under the provisions of the Companies Act was obtained from the auditors, KPMG for this purpose.

The Board of Directors of the company has declared a final dividend of LKR 3.00 per share for the financial year ended 31 March 2014.

Statutory payments

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

Management Review *contd.*

Annual General Meeting

19. The Annual General Meeting of the Company will be held at the Registered Office, Autodrome Building, 304, Union Place, Colombo 2 on Friday, 19 September 2014. 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 2014/15. 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. 408 (2013 Rs. 452) and company Rs. 370 (2013 Rs. 410).

Non audit fees paid Rs. Nil (2013 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**

	2014 Rs. Cts	2013 Rs. Cts
Market Price per Share as at 31 March (Rs.)	929.40	833.30
No. of shares in issue	1,200,000	1,200,000
Highest/Lowest Share Price this Year (Rs.)	1,050.00/750.00	975.00/406.00
Earnings per Share (Company) (Rs.)	25.31	15.89
Dividend per Share (Rs.)	6.00	3.00
Net Asset Value per Share (Company)	777.74	750.93

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 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries.
Colombo, 11 August 2014

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 18.

The Companies Act No. 7 of 2007 requires the Directors to prepare Financial Statements for each financial year giving a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit of the Company for the financial year. In preparing the financial statements appropriate accounting policies have been selected and applied consistently, reasonable and prudent judgements and estimates have been made and applicable accounting standards have been followed.

The Directors are responsible for ensuring that the company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company for ensuring that the financial statements have been prepared and presented in accordance with the Sri Lanka Accounting Standards and provide the information required by the Companies Act No 7 of 2007. They are also responsible for taking reasonable measures to safeguard the assets of the Company and in that context to have proper regard to the establishment of appropriate systems of internal control with view to the prevention and detection of fraud and other irregularities.

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

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

By Order of the Board

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PRIVATE) LIMITED PV 4100

DIRECTOR / SECRETARY

ACCOUNTING SYSTEMS SECRETARIAL SERVICES (PVT) LTD.
Secretaries

Colombo, 11 August 2014

Independent Auditors' Report

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

Tel : + 94 (11) 542 6426
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: + 94 (11) 244 6058
: + 94 (11) 254 1249
: + 94 (11) 230 7345
Internet : www.lk.kpmg.com

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF THE AUTODROME PLC

Report on the Financial Statements

We have audited the accompanying financial statements of The Autodrome PLC ("the Company") and the consolidated financial statements of the Company and its subsidiary ("the Group"), which comprise the statements of financial position as at 31 March 2014, the statements of 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 20 to 53 of the annual report.

Management's Responsibility for the Financial Statements

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

Scope of Audit and Basis of Opinion

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

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion - Company

In our opinion, so far as appears from our examination, the company maintained proper accounting records for the year ended 31 March 2014, and the financial statements give a true and fair view of the financial position of the company as at 31 March 2014, and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Opinion - Group

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiary dealt with thereby as at 31 March 2014 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

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

CHARTERED ACCOUNTANTS
11th August 2014
Colombo, Sri Lanka.

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 ACA, P.Y.S. Perera FCA, W.W.J.C Perera FCA, W.K.D.C Abeyrathne ACA, R.M.D.B. Rajapaksha ACA, C.P Jayatilake FCA, Ms. S. Joseph FCA, S.T.D.L. Perera FCA, Ms. B.K.D.T.N. Rodrigo ACA

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

Statement of Comprehensive Income

(all amounts in Sri Lanka Rupees '000)

For the year ended 31 March	Notes	Group 2014	Group 2013 Restated	Company 2014	Company 2013 Restated
Revenue	5	608,516	590,214	606,999	588,829
Cost of sales		(480,811)	(467,566)	(480,811)	(467,566)
Gross profit		127,705	122,648	126,188	121,263
Other income	6	15,797	9,198	16,207	9,656
Administrative expenses		(103,367)	(97,714)	(102,589)	(96,923)
Selling and distribution expenses		(10,672)	(2,346)	(10,574)	(2,253)
Operating profit	7	29,463	31,786	29,232	31,743
Net finance income	8	10,343	2,582	10,117	2,251
Profit before taxation		39,806	34,368	39,349	33,994
Tax expense	9	(9,147)	(15,076)	(8,979)	(14,925)
Net profit for the year		30,659	19,292	30,370	19,069
Other comprehensive income					
Revaluation of property,plant & equipment		8,540	340,755	8,540	340,755
Deferred tax on property revaluation		(2,391)	(16,387)	(2,391)	(16,387)
Defined benefit plan actuarial losses		(1,155)	(496)	(1,155)	(496)
Deferred tax on defined benefit plan actuarial losses		323	139	323	139
Available for sale Financial assets - Change in fair value		151	-	83	-
Other comprehensive income for the year, net of tax		5,468	324,011	5,400	324,011
Total comprehensive income for the year		36,127	343,303	35,770	343,080
Earnings per share					
Basic earning per share	10	25.56	16.08	25.31	15.89

The notes on pages 24 to 53 form an integral part of these financial statements.

Statement of Financial Position

(all amounts in Sri Lanka Rupees '000)

As at 31 March	Notes	Group 2014	Group 2013 Restated	Company 2014	Company 2013 Restated
Assets					
Non current assets					
Property, plant and equipment	11	766,958	768,759	766,958	768,759
Investment properties	12	20,000	18,200	20,000	18,200
Investment in subsidiary	13	-	-	500	500
Other investments	14	25,877	3,280	22,529	-
		812,835	790,239	809,987	787,459
Current assets					
Inventories	15	120,626	98,358	120,626	98,358
Receivables and prepayments	16	90,830	80,608	90,710	79,999
Amount due from realted parties	17	-	-	278	160
Other investments	14	44,440	45,059	44,440	45,059
Cash in hand and at bank	18	3,136	24,564	1,785	24,021
		259,032	248,589	257,839	247,597
Total assets		1,071,867	1,038,828	1,067,826	1,035,056
Equity and liabilities					
Capital and reserves					
Stated capital	19	12,440	12,440	12,440	12,440
Revaluation reserve	20	615,600	610,483	615,600	610,483
Available for sale reserve		151	-	83	-
Retained earnings		308,639	281,380	305,169	278,199
Equity attributable to equity holders of the parent		936,830	904,303	933,292	901,122
Non controlling interest		-	-	-	-
Total equity		936,830	904,303	933,292	901,122
Non current liabilities					
Employee benefits	21	13,137	9,866	13,137	9,866
Deferred tax liabilities	22	24,959	25,478	24,959	25,478
		38,096	35,344	38,096	35,344
Current Liabilities					
Borrowings	23	110	110	110	110
Trade and other payables	24	93,086	95,516	92,674	94,961
Current tax liabilities	25	3,745	3,555	3,654	3,519
		96,941	99,181	96,438	98,590
Total liabilities		135,037	134,525	134,534	133,934
Total equity and liabilities		1,071,867	1,038,828	1,067,826	1,035,056

The notes on the pages 24 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 the Companies Act No. 7 of 2007.

.....
Gayan Joseph, Accountant

These financial statements were approved by the Board of Directors on 11 August 2014

Rajeev Aloysius
Joint Managing Director & CFO

Jeremy Aloysius
Joint Managing Director

Statement of Cash Flows

(all amounts in Sri Lanka Rupees '000)

	Group		Company	
For the year ended 31 March	**2014**	**2013**	**2014**	**2013**
Cash flow from operating activities				
Profit before income tax expense	39,806	34,368	39,349	33,994
Adjustments for:				
Depreciation	14,687	12,546	14,687	12,546
Dividend received	-	-	(90)	(126)
Interest income	(9,860)	(2,207)	(9,634)	(1,876)
Interest expense	406	708	406	708
Provision for investments in non quoted companies	-	5	-	5
Provision for employee benefits	2,202	1,794	2,202	1,794
Provision for bad debts	164	1,244	164	1,244
Gain on sale of property, plant and equipment	(38)	-	(38)	-
Gain on revaluation of investment property	(1,800)	-	(1,800)	-
Loss on sale of Investment property	-	926	-	926
Loss on revaluation of building	-	5,796	-	5,796
Unrealised exchange gain/(loss)	815	(172)	815	(172)
Realised exchange gain/ (loss)	74	(911)	74	(911)
Operating profit before working capital changes	46,456	54,097	46,135	53,928
Changes in working capital				
(Increase)/Decrease in inventories	(22,268)	42,122	(22,268)	42,121
(Increase)/Decrease in receivables and prepayments	(10,386)	(7,300)	(10,875)	(7,311)
(Increase)/Decrease in amounts due from related parties	-	-	(118)	(160)
Increase/(Decrease) in trade and other payables	(3,319)	(63,565)	(3,176)	(62,960)
Cash generated from operations	10,483	25,354	9,698	25,618
Interest paid	(406)	(708)	(406)	(708)
Income tax paid	(11,544)	(8,969)	(11,431)	(8,862)
Employee benefits paid	(86)	(816)	(86)	(816)
Net cash inflow (used in)/from operating activities	(1,553)	14,861	(2,225)	15,232
Cash flows from investing activities				
Capital working progress incurred during the year	(2,862)	(1,615)	(2,862)	(1,615)
Acquisition of property, plant and equipment	(1,484)	(2,398)	(1,484)	(2,398)
Proceeds / (placement) in fixed deposits	619	(45,059)	619	(45,059)
Purchase of longterm investments	(22,446)	(3,280)	(22,446)	-
Dividend received	-	-	90	126
Interest received	9,860	2,207	9,634	1,876
Proceeds from disposal of property, plant & equipment	38	-	38	-
Proceeds from disposal of Investment property	-	17,000	-	17,000
Net cash outflow from investing activities	(16,275)	(33,145)	(16,411)	(30,070)
Cash flows from financing activities				
Dividend paid	(3,600)	(3,600)	(3,600)	(3,600)
Loan repaid	-	(520)	-	(520)
Net cash outflow from financing activities	(3,600)	(4,120)	(3,600)	(4,120)
Net (decrease)/ increase in cash and cash equivalents	(21,428)	(22,404)	(22,236)	(18,958)
Cash & cash equivalents, at the beginning of the year	24,564	46,968	24,021	42,979
Cash and cash equivalents at the end of the year (Note 18)	3,136	24,564	1,785	24,021

The Notes on pages 24 to 53 form an integral part of these financial statements.

Statement of Changes in Equity

(all amounts in Sri Lanka Rupees '000)

	Group					Company				
For the year ended 31 March	**Stated Capital**	**Revaluation Reserve**	**Available for sale Reserve**	**Retained Earnings Restated**	**Total**	**Stated Capital**	**Revaluation Reserve**	**Available for sale Reserve**	**Retained Earnings Restated**	**Total**
Balance as at 1st April 2012	12,440	286,304	-	261,250	559,994	12,440	286,304	-	258,292	557,036
Total comprehensive income for the year as reported previously										
Impact on change in accounting policy	-	-	-	4,606	4,606	-	-	-	4,606	4,606
Restated balance as at 1st April 2012				265,856	564,600				262,898	561,642
Profit for the year	-	-	-	19,292	19,292	-	-	-	19,069	19,069
Total other comprehensive income										
Other comprehensive income for the year	-	340,755	-	-	340,755	-	340,755	-	-	340,755
Depreciation transfer	-	(189)	-	189	-	-	(189)	-	189	-
Transferred to deferred tax liability	-	(16,387)	-	-	(16,387)	-	(16,387)	-	-	(16,387)
Defined benefit plan actuarial (loss)/gain, net of tax	-	-	-	(357)	(357)	-	-	-	(357)	(357)
Total of other comprehensive income	-	324,179	-	(168)	324,011	-	324,179	-	(168)	324,011
Total comprehensive income for the year	-	324,179	-	19,124	343,303	-	324,179	-	18,901	343,080
Transactions with owners,recoreded directly in equity contribution by and distribution to owners										
Interim dividend - 2012/13	-	-	-	(3,600)	(3,600)	-	-	-	(3,600)	(3,600)
Balance as at 31 March 2013	12,440	610,483	-	281,380	904,303	12,440	610,483	-	278,199	901,122
Total comprehensive income for the year										
Profit for the year	-	-	-	30,659	30,659	-	-	-	30,370	30,370
Total other comprehensive income										
Other comprehensve income for the year	-	8,540	151	-	8,691	-	8,540	83	-	8,623
Depreciation transfer	-	(1,032)	-	1,032	-	-	(1,032)	-	1,032	-
Transferred to deferred tax liability	-	(2,391)	-	-	(2,391)	-	(2,391)	-	-	(2,391)
Defined benefit plan actuarial (loss)/gain, net of tax	-	-	-	(832)	(832)	-	-	-	(832)	(832)
Total of other comprehensive income	-	5,117	151	200	5,468	-	5,117	83	200	5,400
Total comprehensive income for the year	-	5,117	151	30,859	36,127	-	5,117	83	30,570	35,770
Transactions with owners,recoreded directly in equity contribution by and distribution to owners										
Interim dividend (2013/14)	-	-	-	(3,600)	(3,600)	-	-	-	(3,600)	(3,600)
Balance as at 31 March 2014	12,440	615,600	151	308,639	936,830	12,440	615,600	83	305,169	933,292

The Notes on pages 24 to 53 form an integral part of these financial statements.

Notes to the Financial Statements

01- Reporting entity

1.1) General

The Autodrome PLC (the "Company") is a "Quoted Public Company" with limited liability, incorporated and domiciled in Sri Lanka. The address of the Company's registered office is No. 304, Union place, Colombo 02. The Consolidated Financial Statements of the Company as at and for the year ended 31st March 2014 comprise the Company and its subsidiary, Tourama (Pvt) Ltd (together referred to as the "Group").

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

02 - Basis of preparation

2.1) Statement of compliances

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

2.2) Approval of Financial Statements by the Board of Directors

The financial statements were authorized for issue by the Board of Directors on 11 August 2014.

2.3) Basis of measurement

The financial statements have been prepared on the historical cost basis except as indicated below.

- Revaluation of property
- Available-For-Sale financial assets are measured at fair value
- Employee benefit valuation

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

Notes to the Financial Statements *contd.*

Investment property	Note 12
Measurement of defined benefit obligations	Note 21
Deferred Tax	Note 22

2.6) Materiality and Aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by Sri Lanka Accounting Standard - "Framework for the Preparation and Presentation of Financial Statements".

2.7) Offsetting

Assets and liabilities and income and expenses are not set off unless permitted by Sri Lanka Accounting Standards.

2.8) Rounding

The amounts in the financial statements have been rounded off to the nearest Rupees thousand. Except where otherwise indicated.

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities. (Certain comparative amounts have been reclassified to conform to the current year's presentation)

3.1) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Company. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities in assessing control, potential voting rights that are currently exercisable are also taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control cease.

Financial statements of the Group entities are prepared to a common financial year ending 31 March, using uniform accounting policies. Transactions and events in similar circumstances are applied with said accounting policies on a consistent basis.

There are no restrictions on the ability of subsidiaries to transfer funds to the Company (The Parent) in the form of cash dividend or repayment of loans and advances.

Notes to the Financial Statements *contd.*

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

(iii) Accounting for investment in subsidiaries
When separate financial statements are prepared, investments in subsidiaries are accounted for using the cost method. Investments in subsidiaries are stated in the Company's Statement of financial position at cost less accumulated impairment losses.

3.2) Foreign currency

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

3.3) Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used during more than one period.

Basis of Recognition
Property, plant and equipment are recognized if it is probable that future economic benefits associated with the asset will flow to the Group and cost of the asset can be reliably measured.

Basis of Measurement
An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at Cost includes expenditure that is directly attributable to the acquisition of the asset and subsequent costs. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Cost Model
Property, plant and equipment (excluding freehold land and building and motor vehicles) are stated at cost net of accumulated depreciation and /or accumulated impairment losses, if any.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognizes the new part with its own associated useful life and depreciation. All other repair and maintenance costs are recognized in the Statement of comprehensive income as incurred.

Notes to the Financial Statements *contd.*

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 depreciation and subsequent accumulated impairment loss.

Revaluation of an entire class of assets of the Company is carried out every 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 Income. 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 the Statement of Income 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.

Subsequent costs
The cost of replacing a part 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 the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in statement of comprehensive income as incurred.

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

Depreciation
Depreciation is based on the cost or revaluation of an asset or other amount substituted for cost, less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.
Depreciation is recognized in Statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. No depreciation is provided on assets under construction.

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

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

Notes to the Financial Statements *contd.*

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

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

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

The difference between the depreciation based on the revalued carrying amount of the asset 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.

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. Capital work-in-progress is stated at cost.

3.4) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognized in profit or loss. An external, independent valuation company, having an appropriate recognized professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing cost.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in statement of comprehensive income. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.
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Notes to the Financial Statements *contd.*

3.5) Financial Assets

Measurement and Recognition
Financial Instruments
Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises 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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and 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 on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables.

3.6) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise fixed deposits for more than one year with commercial banks and finance companies and trade and other receivables.

3.7) 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.

3.8) Cash & cash equivalents

Cash and cash equivalents comprise cash in hand and short term deposits with the maturities of the 3 months or less from the acquisition date. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as components of cash and cash equivalents for the purpose of presenting the Statement of financial position.

Notes to the Financial Statements *contd.*

3.9) Impairment of assets

Non derivative financial assets
A financial asset not classified as at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, indications that a borrower or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

Financial assets measured at amortized cost
The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and advances with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When an event occurring after the impairment was recognized causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories 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.

Notes to the Financial Statements *contd.*

3.10) Employee benefits

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Provision has been made for retirement gratuities from the first year of service for all employees in conformity with the 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.

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.

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.

Notes to the Financial Statements *contd.*

3.15) Revenue recognition

Sale of goods
Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is 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 and cosmetic products, usually transfer occurs when the product is received at the customer's warehouse.

Rental income
Rental income from other property is recognized as other income.

Dividend income
Dividend income is recognized in the Statement of comprehensive income when the right to receive payment is established.

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

3.16) Finance income & expenses

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

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

Notes to the Financial Statements *contd.*

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, in which case it is recognized in equity.

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

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.

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

3.18) Earnings/(Loss) 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) 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.

Notes to the Financial Statements *contd.*

3.20) Commitments and contingencies

Contingencies are possible assets or obligations that arise from a past event and would be confirmed only on the occurrence or non-occurrence of uncertain future events, which are beyond the Company's control. Contingent liabilities and commitments are disclosed in Note 28 to the financial statements.

3.22) Directors' responsibility statement

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

3.23) 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 beginning on or after 1st January 2014.

Accordingly, these Standards have not been applied in preparing these Financial Statements.

(i) SLFRS 9 - Financial Instruments: Classification & Measurement

SLFRS 9, as issued, reflects the first phase of work on replacement of Sri Lanka Accounting Standards (LKAS 39) - Financial Instruments Recognition and Measurements and applies to classification and measurement of financial assets and liabilities.

The mandatory application date of this standard is yet to be announced by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

(ii) SLFRS 10 Consolidated Financial Statements, SLFRS 12 Disclosure of Interests in Other Entities (2011)

The objective of this SLFRS is to establish principles for the presentation & preparation of consolidated Financial Statements when an entity controls one or more other entities.

SLFRS 10 has become effective from 01 April 2014 for the Group. This SLFRS will supersede the requirements relating to Consolidated Financial Statements in Sri Lanka Accounting Standards (LKAS 27) - Consolidated and Separate Financial Statements.

SLFRS 12 has become effective from 01 April 2014 for the Group.

(iii) SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 has become effective for financial periods beginning on or after 01 January 2014.

The extent of the impact of the above standards to the Financial Statements has not been determined as at 31 March 2014. Based on the preliminary assessment carried out by the Board, none of these is expected to have a significant effect on the Consolidated Financial Statements of the Group.

Notes to the Financial Statements *contd.*

4. Financial 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 company'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 analyse the risks faced by the company, 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.

4.1 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 other receivables, due from related party and bank balances.

Trade and other 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.

4.2 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.

4.3 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.

Notes to the Financial Statements *contd.*

4.4 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.

4.5 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.

4.6 Operating Segments

The Autodrome PLC has the following operating segments that engaged in business activities which offers different products and services and are managed separately by the companies 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.
- Cosmetics operations includes sale of Revlon products.
- Other segment operations includes Wedding registry & Air ticketing (Subsidiary). None of these segments meets the quantitative threshold for determining reportable segments in 2014 or 2013.

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.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

05 - Revenue

	Group		Company	
	2014	2013	2014	2013
Sale of tyres & related products	546,142	507,699	546,142	507,699
Sale of Cosmetics -Revlon Lanka	66,582	86,705	66,582	86,705
Sale of air tickets	1,290	1,257	-	-
Sale of Wedding Registry	501	-	501	-
Tour package sales & commissions	227	128	-	-
	614,742	595,789	613,225	594,404
Less: Nation Building Tax	(6,226)	(5,575)	(6,226)	(5,575)
	608,516	590,214	606,999	588,829

06 - Other income

	Group		Company	
	2014	2013	2014	2013
Commission income	8,077	3,777	8,062	3,773
Rent income	4,925	5,257	5,285	5,617
Income from tyre fitting centre	716	645	716	645
Others	279	445	254	421
Loss on disposal of Investment property	-	(926)	-	(926)
Dividends from equity securities	-	-	90	126
Revaluation Gain of Investment property	1,800	-	1,800	-
	15,797	9,198	16,207	9,656

07 - Profit from operations has been arrived at after charging the following:

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

	Group		Company	
	2014	2013	2014	2013
Director's emoluments	16,620	16,512	16,620	16,512
Depreciation	14,687	12,546	14,687	12,546
Provision for doubtful debts	164	1,244	164	1,244
Donations	177	284	177	284
Salaries and wages	44,594	37,235	44,099	36,941
Defined contribution plan	6,060	5,000	5,989	4,956
Defined benefit plan	3,357	2,291	3,357	2,291
Loss on revaluation of building	-	5,796	-	5,796

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

08 - Net finance income

	Group		Company	
	2014	2013	2014	2013
Interest from bank deposits	9,860	2,207	9,634	1,876
Foreign exchange gain	889	1,083	889	1,083
Total finance income	10,749	3,290	10,523	2,959
Finance costs				
Loan interest	(12)	(39)	(12)	(39)
Overdraft interest	(394)	(669)	(394)	(669)
Total finance expense	(406)	(708)	(406)	(708)
Net finance income	10,343	2,582	10,117	2,251

09 - Taxation

	Group		Company	
	2014	2013	2014	2013
Current tax expense	11,734	12,792	11,566	12,641
Deferred tax	(2,587)	2,284	(2,587)	2,284
	9,147	15,076	8,979	14,925
Current tax expense				
Reconciliation of effective tax rate				
Profit before income tax	39,806	34,368	39,349	33,994
Add: Disallowable expenses	18,163	25,232	18,043	25,230
Deduct : Allowable expenses	(11,739)	(11,892)	(11,762)	(12,069)
Add:Tax gain on disposal of Investment Property	-	1,235	-	1,235
Deduct : Income not subject to tax	(4,164)	(3,159)	(4,164)	(3,159)
Deduct: Qualifying payments	(160)	(85)	(160)	(85)
Taxable income	41,906	45,699	41,306	45,146
Income tax using the company's domestic tax rate (28%)	11,734	12,792	11,566	12,641
Change in temporary difference	(2,587)	2,284	(2,587)	2,284
	9,147	15,076	8,979	14,925

10 - Earnings per share

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	
	2014	2013 Restated	2014	2013 Restated
Net profit attributable to shareholders	30,659	19,292	30,370	19,069
Weighted-average number of ordinary shares in issue (In thousands)	1,200	1,200	1,200	1,200
Earnings per share (Rs.)	25.56	16.08	25.31	15.89

11 - Property, plant and equipment

(all amounts in Sri Lanka Rupees '000)

Group and Company	Freehold land	Freehold buildings	Machinery and equipment	Motor vehicles	Furniture and fittings	Computer	Capital work-in-progress	Total as at 31.03.14	Total as at 31.03.13
Balance as at 01 April	575,900	188,279	24,555	36,134	9,353	7,029	1,809	843,059	505,509
Additions during the year	-	-	520	265	337	362	2,862	4,346	4,013
Disposals during the year	-	-	-	-	(118)	(89)	-	(207)	-
Gain on Revaluation of Motor Vehicles	-	-	-	8,540	-	-	-	8,540	-
Gain on Revaluation of Land & Building	-	-	-	-	-	-	-	-	340,755
Loss on Revaluation of Land & Building	-	-	-	-	-	-	-	-	(5,796)
Tranfers to Investment Property	-	-	-	-	-	-	-	-	(1,422)
Balance as at 31 March	575,900	188,279	25,075	44,939	9,572	7,302	4,671	855,738	843,059
Balance as at 01 April	-	16,560	22,912	20,585	8,751	5,492	-	74,300	61,918
Depreciation charge for the year	-	3,766	667	9,228	354	672	-	14,687	12,382
Disposals	-	-	-	-	(118)	(89)	-	(207)	-
Balance as at 31 March	-	20,326	23,579	29,813	8,987	6,075	-	88,780	74,300
Carrying amount									
Balance as at 31 March 2014	575,900	167,953	1,496	15,126	585	1,227	4,671	766,958	-
Balance as at 31 March 2013	575,900	171,719	1,643	15,549	602	1,537	1,809	-	768,759

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

11.1 Freehold Land carried at revalued amount

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 Comprehensive income in 2013.

Group and Company Location	Last Revaluation Date	Land Extent	Land Carrying Value as at 31/03/2014	Building Carrying Value as at 31/03/2014
304, Union Place, Colombo 02	31/03/2013	0A - 2R - 28.18 P	562,640	158,260
58/10A, Raja Mawatha, Jaela	31/03/2013	0A - 2R - 08.40 P	13,260	9,693
			575,900	167,953

11.2 Freehold land & building

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

Group and Company	Cost as at 31/03/2014	Accumulated Depreciation	NBV 31/03/2014
Land	6,000	-	6,000
Building	112,000	15,500	96,500

11.3 Freehold land and building with a carrying amount of Rs.743.9 Mn (2013- Rs.747.6 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 Property, plant and equipment include fully depreciated assets, the cost of which as at 31 March 2014 amounted to Rs. 35,498,360. (2013 - Rs. 38,639,379)

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

12 - Investment property

Group and Company	Land at Welikada As at 31.03.14	Restated Land at Welikada As at 31.03.13
Cost		
Balance as at 01 April 2013	18,200	18,200
Revaluation	1,800	-
Balance as at 31 March 2014	20,000	18,200

12.1. The investment property of the company consists of the following property that are held for capital appreciation.The investment property has been re-valued at market value basis on 18 March 2014 by Mr.L.M.P.Perera-Ass't Gov't Valuer.

Property	Address	Extent	Fair value as at 31/03/2014	Number of buildings
Land	78/4 MedaWelikada Rd, Rajagiriya	14 perches	20,000	None (Bare land)

12.2. During the year the company chose to use the fair value model and the effect of the previous valuation was adjusted to the opening balance at 1 April 2013 based on a valuation performed on 8 April 2011.

13 - Investment in subsidiary

Company	% Share holding		No. of shares		Value	
	2014	2013	2014	2013	2014	2013
Tourama (Private) limited	99.99%	99.99%	49,994	49,994	500	500

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

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

14 - Other investments

	Group		Company	
Non current investments	2014	2013	2014	2013
Investment classified as Held to Maturity				
Debentures	9,477	-	9,477	-
Unit trust	1,568	-	-	-
	11,045	-	9,477	-
Loans and receivables				
Long term fixed deposit	14,832	3,280	13,052	-
	14,832	3,280	13,052	-
	25,877	**3,280**	**22,529**	**-**
Current investments				
Investment classified Available for Sale				
Unit trust	8,084	-	8,084	-
	8,084	-	8,084	-
Loans and receivables				
Short term fixed deposit	36,356	45,059	36,356	45,059
	36,356	45,059	36,356	45,059
	44,440	**45,059**	**44,440**	**45,059**
Interest rates of other investments classified as non current assets and current are as follows :-				
Non current assets				
Debentures	13.55%	-	13.55%	-
Long term fixed deposit	9.24%	8.79%	10.50%	-
Current assets				
Short term fixed deposit	12.41%	14.03%	12.47%	14.03%

15 - Inventories

	Group & Company	
	2014	2013
Finished goods	102,690	80,718
Goods in transit	18,642	18,346
	121,332	99,064
Less : Provision for non moving items	(706)	(706)
	120,626	98,358

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

16 - Receivables and prepayments

	Group		Company	
	2014	2013	2014	2013
Trade receivables	76,397	70,837	76,304	70,336
Less: Provision for doubtful debts	(2,007)	(1,843)	(2,007)	(1,843)
	74,390	68,994	74,297	68,493
Other receivables	14,755	10,271	14,728	10,163
Deposits & prepayments	1,685	1,343	1,685	1,343
	90,830	80,608	90,710	79,999

17 - Amount due from related parties

	Group		Company	
	2014	2013	2014	2013
Tourama (Pvt) Ltd	-	-	278	160
	-	-	278	160

18 - Cash in hand and at bank

	Group		Company	
	2014	2013	2014	2013
Cash in hand	497	314	204	314
Cash at bank	2,639	24,250	1,581	23,707
Cash & cash equivalent for the purpose of Cash flow statement	3,136	24,564	1,785	24,021

19 - Stated capital

	Group & Company	
	2014	2013
1,200,000 ordinary shares	12,440	12,440

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

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

20 - Revaluation reserve

	Group & Company	
	2014	2013
Balance at the beginning of the year	610,483	286,304
Depreciation transfer	(1,032)	(189)
Transfer to deferred tax liability	(2,391)	(16,387)
Revaluation of property,plant and equipment	8,540	340,755
Balance at the end of the year	615,600	610,483

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

21 - Employee benefits

	Group & Company	
	2014	2013
Present value of unfunded obligations	13,137	9,866
Present value of funded obligations	-	-
Total present value of obligations	13,137	9,866
Fair value of plan assets	-	-
Total employee benefits.	13,137	9,866
Movement in the present value of the employee benefits		
Employee benefits as at 1 April	9,866	8,392
Benefits paid	(86)	(816)
Current service cost	1,232	947
Interest cost	970	847
Actuarial loss	1,155	496
Employee benefit as at 31 March	13,137	9,866
Expense recognized in statement of comprehensive income		
Current service cost	1,232	947
Interest on obligation	970	847
Actuarial loss	1,155	496
	3,357	2,290
Assumptions		
Principal assumptions at the reporting date (expressed as weighted averages):		
Discount rate	10%	11%
Future salary increases	10%	10%
Staff turnover	16%	12%

The average life expectancy of an individual retiring at age 55.
The provision for retiring gratuity for the year is based on the formula method made on 31 March 2014.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

22 - Deferred tax liability

Group & Company	Tax Asset		Tax Liability		Net Asset/Liability	
	2014	2013	2014	2013	2014	2013
Property,plant & equipment	-	-	6,182	8,177	6,182	8,177
Employee benefits	(3,678)	(2,763)	-	-	(3,678)	(2,763)
Revaluation gain	-	-	22,455	20,064	22,455	20,064
	(3,678)	(2,763)	28,637	28,241	24,959	25,478

	Balance as at 01st April 2012	Recognized in Statement of comprehe-nsive income	Recognized in other comprehe-nsive income	Balance as at 31st March 2013	Recognized in Statement of comprehe-nsive income	Recognized in other comprehe-nsive income	Balance as at 31st March 2014
Property,plant & equipment	5,618	2,559	-	8,177	(1,995)	-	6,182
Employee benefits	(2,349)	(275)	(139)	(2,763)	(592)	(323)	(3,678)
Revaluation gain	3,677	-	16,387	20,064	-	2,391	22,455
	6,946	2,284	16,248	25,478	(2,587)	2,068	24,959

23 - Borrowings

	Group & Company	
	2014	2013
Loans from directors	110	110
	110	110

Loans from directors and their families are unsecured and have no fixed repayment terms. The weighted average interest rate for loans from directors was 10.5% (2013: 13%) per annum.

24 - Trade and other payables

	Group		Company	
	2014	2013	2014	2013
Trade payables	79,981	73,352	79,981	72,637
Accruals	2,271	2,029	2,223	2,029
Social security and other taxes	6,874	2,835	6,874	2,835
Other payables	3,523	16,904	3,170	17,064
Dividend payable	437	396	426	396
	93,086	95,516	92,674	94,961

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

25 - Current tax liabilities/ (assets)

	Group		Company	
	2014	2013	2014	2013
Balance at the beginning of the year	3,555	(267)	3,519	(259)
Provision for current year tax	11,734	12,792	11,566	12,641
Withholding tax paid	(704)	(82)	(694)	(82)
Tax paid	(10,840)	(8,507)	(10,737)	(8,400)
ESC paid during The Year	-	(381)	-	(381)
Balance at the end of the year	3,745	3,555	3,654	3,519

26 - Financial risk management

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial transaction fails to meet its contractual obligations, and arises principally from the Company's trade and other receivables, advances given to customers and agents and prepayments made to suppliers.
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows;

	Group		Company	
	2014	2013	2014	2013
Trade receivables	68,994	74,390	68,493	74,297
Advances and prepayments	1,343	1,685	1,343	1,685
Other receivables	10,271	14,755	10,163	14,728
	80,608	90,830	79,999	90,710
Cash & cash equivalents	24,564	3,136	-	1,785
	105,172	93,966	79,999	92,495

Impairment losses

The aging of trade receivables at the reporting date that were impaired are as follows.

Group	Gross 2013	Impairment 2013	Gross 2014	Impairment 2014
1-30	43,918	-	50,593	-
31-60	18,788	-	16,991	-
61-90	1,002	-	3,339	-
91-120	901	-	898	-
120-365	3,358	-	1,526	-
Over 365	2,870	(1,843)	3,050	(2,007)
Total	70,837	(1,843)	76,397	(2,007)

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

26 - Financial risk management *contd..*

Company	Gross 2013	Impairment 2013	Gross 2014	Impairment 2014
1-30	43,417	-	50,500	-
31-60	18,788	-	16,991	-
61-90	1,002	-	3,339	-
91-120	901	-	898	-
120-365	3,358	-	1,526	-
Over 365	2,870	(1,843)	3,050	(2,007)
Total	70,336	(1,843)	76,304	(2,007)

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

	Group & Company	
	2014	2013
Balance as at 1 April	(1,843)	(689)
Impairment loss recognized	(164)	(1,154)
Balance as at 31 March	(2,007)	(1,843)

The impairment loss as at 31 March 2014 relates to several customers that have indicated that they will not be able to settle their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts due which are past due by more than 30 days are still collectible based on historical payment behavior.

Market risk

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

Interest rate risk

Interest rate risk is the risk to the Company's earnings arising from adverse movements in interest rates.
All borrowing rates are linked to either SLIBOR.
The facility limits given by banks are reviewed annually. The interest rates are monitored on a regular basis and a regular reporting on the market rates/values, trends & movement are done.

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 the USD.
The company does not use any derivative financial instruments to hedge the risk.
The company is exposed to foreign currency risk as follows;

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

26 - Financial risk management *contd..*

Currency	Group & Company 31 March 2014		Group & Company 31 March 2013	
	Trade Payables	Rupee Exposure	Trade Payables	Rupee Exposure
USD	466,442	61,619,880	565,108	72,636,601
Total	466,442	61,619,880	565,108	72,636,601

The following significant exchange rates applied during the year.

Currency	Group & Company Average rate		Group & Company Reporting date spot rate	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
USD	130.05	129.58	132.11	128.54

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Company's approach to managing liquidity is to ensure, 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 Company's reputation. The Company's approach to managing its liquidity risk is as follows:

(a) Regularly monitoring of the Company's assets and liabilities in order to forecast cash flows for up to 12 month future period.

(b) Arrange adequate facilities with banks as contingency measures.

(c) Daily monitoring the facility limits i.e. overdrafts with banks.

The following are the contractual remaining maturities of financial liabilities that the Company applied the exemption in SLFRS 1 that allows an entity not to provide comparative information for period ending before 31 March 2014 in respect of the liquidity disclosures below.

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

26 - Financial risk management *contd..*

	Carrying amount	Contractual cash flows	1 - 30 Days	31 - 180 Days	181 - 365 Days	Over 365 Days
Group						
31st March 2014						
Non-derivative financial liabilities						
Trade payables	79,981	79,981	27,442	52,539	-	-
Other payables	10,834	10,834	1,681	8,010	435	708
Accrued expenses	2,271	2,271	2,271	-	-	-
	93,086	93,086	31,394	60,549	435	708
Company						
31st March 2014						
Non-derivative financial liabilities						
Trade payables	79,407	79,407	26,868	52,539	-	-
Other payables	10,766	10,766	1,613	8,010	435	708
Accrued expenses	2,223	2,223	2,223	-	-	-
Due to related companies	278	278	278	-	-	-
	92,674	92,674	30,982	60,549	435	708

27 - 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.

Loans from Related Parties

The Company has obtained unsecured loans from the related parties on which the interest payable by the Company is at 10.5%. Furthermore, the loan repayment period for the said loans are not specified. As at 31st March 2014 the balance outstanding Rs.110,000 (2013: Rs. 110,000) is included under borrowings.

Compensation to Key Management Personnel

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

	Group		Company	
	2014	2013	2014	2013
Short term employee benefit	20,174	18,456	20,174	18,456
Post employment benefit	2,493	2,202	2,493	2,202

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

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

27 - Related party transactions *contd...*

Other Related party Transaction

Directors of the Company control 57% (2013: 67%) percent of the voting shares of the Company. A number of key management personnel, or their related parties, hold positions in other entities that result in them having control of significant influence over the financial or operating policies of these entities.

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

Name of the Related Party	Relationship	Nature of Transaction	Transaction Value	Outstanding as at 31st March 2014
Tourama (Pvt) Ltd	Subsidiary	Purchase of air tickets and travel insurance by Directors	686	278
		Facilities	360	90
		Reimbursement paid		
Mrs. Mangalam St.George	Close relations of Directors	Loan and interest	(11)	(110)
Mrs. Joanne Aloysius	Executive Director	Wedding Registry	490	-

28 - Commitments and contingencies

There were no capital commitments and / or contingencies as at the reporting date.

29 - Events after the balance sheet date

The Board of Directors of the company has declared a final dividend of LKR 3.00 per share for the financial year ended 31 March 2014. As required by section 56 (2) of the companies act no 07 f 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 obtained a certificate from the auditors, prior to declaring a final dividend which is to be paid on 30 September 2014.

In accordance with LKAS 10, Events after reporting period, the final dividends have not been recognized as a liability in the financial statements as at 31 March 2014.

30 - Litigation and claims

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

31 - Number of employees

Total number of employees of the Company and the Group as at 31 March 2014 is 63 (2013-54).

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

32 - Operating segment

Group & Company	Tyres and related products		Cosmetics		Other segments operations		Total	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Revenue	541,258	502,558	65,250	86,271	2,008	1,385	608,516	590,214
Cost of sales	(422,917)	(392,165)	(57,461)	(75,401)	(433)	-	(480,811)	(467,566)
Gross profit	118,341	110,393	7,789	10,870	1,575	1,385	127,705	122,648
Services/ Commission	716	645	5,699	740	-	-	6,415	1,385
Unallocated income					40	28	9,382	7,813
Unallocated - Administrative expenses	-	-	-	-	(1,135)	(791)	(103,367)	(97,714)
Unallocated - Selling and distribution expenses	-	-	-	-	(98)	(93)	(10,672)	(2,346)
Operating profit	-	-	-	-	382	529	29,463	31,786
Net finance income	-	-	-	-	226	331	10,343	2,582
Profit before taxation	-	-	-	-	608	860	39,806	34,368
Tax expense	-	-	-	-	(166)	(151)	(9,147)	(15,076)
Net profit for the year					442	709	30,659	19,292
Segment Assets	148,775	129,290	30,218	21,764	-	-	178,993	151,054
Unallocated Assets	-	-	-	-	4541	3772	892,873	887,774
Total Assets	148,775	129,290	30,218	21,764	4541	3772	1,071,867	1,038,828
Segment Liabilities	61,620	72,637	18,361	11,208			79,981	83,845
Unallocated Liabilities	-	-	-	-	525	591	55,056	50,680
Total Liabililities	61,620	72,637	18,361	11,208	525	591	135,037	134,525
Segment Capital expenditure								
Allocated	141	471	-	-	-	-	141	471
Unallocated	-	-	-	-	-	-	1,343	1,927
Depreciation and amortisation								
Allocated	257	256	35	35	-	-	292	290
Unallocated	-	-	-	-	-	-	14,395	12,257
Non cash expenses / income	889	1,083	-	-	-	-	889	1,083

33 - Financial instruments - Fair values

(a) Accounting classifications and fair values

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

(all amounts in Sri Lanka Rupees '000)

		Group Carrying amount					Company Carrying amount					Fair value			
	Note	Held-to-maturity	Loans and receivables	Available-for- sale	Other financial liabilities	Total	Held-to-maturity	Loans and receivables	Available-for- sale	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 March 2014															
Financial assets measured at fair value															
Unit trust	14	1,568	-	8,084	-	9,652	-	-	8,084	-	8,084	8,084	-	-	8,084
		1,568	-	8,084	-	9,652	-	-	8,084	-	8,084				
Financial assets not measured at fair value															
Debenture	14	9,477	-	-	-	9,477	9,477	-	-	-	9,477				
Fixed deposits	14	-	51,188	-	-	51,188		49,408	-	-	49,408				
Receivables and prepayments	16	-	90,830	-	-	90,830	-	90,710	-	-	90,710				
Cash and cash equivalent	18	-	3,136	-	-	3,136	-	1,785	-	-	1,785				
Financial liabilities not measured at fair value												-	(110)	-	(110)
Borrowings	23	-	-	-	(110)	(110)	-	-	-	(110)	(110)				
Trade and other payables	24	-	-	-	(93,086)	(93,086)	-	-	-	(92,674)	(92,674)				
31 March 2013															
Financial assets not measured at fair value															
Fixed deposits	14	-	48,339	-	-	48,339	-	45,059	-	-	45,059				
Receivables and prepayments	16	-	80,608	-	-	80,608	-	79,999	-	-	79,999				
Cash and cash equivalent	18	-	24,564	-	-	24,564	-	24,021	-	-	24,021				
Financial liabilities not measured at fair value		-	-	-								-	(110)	-	(110)
Borrowings	23	-	-	-	(110)	(110)	-	-	-	(110)	(110)				
Trade and other payables	24				(95,516)	(95,516)	-	-	-	(94,961)	(94,961)				

Notes to the Financial Statements *contd.*

(all amounts in Sri Lanka Rupees '000)

34 - Comparative Information

The following comparative figures have been restated in the 2014 financial statements due to change in accounting policies from cost model to revaluation model for Investment property

34.1 Investment Property-Restatement

Company	Note	As previously disclosed in 31-Mar-12	Restated Balance 31-Mar-12	Adjustment
Investment property	12	13,594	18,200	4,606
Retained Earnings		258,292	262,898	4,606
Group				
Investment property	12	13,594	18,200	4,606
Retained Earnings		261,250	265,856	4,606

34.2 Reclassification of other comprehensive income

The following comparative figures have been restated in 2013 financial statements to provide a better presentation as required by LKAS 8 - ' Accounting Policies, Change in Accounting Estimates and Errors'.

Company	Note	As previously disclosed in 31-Mar-13	Restated Balance 31-Mar-13	Adjustment
Administrative expenses		97,419	**96,923**	(496)
Tax expense	9	14,786	**14,925**	139
Other comprehensive income		340,755	**324,011**	(16,744)
The above adjustments are due to the following :-				
- Restatement of defined benefit obligation			357	
- Classification of deferred tax on revaluation			16,387	
			16,744	
Group				
Administrative expenses		98,210	**97,714**	(496)
Tax expense	9	14,937	**15,076**	139
Other comprehensive income		340,755	**324,011**	(16,744)
The above adjustments are due to the following:-				
- Restatement of defined benefit obligation			357	
- Classification of deferred tax revaluation			16,387	
			16,744	

TEN YEAR SUMMARY

Year ended 31 March (In Rs. '000)	2014	2013 Restated	2012	2011	2010	2009	2008	2007	2006	2005
OPERATING RESULTS										
Turnover	**608,516**	590,214	637,236	614,737	511,571	482,521	462,039	417,528	423,239	324,453
Profit before finance charges	**40,212**	34,580	66,768	73,561	55,650	70,248	63,163	47,624	49,457	17,439
Finance cost	**406**	708	13,005	2,602	3,196	7,556	4,479	4,760	5,949	2,814
Non operating income	**26,546**	12,487	8,723	6,063	2,985	5,168	6,588	3,201	3,667	3,968
Profit before taxation	**39,806**	34,368	53,763	76,163	52,454	62,692	58,684	42,864	43,508	18,593
Taxation	**9,147**	15,076	10,840	29,649	22,069	23,728	21,829	14,117	14,131	5,912
Profit after taxation	**30,659**	19,292	42,923	46,514	29,845	38,964	36,862	28,746	29,377	12,681
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	**615,600**	610,483	286,304	286,492	289,927	290,190	290,453	290,868	291,130	97,186
Revenue Reserves	**308,790**	281,380	261,250	222,938	181,466	154,956	120,586	85,709	58,500	30,661
	936,830	904,302	559,994	521,870	483,833	457,586	423,479	389,017	362,070	140,287
CAPITAL EMPLOYED										
Property , Plant, Equipment and Investments	**812,835**	790,239	473,858	469,744	458,236	433,401	398,653	394,825	374,045	183,127
Current Assets	**259,032**	248,589	263,352	188,084	138,134	178,393	140,291	122,345	85,109	92,341
Current Liabilities	**(96,941)**	(99,181)	(161,878)	(118,050)	(100,178)	(145,380)	(108,154)	(121,571)	(91,372)	(129,394)
Non - Current Liabilities	**(38,096)**	(35,344)	(15,338)	(17,908)	(12,359)	(8,828)	(7,311)	(6,582)	(5,712)	(5,788)
	936,830	904,302	559,994	521,870	483,833	457,586	423,479	389,017	362,070	140,286
RATIOS & OTHER INFORMATION										
Liquidity										
Current Ratio	**2.67**	2.51	1.63	1.59	1.38	1.23	1.23	1.01	0.93	0.71
Quick Ratio	**1.43**	1.51	0.76	0.85	0.75	0.36	0.68	0.39	0.35	0.21
Capital Adequacy										
Total Liabilities / Sales (%)	**22.19**	22.79	27.81	22.12	22.00	31.96	25.00	30.70	22.94	41.66
Interest Cover (No. of times)	**99.04**	48.84	5.13	28.27	17.41	9.30	14.10	10.01	8.31	11.76
Profitability										
Return on Equity (%)	**3.27**	2.13	7.66	8.91	6.17	8.52	8.70	7.39	8.11	9.04
Return on Total Assets (%)	**2.86**	1.86	5.82	7.07	5.00	6.37	6.83	5.56	6.40	4.60
Operating Margin / Sales (%)	**20.99**	20.78	22.87	21.34	21.18	24.68	22.48	21.53	21.99	15.89
Earning Per Share (Rs.)	**25.55**	16.08	35.77	38.76	24.87	32.47	30.71	239.55	244.81	105.67
Revenue Growth (%)	**3.10**	(7.38)	3.59	20.13	6.02	4.43	15.16	(1.35)	30.44	2.50
Profit Before Tax Growth (%)	**15.82**	(36.08)	(29.41)	45.20	(16.33)	6.83	36.90	(1.48)	134.00	3.22
Profit After Tax Growth (%)	**58.92**	(55.05)	(7.72)	55.85	(23.41)	5.70	28.23	(2.15)	131.66	4.19
Efficiency (turnover ratios)										
Inventory Turnover (times)	**4.39**	3.92	4.31	6.44	4.26	3.76	5.06	5.12	6.21	5.00
Average Collection (days)	**44.62**	42.67	37.13	43.20	35.26	17.44	26.94	23.88	15.99	27.07

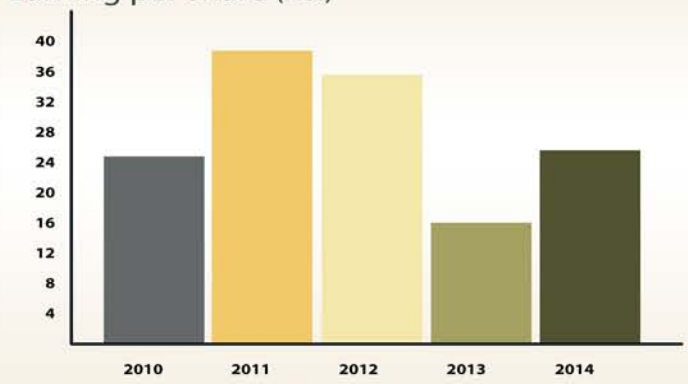
Ten year summary contd.

Year ended 31 March (In Rs. '000)	2014	2013 Restated	2012	2011	2010	2009	2008	2007	2006	2005
MARKET - BASED RATIOS										
Firm Ratios										
Dividend Payout Ratio	**0.12**	0.19	0.11	0.10	0.12	0.12	0.06	0.06	0.06	0.14
Dividend Cover (Times)	**8.52**	5.36	8.94	9.69	8.29	7.83	15.95	1.60	1.63	0.70
Net Assets Per Share	**780.69**	753.59	466.66	434.89	403.19	381.32	351.90	324.18	301.72	116.90
Combined Ratios										
Dividend Yield	**0.32**	0.36	0.5	1.54	0.11	0.15	0.06	0.86	0.86	1.25
Price Earning Ratio (Times)	**36.18**	51.83	22.37	22.19	14.85	7.97	9.76	7.30	7.15	11.36

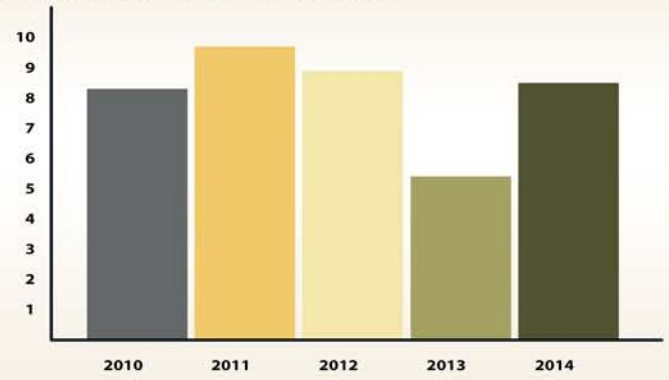
All figures are for the Group except for Market-based ratios.

GRAPHICAL REVIEW

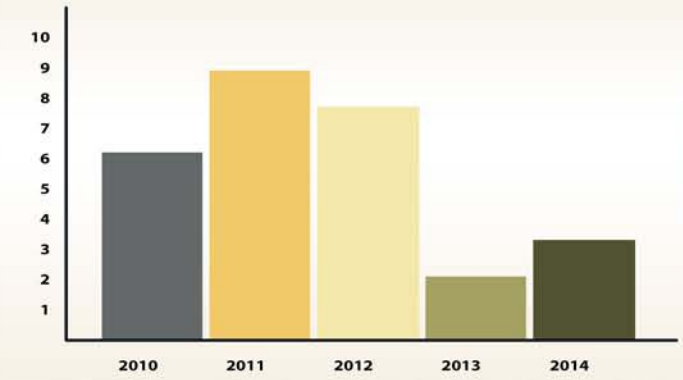
Earning per share (Rs.)



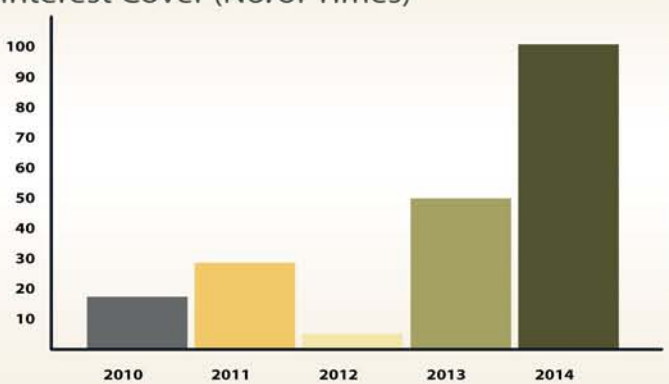
Dividend Cover (No. of times)



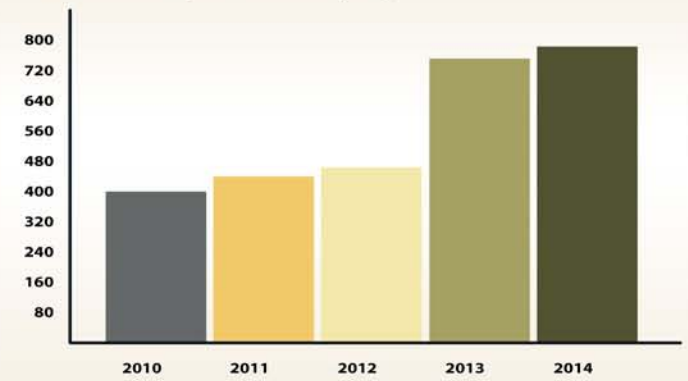
Return on investment (%)



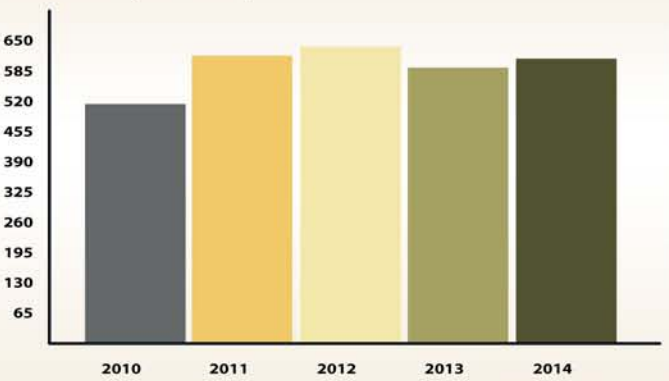
Interest Cover (No. of Times)



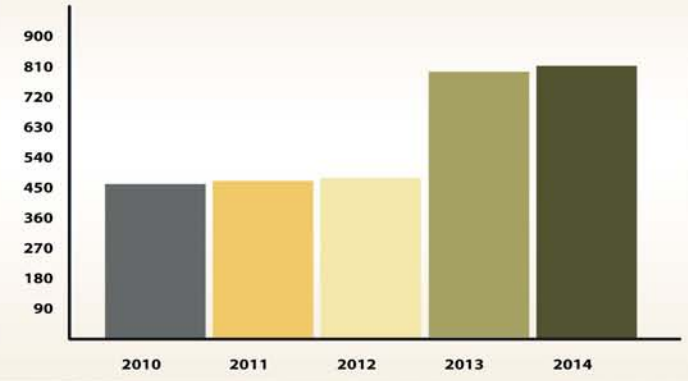
Net Assets per Share (Rs.)



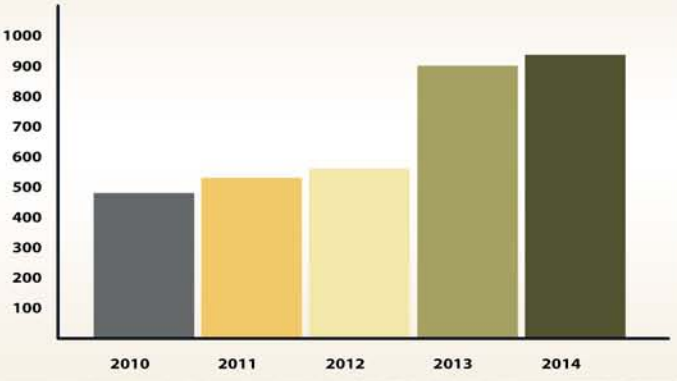
Turnover (Rs. Mn.)



Fixed Assets (Rs. Mn.)

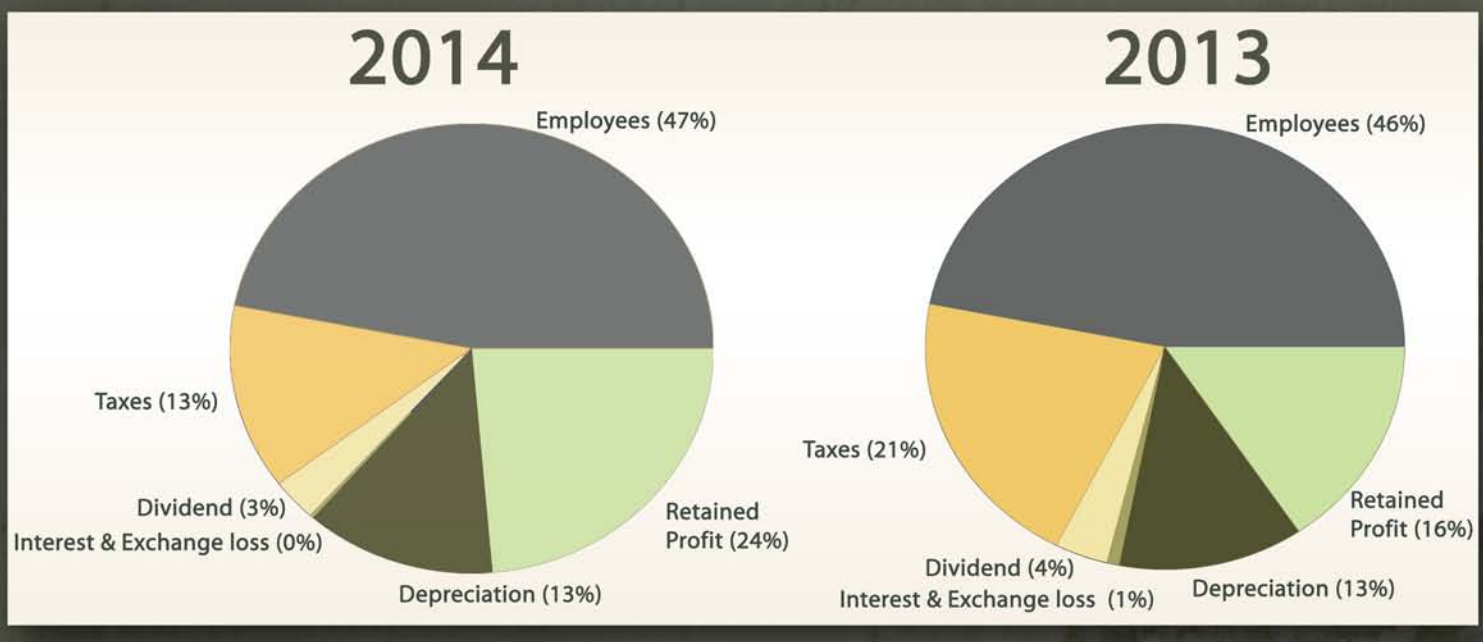


Shareholder's Funds (Rs. Mn.)



STATEMENT OF VALUE ADDED

CREATION OF VALUE ADDED	2014 Rs.	2013 Rs.
Gross Sales	614,742	595,789
Other Income	26,546	12,487
	641,288	608,276
Less: Cost of Materials & Services purchased from External Sources	526,152	(509,179)
Total Value Added	115,136	99,097
DISTRIBUTED AS FOLLOWS		
To Employees as Remuneration	54,011	46,409
To Government as Taxes	15,373	20,512
To providers of Capital as Dividend	3,600	3,600
Interest & Exchange loss	406	708
		0
Retained in the business as Depreciation	14,687	12,547
Retained Profit	27,059	15,321
	115,136	99,097
Distribution of Value Added	115,136	99,097



SHARE INFORMATION

1. GENERAL

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

2. STOCK EXCHANGE LISTING

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

3. DISTRIBUTION OF SHAREHOLDING

The Shares of The Autodrome PLC were held as follows :

Size of shareholdings	31 March 2014				31 March 2013			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
1 - 1000	336	91.30	27,825	2.32	334	91.51	31,038	2.59
1001 - 5000	17	4.62	44,643	3.72	17	4.66	42,680	3.56
5001 - 10000	1	0.27	5,570	0.46	1	0.27	5,570	0.46
10001 - 50000	3	0.82	68,542	5.71	3	0.82	67,292	5.61
50001 and over	11	2.99	1,053,420	87.79	10	2.74	1,053,420	87.79
	368	100.00	1,200,000	100.00	365	100.00	1,200,000	100.00

4. ANALYSIS OF SHAREHOLDERS

	31 March 2013				31 March 2012			
	Shareholders		Holdings		Shareholders		Holdings	
	No	%	No	%	No	%	No	%
Institutions	18	4.89	205,644	17.14	19	5.21	206,902	17.24
Individuals	350	95.11	994,356	82.86	346	94.79	993,098	82.76
Total	368	100.00	1,200,000	100.00	365	100.00	1,200,000	100.00
Non Residents	1	0.27	63,850	5.32	1	0.27	63,850	5.32
Residents	367	99.73	1,136,150	94.68	364	99.73	1,136,150	94.68
Total	368	100.00	1,200,000	100.00	365	100.00	1,200,000	100.00

5. SHARE VALUATION

(Company)

Market Value	as at 31 March 2014	**929.40**	as at 31 March 2013	Rs.833.30
No. of Shares in Issue		**1,200,000**		1,200,000
Market Capitalisation	as at 31 March 2014	**1,115,,280,000**	as at 31 March 2013	999,960,000
Highest	Yr.2013/2014	**1,050.00**	Yr.2012/2013	Rs.975
Lowest	Yr.2013/2014	**750.00**	Yr.2012/2013	Rs.406
Earnings Per Share		**Rs.25.31**		Rs.15.78
Dividend per share		**Rs.6**		Rs.3
Net asset value per share		**Rs.777.74**		Rs.749.75

FORM OF PROXY

THE AUTODROME PLC. Reg. No. PQ-84
Registered Office, Autodrome Building, 304 Union Place, Colombo 2. Tel: 2326181.
For use at the Sixty Second 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-Second Annual General Meeting of the Company to be held on Friday, 19 September 2014 at 3:30pm and at any adjournment thereof, and at every poll which may be taken in consequence thereof to vote in the manner indicated below:

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

RESOLUTION	FOR	AGAINST
1. Adoption of Annual Report & Audited Accounts for the Year ended 31 March 2014		
2. To re-elect as a Director Mr. Rajeev A. J. Aloysius to the Board		
3. To re-elect as a Director Mr. Jeremy D. Aloysius to the Board		
4. To re-elect as a Director Mrs. J. Joanne B. Aloysius Rajiyah to the Board		
5. To re-elect Mr. S.C.Weerasooria 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. C. 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 Contributions to Charities		
10. To declare a final dividend of Rs.3/- per share to the shareholders.		

As witness under my/our hand this…….day of September 2014.

Signature of Member(s)

INSTRUCTIONS FOR COMPLETION OF PROXY FORM

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

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

Important: Scripless Shares (reminder) .....

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

CDS

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

cds@cse.lk
www.cse.lk

November 30, 2010

CIRCULAR NO: 13/2010

To : - All Listed Companies

Dear Sir/Madam,

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

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

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

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

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

The Directive dated 22nd November 2010 is attached.

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

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

-ng

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

Important: Scripless Shares (reminder)

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.